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Senate

The Senate met at 9 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:

Sovereign Father, as we begin this new day filled with responsibilities and soul-sized issues, we are irresistibly drawn into Your presence by the magnetism of Your love and our need for guidance. We come to You at Your invitation; in the quiet of intimate communion with You, the tightly wound springs of pressure and stress are released and a profound inner peace fills our hearts and minds.

We hear again the impelling cadences of the drumbeat of Your Spirit calling us to press on in the battle for truth, righteousness, and justice. Our minds snap to full attention, and our hearts salute You as Sovereign Lord. You have given us minds capable of receiving Your mind, an imagination able to envision Your plan and purpose for us, and a will ready to do Your will.

Help us to remember that no problem is too small to escape Your concern and no perplexity is too great to resist Your solutions. We know You will go before us to show us the way, behind us to press us forward, beside us to give us courage, above us to protect us, and within us to give us wisdom and discernment. Through our Lord and Saviour. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

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

SCHEDULE

Mr. COATS. Mr. President, for the information of all Members, this morning the Senate will be in a period for morning business until the hour of 11 a.m. By consent, at 11 a.m., the Senate will begin consideration of S. 1033, the Agriculture appropriations bill. The majority leader has indicated that it is his hope that the Senate will be able to complete action on the Agriculture appropriations bill during today's session of the Senate. Therefore, Members can anticipate rollcall votes throughout today's session of the Senate. However, as was announced last evening, no votes will occur prior to the hour of 4 p.m. today. Also, as previously announced, the Senate may begin consideration of the Commerce, Justice, State appropriations bill upon disposition of the Agriculture appropriations bill.

I thank my colleagues for their attention. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER [Mr. COATS]. Without objection, it is so ordered.

MORNING BUSINESS

The PRESIDING OFFICER. Under a previous agreement, the Democratic leader, or his designee, is recognized to speak for up to 60 minutes.

TAX CUTS

Mr. DORGAN. Mr. President, a number of us this morning want to visit about the issue of tax cuts. We are having a debate—I was going to say a dispute, but it is more a debate—in Congress, between the House and the Senate and between Members of both parties, about how taxes should be cut. It is clear now from the votes in the House and the Senate that there will be a tax cut. We do have bills in conference that call for a tax cut in a number of different ways—cuts in the income tax, cuts in estate tax, cuts in capital gains and a range of other areas. But there is substantial debate about who gets what.

Mr. President, the debate is not idle, and it is not just political. I suppose there is some partisanship involved in this as well, but when you say that the Federal Government has the capability of reducing taxes for the American people, the question then is, for whom and by how much and with what purpose? The stakes are fairly large because we are talking about a fairly substantial tax reduction, and the question is how to divide that.

There has been a dispute on the floor of the Senate about what the numbers show and who puts together a chart that shows what part of the population will get how much in tax relief. There have been editorials written about that in the Washington Post, New York Times, and others and a substantial amount of analysis of these charts.

One thing to me is certain, however. There are impulses in Congress to define how we provide a tax cut in a narrow way in order that the tax cut ends up providing substantially greater benefits to those at the upper end of the economic ladder than those at the lower end of the economic ladder. I happen to come from a part of the country that largely believes that the economic engine in this country comes from work, from people who go out and work and toil all day. That represents the economic engine that keeps this country going. They earn a wage and they have a view about the future in this country.

If their view is optimistic, if their view is positive, then they make decisions with the money they have earned. They perhaps buy a washer or dryer, buy a car, buy a home, take a vacation. If their view is pessimistic or if their outlook is less than positive, they make decisions to defer those purchases. They don't buy a washer or dryer. They defer it. They don't buy a

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

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car. So our economy really rests on a cushion of confidence.

You can talk to all the economists in the world, you can talk to the best trained people in this country in the field of economics, and it doesn't matter what they say. What matters is that the American economy rides on a pillow of confidence. If it exists, the American economy does well; if it doesn't, the American economy retracts.

People in this country generally feel pretty good today. The economy is generally moving in the right direction. Unemployment is down, inflation is down, the deficit is down, way down. People feel pretty good. Economic growth is up. The result is we have more revenue coming in to the Federal coffers, and the decision by Congress is to give some back in the form of tax cuts. Then the question is, to whom?

I come from a town of about 400 people, when I left. It is now 300 people. If, in my hometown making this decision, a local community decision, we had proposed what is proposed in terms of the distribution now in Congress of this tax cut, I think it would cause some real consternation.

Let's think just a moment about my hometown of 400 people. When there is a meeting, they put a little sign in the middle of Main Street, because there is not that much traffic and the sign won't be knocked down, that says, ''Meeting tonight, 8 o'clock, the Legion Hall.'' Then folks come to the meeting.

So they come to the Legion Hall, and 400 of them would come and we would say, ''All right, now we have some money we want to distribute here, and it comes from you because you pay taxes. The question is, How shall we give it back?'' And someone in the back of the room stands up and says, ''I have an idea. Why don't we give 60 percent of this money to those four people sitting up in the front row. Out of 400, we will take 4 of them. That is 1 percent. One percent of the people, those four people we propose should get 60 percent of what we are going to give back.''

Gosh, I think that would cause real trouble in that room. Let's assume they are all working now, all working, all paying taxes, but we say, ''Let's have the four people up in front get 60 percent of the tax cut.''

Then we say, ''Let's take the bottom 20 percent, let's take 80 people who make the least money in town. They are working, but they make the least money in town, the lowest wages. They are having the toughest time. Let's take those 80 people and have them move their chair over to the left side of the building, and we are going to give them one-half of 1 percent of the tax cut.'' Gosh, I don't think that is a decision my hometown would make in a million years, not if they are all working.

Yet, that is what is at the root of the proposals in Congress. It is to say, if we are going to give a tax cut, let's give it back only on the basis of taxes paid, sufficient so that we say let's have a child tax credit of $500 per child, but you don't get it if you don't make enough money. It's true if you are working, in two-thirds of the cases, the American workers are paying more in payroll taxes, yes, to the Federal Government, more in payroll taxes than they are paying in taxes. But those in the bowels of this decisionmaking process say, ''Payroll taxes don't count. We don't want to measure payroll taxes that you pay in terms of whether or not you should get a tax cut; it is only taxes.''

The result is this family. Lashawn Buckman is from Washington, DC. She works downtown as an administrative assistant in a hospital. She is expected to earn about $25,000 this year. She has a child aged 3 and a child aged 7. She will pay about $3,250 in income and payroll taxes this year, and under the bill that was passed by the House of Representatives, despite the fact that it advertises a $500-per-child tax credit, she will get no income tax cut. She will get no tax cut at all, because she doesn't quite earn enough money. She pays a substantial amount of payroll taxes, works hard, but she is defined as ineligible.

To those of us who think she ought to be eligible, we are told by those who oppose it that we are proposing welfare. No, we are proposing giving some taxes back to someone who works who pays substantial payroll taxes.

Here is another family. Elisa Garcia lives in Fairfax County, VA, and works for a technology firm. She makes about $10 an hour, works 40 hours a week. She works hard. She expects to earn about $20,800 this year. She has three children —George, Samantha, and Liz. They are 6, 10, and 15 years of age. She pays about $2,200 in taxes and payroll taxes, and under the tax bill passed both by the House and the Senate, she will receive no tax reduction. She works hard, she pays taxes, but because of the way we have defined it, we say it doesn't count. Unless you are paying a specific amount of income tax and unless you are in a specific income category, it doesn't count, you don't count as a taxpayer and, therefore, when it comes time to provide some tax relief, you don't get any.

The reason I mention this is we have a lot of occupations in this country. This is from Parade magazine describing the incomes of people that just get left out. This would not happen in my hometown, I don't think. I think if everybody came to a meeting in that town, and 400 people said, ''Let's decide how to divide up the tax cuts,'' they would say, ''Everybody is working and paying taxes, so let's have everybody get something back from this tax cut.''

Here is a store owner, $25,000. They are not going to get anything. They don't make enough money. A preschool teacher, $11,000; a medical technician, $13,000; an assistant store manager, a nurse, a policeman, they do not make enough money. They pay payroll taxes, but they do not make enough money to get a tax cut. I am sorry, that is wrong. And we have a chance to correct it.

The opportunity to correct it exists right now in that conference committee, the opportunity to say to this country that it is wrong to provide 60 percent of the tax cut to the top 1 percent of the American people.

It is right to decide that we ought not continue to decide that we should tax work and exempt investment. It is right to decide that we ought to have a fair distribution of the tax cuts so that all of the American people who are out there working are benefited by this proposed cut in taxes.

Mr. President, my colleague from New Jersey is here, and I appreciate him coming to the floor today to speak about this same subject. Let me yield the floor to him for as much time as he may consume.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, I want to thank my colleague, the Senator from North Dakota, for his persistence on this issue and on issues of fairness altogether. His leadership on so many issues has been, frankly, the motivator for many here to take up causes that he so ably leads. And in this case, once again, he has indicated how important it is for us to be a fair society.

Mr. President, I was one of those privileged to be part of the negotiating team. I say ''privileged''—some days I am not sure—because the decisions were tough ones. But as we review the tax cuts that are going to be made in the reconciliation bill, the bill to put into place the elements of the budget that we prescribed as a direction, I want to talk about the importance of ensuring that any tax cuts that we make be principally targeted to ordinary middle-class families and that we not permit an explosion of the deficit in the future as a result of tax cuts.

Mr. President, we are coming off of a really good period for America. The economy is strong. People are working, inflation is down, and we are assured by the comments yesterday of the Chairman of the Federal Reserve that inflation still looks like it is going to stay down. It is the kind of scene that almost a writer could produce in terms of what you would like to see in an ideal world.

Our deficit was $290 billion when President Clinton took over, now predicted to be $45 billion for this fiscal year ending September 30. And it is believed that in the year 1998, if things continue as they are, that we will actually be at a zero deficit or perhaps even have a surplus in the 1998 year. That is a wonderful thing to be able to think about because one of the things that we want to do is relieve the burden from our children, our grandchildren in the future to have to pay off debts and

to pay the debt service that incurs with deficits.

But, Mr. President, despite all of the good news—and I come out of the corporate world. I spent 30 years of my life building a business. And I know lots of people who have been successful in business, and I still talk to them. And I have learned in my informal polling that lots of people who have been successful, corporate leaders, CEO's, chief operating officers, chief financial officers, marketing managers, they will say to me in public, ''FRANK, I don't need a tax cut. What I need is an America that's going in the direction that it is going, that people can count on jobs, where people can believe that inflation and that deficit growth will not be a burden to their children.'' That is hardly the legacy that we want to leave.

As I heard one CEO I had occasion to meet over this weekend describe, who runs a giant, giant company, with over 30,000 employees, he said, ''I don't need a capital gains tax cut and I don't need an income tax cut. We don't pay enough,'' he said—this is a corporate executive—''We don't pay enough in this country for the benefits we get out of this Nation of ours.''

And so as we talk about our tax cut, we know where we have to direct it. It has to go to the middle-class families. It has to go to the people who find that two of them have to work in order to do what one was able to do in the past, that they pay the price in many ways for their two-job requirements. They neglect their children, not intentionally, not the kind of neglect that comes with abuse, but they just do not have the time or the energy to put into their families when mother works and dad works and they meet only as they pass through the door.

I had occasion to meet with one of the service organizations across this country that does mentoring where they tie an adult and child and make sure that child has someone to answer to, someone to converse with. And I asked them about the profile of the children that they see. A lot of them are obviously from poor families, but not all. They said to me a lot of the kids that they are seeing are kids whose families are so beset with the need to earn a living that they do not have time for them. And the kids resort to strangers' encouragement to just get a lift and to get some attention.

So as we discuss these tax cuts, I plead with my colleagues, make sure that we put them in the hands of the middle class so people can talk to their kids about their education in the future and know very well that they have a chance to get out of the economic difficulties that they may see their parents in, that they can get the education they need, they can get the skills that they need.

These families love their children. They do not see them much. And they want to plan for their future. And we can help them, Mr. President. We can help them by directing these tax cuts primarily to the middle class so that they can help their kids with their education and provide for their own retirement. These are the people who need the tax relief.

But, unfortunately, these are not the people who are going to get the bulk of the relief in the House and the Senate tax bills. Those bills provide roughly 45 percent of their tax cuts to the top 10 percent of income earners in the country. And it is just not right. There is a better way, Mr. President. And President Clinton has shown us how. His plan provides many of the same types of tax cuts that are included in the Republican plan, and the total amount of tax relief is roughly the same but the provisions in the President's plan are structured differently to give most of the benefits to ordinary hard-working Americans.

Under the President's plan, the middle 60 percent of income earners receive two-thirds of the tax cuts, the middle 60 percent get two-thirds of the tax cuts. By contrast, under the Senate and House plans, the middle-income working families receive only one-third of the benefits—one-third.

The President's plan provides a $500 tax credit for children, but unlike the Senate and the House plans, it makes the credit available for working families with little or no tax liability. In fact, the Senate and the House plans deny the child tax credit to millions of hard-working families who pay taxes and earn less than $30,000 a year, the subject that the Senator from North Dakota was addressing just moments ago.

Some in Congress are claiming that providing tax breaks to teachers and police officers, firefighters somehow amounts to welfare. It is ridiculous and it is an insult to millions of hard-working American families.

The President's plan cuts capital gains taxes. It cuts estate taxes, and it provides new incentives for savings. But the President does it in a fair way that benefits primarily the middle class. And that is the key difference. Another advantage of the President's tax plan is its costs do not explode in the outyears, the years after those that we are talking about with our budget prescription now.

The Senate and House bills include several provisions with costs that increase substantially in the future. Why should we give a tax break today and have to pay for it doubly in the 5- to 10-year period after this?

Yesterday, the Treasury Department released an analysis showing that the House's capital gains rates balloon from $35 billion in the first 10 years to almost $200 billion in the subsequent 10 years—from $35 to $200 billion. And that is an exploding tax cut if there ever was one. There is no way for us to function.

Mr. President, I have heard it argued there is no way to cut taxes without disproportionately benefiting the wealthy. Some serious people make that argument, but it is an absurd argument. Surely, if we can plan to get to Mars and do all the great things that this country has the capacity to do, we can find a way to target tax cuts to the middle class. It does not take a rocket science. It is much simpler. It does take, however, a commitment not only from the head but from the heart as well. And President Clinton's plan proves it can be done.

So, Mr. President, I want to continue working with all of my colleagues to make the tax bill as fair as possible. I would like to cut the taxes for the middle class and working Americans, the people who need it the most. And I would like to see it done in a fiscally responsible way that does not burden future generations with the exploding deficits in the future.

I yield the floor.

Mrs. MURRAY addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mrs. MURRAY. Thank you, Mr. President.

I have come this morning to join my colleagues in talking about the issue of tax fairness that this Congress is now working toward in the conference committee between the Senate and House, working with the White House, to move us toward the final parts of the budget reconciliation and tax package.

First of all, I want to say it is really incredible to me that I stand here today in the summer of 1997 talking about a tax cut. When I came to the Senate, back in 1992, I came at a time when we had a $300 billion deficit. And I remember campaigning back in that year, when Ross Perot was running around the country showing us his charts of the exploding deficit, and for all of us who were elected in that year and since that time our No. 1 goal has been to come here to balance the budget.

As one of those people who came here in 1992, with a $300 billion deficit, I have continually told my constituents, the families that I represent, the people that I work for, that my No. 1 goal here is to get to a balanced budget, and that although I agree that tax cuts are a good thing to have, that we need to do it in a rational way and we should not do it until we get to a balanced budget.

I remember back in 1993, when we passed our first budget here, it was a budget that we all remember well, that passed by one vote here in the Senate, that began us on the road today to where we are now in the summer of 1997 able to talk about a tax cut because we made a tough decision 4 years ago to work us toward that balanced budget.

We now have a deficit that is less than $70 billion. And in fact, some predict that without Congress doing anything, we will be at a balanced budget within a year because of the tough votes that we have taken over the last 5 years. Because of the Members here

who were willing to say no to many of the special interests who came to us and wanted more and more, we were able to say no. And we have worked very, very hard to get ourselves to this point.

Having said that, I am a member of the Budget Committee. I have worked very hard since the beginning of this year to put together the budget reconciliation package, to work with my fellow members on the Budget Committee, to work with the White House, to work through the conference, to get to the point of having a balanced budget to present to this country.

As part of that agreement, we do have a tax cut package. Because I have worked hard on that, because I am committed to the reconciliation package that the Budget Committee agreed to, I did vote for the tax cut package that came out of the Senate.

That tax cut is now being debated by the conference committee again between the Senate and the House and the President, the White House, and I think the most important thing we can do at this point as we work to the final negotiation of this package is make sure we do the right thing for this country.

When I fly home to my State of Washington 2,500 miles away from here, every weekend I spend time attending town hall meetings, going around to small communities in my State. Where I get the best input is when I go to the grocery store on Sunday afternoons with my family and people walk up to me and talk to me about what they are hearing about what is happening in Congress. Time and time again I have young people coming to me—a young teacher this past Sunday, a policeman, a young family—and their question is the same as every other American: What am I going to get out of the tax cut? What will I get? I hear the Members of this Senate and this body asking the same question as well: What am I going to get out of this tax cut?

I think the important question is not what am I going to get out of this tax cut, but what will this tax cut do to strengthen the America that we all worked so hard here for, and what can we do so that 10, 15, 20 years from now we are not having another Ross Perot run around the country with charts and graphs showing a deficit that is out of control.

As I talk to my constituents around my State, what I hear most often is that if we invest in our young people, invest in our children, we will do the right thing for the country's future. When I look at this tax package, those are the questions I ask. Are we doing the right thing so that young children, as they grow up and get out and start their own families, have the money they need to make sure that their children get a good education, that they have access to health care, that they are able to send their children to college. That is how we are going to make our country strong.

So when I look at this tax package that we are now debating, I see that the President's tax package will actually do the most for those young families, for that young teacher, for that young policeman, for that young law clerk, for that family that is just starting out, for those families who are earning less than $30,000 or $40,000 a year. That is why I believe so strongly that the refundable tax credit has to be part of this package.

I see my colleague on the floor, Senator LANDRIEU, who is new here, from Louisiana, who has worked very hard to ensure that the tax cut is refundable. Yet, I hear this being debated, I hear it characterized as the people who are on earned income tax credit, those who are earning less than $25,000 or $30,000 a year, if we give them a tax credit, it is giving tax credits to people who are on welfare. Nothing could be further from the truth. These are working families. They go to work every day. They are struggling to make ends meet. They are paying for day care. They are working to make sure they have nutritious food on the table. They are trying to save a few dollars for their children to go on to higher education so they can contribute to our economy. Those are the people we need to help. Those are the people that the President's tax cut really goes to, and that is what we have an obligation as a Senate and a Congress today to make sure that we take care of in the future.

We will do the wrong thing if we pass a tax cut that merely inflates the income of those at the top, that gives away tax dollars to people who are already able to send their children to college, who are already able to take vacations in exotic places, who are already able to ensure that their family has a good home and a safe neighborhood to live in. We will do the right thing if we make sure that the tax cuts we pass help those young families who are struggling today, because if we lift them up and make sure that their children are healthy and well-educated and secure and that they have a good quality of life, then this country will be stronger in the future.

I urge my colleagues to step back from this big debate about who is going to benefit and how the tax package will be put together, and say, what do I want this country to look like 10, 15, 20 years from now? Do I want to see it strong? Do I want to see a lot of young people with hope in their eyes who know they will be able to go to college? Do I want to see young families who are saying, I can save enough to buy a home and feel secure? Do I want to see a country where children have the nutrition that they need, that have the health care that they need? If that is the country we want, we will ensure that we move toward the President's tax cut, that we have a refundable tax credit in here, that we put our tax cuts where they will make the most difference.

That is why I support the President's tax cut plan and urge my colleagues to do the same. I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Thank you, Mr. President.

I am happy to be here this morning to join my colleague from Washington State and so many of our colleagues to talk about the issues regarding this tax package and the budget that we are debating.

I will be setting up in just a moment a picture of a family, Mr. President, from Shreveport, LA, the Meyers family. It is Lois and Scott Meyers, their son, Clayton, and Jessica, their daughter, who is 17. Their son Clayton is 5, the same age as my son Connor. This family works very hard, Mr. President. They only make, however, $17,000 a year. She, Mrs. Meyers, has a master's degree, but she works at a homeless shelter as a counselor. He has a $7-an-hour job. Of course, it is not full-time, but he also is a counselor and does not work a full 40 hours, but under contract has a flexible schedule. They are struggling hard to raise these two children.

If we do not make this change that so many of us have talked about, expanding this $500 tax credit, this family in Louisiana, the Meyers family, and so many families like them in your State, in the State of Washington, in Texas, in South Carolina, will simply be left out. I believe, as so many of our colleagues do, that everyone in America, frankly, deserves a tax break. I really believe that, and I believe there are ways for us to provide tax breaks for those at the higher end, for those at the middle end, and for those working hard and struggling to make ends meet at the lower income levels. This family is not a welfare family. They are a hard-working, lower income family.

In Louisiana, 95 percent of the people in my State—95 percent—make less than $75,000. Ninety-five percent of the households in Louisiana make less than $75,000. As their Senator, it is my job to argue that all of them, I believe, deserve some sort of tax relief. If we do not make this child credit stackable against the earned income tax credit, families like this, the Meyers family, will simply be left out. I just think that is not right. I believe they need to have tax relief.

Now, this family, at $17,000 income, is frankly not going to be able to take much advantage of the capital gains tax relief, although I support capital gains tax relief. They are not going to take advantage of the estate tax relief. Their estate is not anywhere close to $600,000 in assets. They will be able to take advantage of, hopefully, the HOPE scholarship for Jessica as she gets ready to go into college, but if they don't get the $500 tax credit, they will not be a part of this tax plan.

Now, it is true that they did only pay $200 in income tax last year because of the earned-income tax credit. They received a credit of about $1,200, but this

family paid approximately $1,300 in payroll taxes, and that is what is important—for them to get this child tax credit against their payroll taxes, as well as the credit against the income tax.

The President is fighting very hard, along with many, many of the Democrats. I hope some of the Republicans will join us in saying that we want tax relief for these families.

In other States, the average schoolteacher salary, preschool and kindergarten teacher, is $18,700. The average sales occupation in America today is $24,000. Bookkeepers and accountants make on an average $20,000. Dental assistant, about $18,000. If this tax credit is not corrected in the way we believe it should be in conference, all of these families that I have mentioned—firefighters, bookkeepers, teachers, and this Meyers family—will not get the tax relief I think they deserve.

I am here this morning to speak for them. They are not able to speak on this floor. They are only able to write letters and to call in. I am here this morning, along with many of my colleagues, to speak for these families, to say, ''Let's make this tax package fair.''

We also need, as you know, Mr. President, and so many of our colleagues, to make sure that we move toward a balanced budget, that we do it in a fair way, by giving tax relief broadly in the ways that we can, also cutting back where we can to make sure that we are running this Government in a very fiscally responsible way that promotes growth, that promotes job development, but also promotes fairness.

When we can give a tax cut, let's give it to the families that deserve it. This is a hard-working family. They are not on welfare. They never have been on welfare, and they deserve a break today.

Another subject of the tax bill that is important to me and so many on both sides of the aisle is the provision for a tax exemption for the State-sponsored savings plans. Florida has an extensive plan: 450,000 families have been able to join the Florida prepaid tuition plan. Senator GRAHAM has been very supportive of this provision.

In Louisiana, before I was elected to the Senate, as State treasurer I helped to institute a Start Smart plan, where families of all incomes up to $100,000—which includes just about everybody in Louisiana—would be able to set aside a small amount of money, as much as they were able to, sometimes as little at $10 a week, into a savings plan, and in our State, our general fund in Louisiana matches. For every $1 that a family is able to put up—it can be a parent, a guardian, a grandparent, a corporation can set up a savings plan for a child so they could go to college—whatever amount they are able to save, the State general fund matches that savings. For those at the lower income level, as the Meyers family, $18,000 to $20,000, the State makes a greater match, but the State gives some help or match to families making up to $100,000 on a progressive scale.

The bottom line, in our conference, we have a possibility, which I understand the President supports—and I hope the American people will support this, too—to give tax-exempt status to those savings plans. We want more children, Mr. President, to be able to go to college. We want everyone to have the education they need to compete in a world very different than the world we grew up in. They need those technical skills. If they are not able to go to a 4-year college or a 2-year community college to at least get the technical training, post high school—12 years of education is no longer what is required. They need to go the extra 2 or 4 years to get the education they need to compete. Families need to be able to save.

One of the other great provisions in this tax bill, but it is not a done deal yet, another great provision, which will cost about $1 billion, but it will be the best $1 billion we will ever spend, is leveraging the great will and great hope and great aspiration that families have to be able to have their children and grandchildren do better than themselves, to enable them to set up these savings accounts. I hope we will urge the President and urge the Republicans and Democrats to support this one provision in this tax bill that will make these savings plans tax exempt, encourage more States outside of Florida and Louisiana—and only a few others have set up these programs—urge them to set them up.

This is supported by the National Treasurers Association, which has been a very strong advocate for this savings plan. This is not a handout, Mr. President. This is a handup. This says to families, if you are willing to set aside $10 a week or $50 a month or even $100 a month, we will match that effort, we will allow that fund to grow, tax exempt, so you will have that money.

Mr. President, $500 a year, $17,000 a family would be able to save, almost $30,000 under a savings plan, even a modest savings plan, which is a good amount of money, actually a very large amount of money to be able to have that young person attend school. Also, this is for adults who set up in Louisiana this savings plan which allows them to go back to school to get the degree they need to have a higher salary and a more productive income level.

So, besides the $500 tax credit that we on this side feel so strongly about making fair, this provision that allows and actually encourages families to save and increases the savings rate of America—which any economist and any person that is involved in the financial sector will tell you, America's savings rate is too low. It is not good for our country.

So we do two things at once. We help families do the right thing by saving for their children. We also increase the savings rate for America, which helps our business to have more capital to invest. It is a win-win for everyone. I hope my colleagues will join me in supporting the change in the $500 child tax credit, as well as the provision for the statewide savings plans which would be so helpful to thousands, millions, of American families.

Mr. ROCKEFELLER. Mr. President, the next few days could make the difference between every working family getting the benefit of the child care tax credit in the budget—or the benefit of the child credit only going to families earning more than $30,000. The next few days could make the difference between whether or not more than 25,000 West Virginia families get the benefit of child tax credit or not. Nationwide we're talking about almost 5 million families who could get left out if we don't make the child credit fairer to all families. Democrats want all hard working families to get the benefit of the child credit—under the tax bills that passed the House and Senate they won't. As congress and the President try to wrap up the bipartisan budget deal and its family tax cuts, we need to improve the child tax credit so it helps American families that need it most.

The average family in West Virginia has an income of $27,500. What that means is that about 25,000 West Virginia families won't benefit from the Republican child credit plans under consideration unless we change the tax bills so that all working families share in the benefits of the child tax credit just like middle income families do. The President has a child tax credit proposal that benefits all working families.

We should adopt it as part of our tax cut package or too many West Virginians and lower-middle income families across the country will be left out.

For the average hard-working American family to get a direct, real benefit from this year's budget agreement, we need to make sure that all working families get the benefit of the $500 child tax credit.

Average American families don't have multi-million dollar estates, and they're not playing the stock market. They don't have enough money to invest in IRA's. They go to work every day, often both parents work full time, and they have a tough time paying their bills, putting food on the table, making the mortgage, and seeing to it that their kids grow up safe and healthy. Those are the families who I think this budget agreement should deliver for first and foremost—before we give the wealthy a chance to save tax-free, benefit a handful of the wealthiest Americans with big estates, or provide a capital gains tax cut.

Extending health care coverage to the children of working families who don't qualify for Medicaid is the other major benefit of this tax bill for working families.

Right now, we don't know if these families will get real health care coverage from the final agreement, with

health care benefits they can count or not. That is another major issue which could be decided in the next few days. I am here to tell my colleagues and the American people that there is simply no choice but for us to stand up for hard working American families and give them the family tax credit they were promised, and the health insurance coverage their children need.

It defies common sense to allocate $85 billion in net tax cuts—as called for under the bipartisan budget agreement—and leave out the working families who need it most. The President's proposal directly benefits families who work and who pay taxes—it is not welfare—it is the helping hand they need.

These families deserve to share in the benefits of the tax cut. These families are the families of a rookie cop in West Virginia, a public school teacher, a bank teller, or a fireman. Middle class families deserve a break, so do families who are lower-middle class, and we don't have to choose between them. Working families all can benefit from the child tax credit as it is constructed in the President's child tax credit proposal. It would treat the children of all working families equally—all the families who are working hard and pulling the proverbial wagon should benefit from the child tax credit.

The Children's Commission unanimously endorsed this kind of child tax credit. This tax bill is where we can deliver.

I am here to report that in the next few days or over the next few weeks as we complete our work on this historic budget agreement, I will not stop fighting for the families in West Virginia who deserve a child tax break, who deserve health care coverage for their kids, and who deserve our help, now.

FAIR TAX RELIEF FOR WORKING AMERICANS

Mr. KENNEDY. Mr. President, as the Clinton administration and the conferees on the tax cut bill work out their differences, we need to do all we can to guarantee that fair tax relief is delivered to the American people. The last thing Congress should do is enact a tax relief bill that offers plums to the wealthy and crumbs to everyone else.

Who deserves the tax relief? Is it the average hard-working family on Main Street, or the wealthy millionaire on Wall Street? Is it the rookie policeman walking the beat? Or is it the heirs of fortunes worth millions of dollars? Is it the nurse trying to raise a family on $27,000 a year? Or is it the financier buying and selling stocks and bonds?

That is what is at stake this week and next week, nothing less. There are two key questions: will Congress target the scarce funds available for tax cuts to working Americans in blue-collar shirts or to tycoons in designer suits? Will the amount of tax relief be responsible, or will it explode in the out-years and unbalance the budget we are trying so hard to balance?

Everyone at the negotiating table now agrees that $85 billion is a realistic figure for tax relief over the next 5 years. The debate is no longer about how much tax relief we should enact for that period. Now the debate is over who should benefit from that tax relief, and how much they should benefit.

Our Republican friends want to target the vast majority of the benefits of tax relief on those who have already benefited the most from the Nation's soaring economic growth—the wealthiest individuals and corporations in our society.

Clearly, this tax bill cannot close the widening income gap in our society. But just as clearly, it should not make the gap wider.

Over the last two decades, the rich have gotten richer, and everyone else has fallen behind. During the 1950's and 1960's, all income groups in the population participated in the economy's growth. We all advanced together. But, in the 1980's and 1990's, we grew apart. The benefits of economic growth have tilted heavily toward the rich.

Instead of reducing this inequality, the Republicans would add to it. Their tax cuts are weighted heavily to the rich. According to the Treasury Department, the House Republican tax plan would give two thirds—two-thirds—of its benefits to the richest fifth of the population.

And that estimate is conservative. Citizens for Tax Justice included the estate tax cuts and corporate tax cuts in their analysis and calculates that the richest fifth would get 80 percent of the benefits.

By contrast, under the President's proposal 83 percent of the tax cuts would go to working families and the middle class, and only 10 percent would go to the wealthy.

The largest tax breaks in the Republican plan are the lower tax rate on capital gains, the indexing of capital gains for inflation, the estate tax cuts, and the expansion of IRAs and other tax-preferred savings accounts. All of these provisions benefit the wealthy, not average Americans.

In addition, the Republican proposal opens the way for more tax loopholes and other special interest tax breaks. The changes to the corporate alternative minimum tax alone will make it easier for large corporations to earn billions of dollars in profits but pay little or no taxes.

The most unbalanced giveaway in the Republican bill is the capital gains tax cut. Under the Republican bill the rich will see their capital gains tax rate cut in half. The lowest bracket taxpayers will only see a reduction of one-third.

The Republican tax break on capital gains will be worth all of $6 to the average family with median income. But it will be worth over $7,000 to those in the top 1 percent of the population.

By contrast, under the President's proposal, everyone will get the same tax break of 30 percent on their capital gains. The President's proposal ensures that the same breaks granted to the rich are also given to every taxpayer. It is simple fairness that everyone should receive the same treatment.

Another unbalanced provision in the Republican proposal is the estate tax reduction. The Republican provisions are aimed at the top 2 percent of all estates. They help those who have done extremely well in recent years. Median income taxpayers will see no tax reduction at all from these provisions.

The Republicans claim that they are helping families with the $500 children's tax credit. But most families earning under $30,000 will not be eligible to receive the full benefits of the credit under the Republican plan, and many of these hard-working, tax-paying Americans will receive no benefit from the credit at all. The President's proposal is far fairer in enabling these families to take advantage of the credit.

Furthermore, no tax bill can be considered fair if it does not address the needs of low and moderate income families for affordable health insurance coverage for their children. Ninety percent of uninsured children are members of working families. These parents work hard—40 hours a week, 52 weeks a year—but all their hard work does not buy the insurance their children need for a healthy start in life.

The Senate bill offered a downpayment on this problem by providing $24 billion to help such families purchase affordable coverage. This coverage was financed, in part, by a 20-cent-per-pack increase in the cigarette tax. Whether to include this cigarette tax increase, and the additional $8 billion in funding for child health insurance it will buy, in the final tax bill is now in dispute. In view of the immense costs that smoking inflicts on society and the critical need for children's health insurance for low and moderate income families, it would be a travesty if big tobacco prevails and eliminates these provisions from the final legislation.

Finally, the Republican proposal has serious defects in the long run that make it irresponsible and that will cause the deficit to explode in future years. According to the Center for Budget and Policy Priorities, the Republican proposal will increase the deficit by $500 billion to $600 billion in the 10 years after 2007.

We went down this deficit road once before, with the excessive Reagan tax cuts of the 1980's. We should learn from that history, not repeat it. It is a pyrrhic victory if the budget is in balance in 2002, and then grossly unbalanced in the years that follow.

Democrats are proud to stand for responsible tax relief that is fair to the American people. The Republican alternative flunks the test of fairness, and it flunks the test of responsibility. The choice is clear and the people will judge Congress by how we respond.

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

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

A TAX CUT FOR PEOPLE WHO PAY TAXES

Mr. GRAMM. Mr. President, I understand our Democratic colleagues have been out today to proudly unfurl the banner proclaiming ''redistribute the wealth.'' They have been looking at the tax cut that has passed the House and Senate, and they have discovered something that, to them, seems miraculous. I would like to take a few minutes this morning to address the issue. Our Democratic colleagues have discovered that the bottom 20 percent of all income earners in America do not get a tax cut under the tax bill that passed the U.S. Senate with 80 votes, and further that the top 20 percent of all income earners get a substantial tax cut. Our Democratic colleagues believe that this is grossly unfair and they want to do something about it.

Well, let me first set the record straight. It is true that, in our tax bill—at least the version that passed the House—the bottom 20 percent of income earners in America do not get much of a tax cut. It is also true that the top 20 percent of income earners will get a substantial tax cut.

But as Paul Harvey would say, let me tell you the rest of the story. The rest of the story is that, as a group, the bottom 20 percent of income earners in America pay no income taxes. The top 20 percent of income earners in America pay 78.9 percent of all the income taxes paid in America. So I do not understand why our Democratic colleagues are so shocked to learn that people who do not pay income taxes do not get an income tax cut when we are cutting income taxes. Nor can I understand why they are so shocked to learn that when 20 percent of the workers in America are paying 78.9 percent of all income taxes, it is that 20 percent which will benefit from a tax cut when we are talking about cutting income taxes.

Now, what our colleagues on the left would like to do, in following the President's proposal, is to take the tax cuts away from a working couple, both of them working full time, making a total of $54,000 a year, and instead give it to people who do not pay any income taxes. Their argument is, if you are a working couple in America and you make a total of $54,000 year, then you are rich and, therefore, you ought not to get a tax cut. Our colleagues on the left believe that we ought to take away your tax cut and give it to people who pay no income taxes.

I reject that. I reject it because it is not fair. It is not fair because a tax cut is for taxpayers. If you do not pay income taxes, then when we are cutting income taxes you should not expect to get a tax cut. Let me make it clear that I have voted for a lot of programs that provide benefits to people—over the past 15 years, we have substantially increased benefits to the very group that our Democratic colleagues have argued on behalf of here today. Let me just give you some figures. In 1981, the average payment that we were making to low-income workers—we actually give them money to work—was $285. Today, that figure has risen to $1,395. This is relevant because the last time we cut taxes on working families was in 1981. So our Democratic colleagues who have been out this morning talking about redistributing wealth say, look, we ought to take the tax cut away from families making $54,000 a year as a joint income, and we ought to raise this so called earned income tax credit.

My point is that the last time working families who pay taxes got a tax cut, the earned income tax credit, on average, was just $285.

Today the average beneficiary of this so-called earned income tax credit is getting $1,395. In other words, we have had almost a 500-percent increase in subsidies for low-income workers since the last penny of tax cuts was provided for people who actually pay income taxes in America. The best data we have on the refunded portion of the earned income tax credit and after-tax income of taxpaying families is the following: Since 1986, the paid out portion of what we call earned income tax credit, a direct Government subsidy to low-income workers—which, by the way, I have supported—has risen by 860 percent since 1986.

Do you know what has happened to the after-tax income of working, taxpaying families since 1986? It has fallen .2 percent—from $28,302 to $28,249. So, while this subsidy to low-income workers has exploded—the paid-out portion has risen by 860 percent in the last 11 years—we have not had a tax cut in the last 11 years for taxpaying families, and during that time the after-tax income of working families has actually gone down.

What we have heard all morning is that we should take money away from taxpayers and give more subsidies to people who are not paying income taxes.

I believe that it is not unreasonable once every 16 years to have a bill that helps people who pay income taxes. What we are trying to do is to give a modest tax cut—$85 billion in a $7 trillion economy—and we are trying to give it to people who are actually paying income taxes.

I can not think of a more reasonable proposition.

Finally, let me say that we have this game going on where the White House wants to make everybody appear richer than they are so that in the process they can claim that it is only rich people who they would deny the tax cuts. Let me tell you how it works.

According to the Joint Committee on Taxation and according to the Census Bureau, the top 20 percent of income earners have a threshold income of about $54,000 per family. But what the administration has done is they have inflated that income by over 70 percent. You think you are making $54,000 a year, but the administration says, ''Now, wait a minute. Do you not live in your own home? And you know, if you did not live in your own home, you could move out, live in a tent, and rent that house out.'' So they take what you could rent it for, and they add that to your income. They take unrealized gains, the cash buildup of your insurance policy, the value of your retirement program, private retirement programs, and they add all of that to your income. So your paycheck says, when you add yours and your wife's, that you made $54,000. You did not feel too rich, quite frankly, making $54,000. You are working hard to make ends meet. But the administration says your income is not $54,000. They say if you moved out of your house and rented it out, and if you looked at the buildup of your life insurance policy, if you looked at the internal buildup value of your retirement program, you would have found that actually your income was over $93,000, and that you are actually rich. Then they say, because you are rich, you do not deserve a tax cut so we are going to take it away and give it to someone who does not pay taxes.

Let me make two more points because I see several of my colleagues here who want to speak.

This whole debate pains me. I do not understand why, in America, anyone would try to pit people against each other based on their income. There is nothing more un-American, in my opinion, than trying to divide people up in classes based on how much money they make. We probably provide more generously than any society in history for people who are incapable of earning a living or people who are having trouble doing it. We are not debating those issues today.

What we are debating is when we finally, for the first time in 16 years, can afford to give reductions in income taxes, should those reductions go to people who pay income taxes, or do we have to pay tribute every time we try to help working families who pay income taxes by taking part of their tax cut and giving it to people who are not paying income taxes? That is the real debate.

Final point: If you are making $54,000 a year, husband and wife working, maybe somebody at the White House thinks you are rich. Maybe there are people in Congress who think you are rich. But basically we are talking about middle-class, working Americans struggling to make a mortgage payment, struggling to pay for food and shelter, struggling to try to lead a quality life. It is just outrageous and

totally unacceptable for us to be talking about taking that working families' tax cut away to give more subsidies to people who are not paying income taxes.

To me, that is what this whole issue is about. It never ceases to amaze me when we look at these polls to see that people believe that the President is right, and that, in fact, we are talking about redistributing wealth to the wealthy.

The Tax Code in America is more progressive today than it was the day Ronald Reagan was elected President. Higher income Americans are paying a larger percentage of the tax—bearing more of the burden of taxes today than they were the day Ronald Reagan became President. Lower income Americans are bearing a lower share of the tax burden.

For those who want to complain about payroll taxes, let us remember who made a proposal 3 years ago to almost double payroll taxes to pay for national health insurance. It sure was not me. I am happy to count myself among the number who killed that proposal. That proposal was made by the same President who today laments the burden of payroll taxes when in fact 3 years ago he wanted to almost double it.

I do not like engaging in these kinds of debates, I do not think they are very productive. We should be talking about creating wealth rather than redistributing it. But since some of our colleagues spent an hour this morning talking about redistributing wealth, I felt obliged to come out and join others in trying to set the record straight.

I yield the floor.

Mr. KERREY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

CONGRATULATIONS TO THE FCC

Mr. KERREY. Mr. President, during the last several weeks, I have taken the floor to discuss my concerns about the approach the Department of Justice has taken on mergers among and between large telecommunications companies.

I was particularly disappointed with the decision of the Department of Justice to approve the Bell Atlantic/NYNEX merger without any conditions.

Today, I take the floor to congratulate the Federal Communications Commission for doing what the Department of Justice was unwilling to do. This weekend the FCC announced that it had concluded an 11-page letter of agreement with Bell Atlantic and NYNEX on pro-competitive conditions for its merger.

While I continue to question the underlying competitive merit of the Bell Atlantic/NYNEX combination, the efforts of the FCC certainly mitigate the decision of the Department of Justice to approve the merger. It is only unfortunate that the Department of Justice had not demonstrated the same commitment to competition.

The FCC negotiated a 4 year pro-competitive agreement with Bell Atlantic and NYNEX which includes the use of forward looking costs for competitive interconnection agreements, the use of uniform interfaces for interconnection, greater reporting requirements, access for competitors to efficient operating support systems, and performance guarantees. These commitments hold the promise of giving competition a chance to take root.

The use of forward looking costs within the 13 States which make up the Bell Atlantic/NYNEX region is especially significant in light of the Friday decision of the Eighth Circuit Court of Appeals to bar the FCC from setting interconnection prices. A nation grew from 13 colonies, perhaps a telecommunications revolution can grow from 13 States.

I applaud the FCC and Chairman Hundt for showing independence and a commitment to competition. The course of action chosen by the Commission highlights the importance of the FCC's political independence. As an independent regulatory body, the Commission was able to use its authority to protect the public interest to win pro-competitive concessions from Bell Atlantic and NYNEX, notwithstanding the failure of the Department of Justice to do so.

I urge my colleagues to give this case careful study as the Congress considers telecommunications policy. In the coming weeks and months, the Congress will consider confirming four new members of the Federal Communications Commission. At stake is whether the Congressional vision of competition and universal service which brings more choice, more investment, more jobs, and lower prices to the telecommunications market is fulfilled or not.

The success or failure of the Telecommunications Act of 1996 depends almost entirely on a new team of regulators at the Department of Justice and the FCC.

To succeed, they must have an unrelenting commitment to competition and universal service. Without that commitment, the act is doomed to failure. The result will be higher prices, greater consolidation and fewer choices.

Mr. President, I applaud the FCC for its action in this case. The Congress must assure that the new members of the FCC have the same courage to exercise their independence, as this Commission has done to protect the public interest.

Thank you, Mr. President.

Mr. GRAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

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

TAX CUTS

Mr. GRAMS. Mr. President, I come to the floor this morning after hearing some of my colleagues earlier talking and debating about the proposed tax cuts that is now in conference. The question is always: Who qualifies for the tax cut? How much is that tax cut going to be? Who is going to receive what share of that tax cut?

I would like to start out by saying that it is kind of ironic to hear some on the floor arguing about these tax cut packages because these are the same individuals who, along with President Clinton, just 4 years ago were on this floor arguing for the largest tax increase on Americans in history.

When we look at this major tax increase of just 4 years ago, I would like to relate to the comments made by the minority leader, the Senator from South Dakota, earlier this week when he argued that the $77 billion tax cut was not fair. That is what we have heard here this morning on the floor—it is not fair. While I don't believe it was fair in 1993 to raise the largest tax increase in history on Americans, they say, ''Well, it was only aimed at the rich.'' But let me tell you.

Let me remind my colleagues what happened in 1993. After campaigning on middle-class tax relief in 1993, President Clinton turned around and then raised taxes by $263 billion, again making that the largest tax increase in history. But he said it was only for the rich. But everybody paid more, including $114 billion in new income taxes, $24 billion in new gasoline taxes, $35 billion in new business taxes, and $30 billion in new payroll taxes. Then you add on top of that nearly $25 billion more in Social Security taxes. In other words, if you work, if you are retired, if you drove a car, if you owned a business, or if you paid any kind of income tax, you paid for the 1993 income tax increase.

I heard also this morning that what we are talking about today in this tax package is that about $77 billion so far of net tax relief is ''substantial'' tax relief. Well, when you get back only $1 on every $4 that was raised in 1993, I don't call this ''substantial.'' This is a meager tax package that we are talking about. The reason that it is not fair, in my opinion, is because there is not enough in this tax package to go around.

It does not take a mathematician also to calculate that if taxes raised were $263 billion 4 years ago and you get $77 billion back now, that is not a good deal. If you look at since the tax reduction that everybody blames for the deficits, and that is the Ronald Reagan tax cut in 1981, they say since that tax cut it has resulted in all these deficits: We have these deficits today because of the Ronald Reagan tax cut. In fact, we have had 10 tax increases since 1981—10, over $850 billion in new tax increases since 1981. And now we are talking about $77 billion. This is less than $1 on every $10 of tax increases over the last 10 years.

We also hear about, well, who is going to be getting these tax breaks?

The top 20 percent, they say, are going to get over 60 percent of the tax cut. And as we just heard the Senator from Texas say, the top 20 percent of wage earners in this country, which is $60,000 and over—and most people do not consider making $60,000 rich, but they pay 80 percent of income taxes in this country today.

I also heard about a couple of instances—and I did not have time this morning to bring to the floor pictures of families, but let me read a couple that were mentioned here today. They showed pictures of a young family making about $25,000 a year, and they said under the Republican tax plan they were going to get no tax cut this year. But for that family making $25,000 a year, they pay total, with two children, about $3,000 in income taxes and payroll taxes, but they receive $1,100 in EITC. EITC, that is earned income tax credit, an earned income tax credit that was passed in 1986, increased in 1993. So this family making $25,000 a year does receive a tax refund, a tax refund of $1,100, not zero but $1,100.

What they want to do is to add to that. Now, I will talk about that later. They also spoke about and had the pictures of a young family making $20,000 a year, and they said, under the Republican plan, they would get no tax refunds this year. But in fact that family making $20,000 a year will pay this year about $1,800 in payroll and income taxes, but they will receive a refund under EITC of over $2,150. So that family, granted, a hard-working middle-class family, but they are receiving some tax relief under the current system.

Let us go to the family making $31,000 a year. Say the husband is making $9 an hour, the wife $6, or vice versa, they are working 40 hours a week trying to raise a family of two children, have to pay child care, et cetera. And what does this family get? They are going to pay this year about $4,300 in payroll and income taxes and they receive zero under EITC. Now, those two children will not get, under this plan, any tax relief if they are 13 or 14 years old. So who is not getting the relief here?

And when they talk about making it fair, we do want to make this fair, but we want to make sure that those families making $31,000 to $60,000 a year are also going to join and also receive some kind of tax relief today.

Now, I would like to see every family get a $500 per child tax credit refund. That would be great. But if we are going to talk about fairness what we are going to have to do is make this pie larger. The $77 billion is not enough to make sure that all families will enjoy some kind of tax relief. Now, if we want to start talking about class warfare, and that is what we hear in the Chamber all the time, that is, we are going to give it to the rich but not the poor, that is not true. We want to make sure that all families are going to get some kind of tax relief.

So along with the tax relief already in the system under the earned income credit, we also need to expand that so other working families also are going to receive some kind of tax relief this year. Everybody needs to share, not only the low income but also middle-income working families. If my colleagues are serious, let us enlarge the tax cut.

When we talk about the $77 billion that is in this package, if you want to spread that over what this economy is going to generate over the next 5 years, a $7 or $8 trillion a year economy and we are saying, well, we are going to have this substantial tax package, it would be comparable to looking for a new car and the car dealer said, well, this is the sticker price, but I am going to take a penny off from that and I am going to make you a real deal on this car.

That is exactly about what the $77 billion is equal to when you put it into context of what this economy is going to do over the next 5 years. You are going to get a penny back on the purchase of a new car. So what makes the entire debate over what is fair and equitable in this tax relief package so ridiculous is that Washington is not willing to give up more of the money.

So I just wanted to come to the floor and talk a little bit about how we do not want to make this a class warfare issue, that we want to make sure all Americans receive some kind of tax relief. And again, as I said, since 1981, American families have seen their taxes go up 10 times—$850 billion in new tax increases in the last 16 years. Now we are talking about tax relief, and we want to make sure that tax relief is fair and it is broad based, and that those families making between $30,000 and $60,000 a year will also have an opportunity to share in some reduction in their tax burden.

I thank the Chair. I yield the floor.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from Georgia.

Mr. COVERDELL. Mr. President, I rise in part to join my colleagues' reflections on what we heard this morning from the other side of the aisle and what we have been hearing basically as a definitional exercise from the White House in their attempts to define the congressional tax relief proposal and the congressional balanced budget act proposal.

I am encouraged in that it does appear we are making very rapid progress with regard to these two historic bills—a balanced budget act, which if signed by the President will be the first time in about 30 years, and the tax relief act, which if signed by the President would be the first in over a decade and a half. And, as has been noted here this morning, that following massive tax increases over the last 10 years.

To put this in some sort of historical perspective, I have only been here a short period of time, as has the Presiding Officer, and it has been a rather dramatic 4 years. Half the time was under the congressional leadership of the other side and half the time has been under our side, 2 years each, and they make an interesting comparison.

In the first 2 years under their side, we fought and lost the largest tax increase in American history. I remember the night very vividly. The Chair of the evening was Vice President GORE, who cast the vote to secure the victory for this huge tax increase, which was characterized by the Senator from Minnesota. The following year was spent, Mr. President, defending the Nation from Government-run health care which would have been the single largest expansion of Government in the history of the world. It would have surpassed the size of Social Security in 24 months, become the largest entitlement in the history of the world.

Well, the American people prevailed and by the narrowest of margins that was defeated.

So those 2 years were filled with large tax increases, large expansion of Government, and the view that Government was the ultimate solution and resolution to all America's needs and woes.

Now we come to the last 2 years. The leadership changed, and the discussion has been about balancing our budget, lowering the economic burden on American workers and families and restraining the size and growth of the Federal Government. And we are making progress, because we now have a President who has said the era of big Government is over and he has said he wants to support a balanced budget act and a tax relief act. And we have agreed on the general premises. We are getting very close now to crossing the ''t'' and dotting the ''i.''

I hope the President will come forward in a spirit of cooperation that was exemplified by what happened on these measures in the U.S. Senate. To watch the leadership of both parties vote for a balanced budget act and a tax relief act, to watch the leadership of the committees of jurisdiction on both sides, the Finance Committee and the Budget Committee, all vote for the balanced budget act and the tax relief act, and then, in almost unprecedented behavior, to have 73 of our 100 colleagues vote for the Balanced Budget Act and 80 join hands and vote for the Tax Relief Act—in all this debate about whether or not it is a fair form of tax relief, I would suggest the empirical evidence that it is is the fact that the leadership of both parties in the Senate and that 80 Members of the Senate could vote for this substantive piece of policy. It is just inconceivable, given that bipartisan, broad, huge majority, that the legislation could be anything less than fair. It almost demonstrates its broad nature and evenhandedness, to secure that kind of support. The President should take note of this.

The country needs to balance its budgets and American workers need relief. An average family in my State,

and I would say across the country, makes in the range of $40,000, often with both parents working, and after they pay their direct taxes and their cost of Government and their share of higher interest rates because of the huge national debt, because we have not had balanced budgets, they have barely half of their paychecks left to provide for their families. If the Founding Fathers were here today and discovered that Government in America had come to the point that it was taking over half the wealth of our workers away from them, they would be stunned. And I think they would be angered.

What this boils down to is that we are taking about $8,000 a year out of every average family's checking account, and we are making it very difficult for them to provide their fundamental responsibilities, which are getting the country up in the morning and raising it and getting it ready for stewardship. They can barely get that done because of Government policy removing those resources. This legislation goes in the right direction. It does not go as far as it should, I agree with the Senator from Minnesota, but it goes in the right direction. It equates to a refund of that last tax increase of about a third of it. We tried to refund all of it last year, but the President vetoed that. So he has now agreed to refunding about a third of it, and that is good policy. I am very hopeful that the White House will not politicize, ''partisanize,'' seek political gain and advantage over this policy for which so many on both sides of the aisle have come to agree in the Congress.

This is the right thing to do for America, and this is the time to do it.

The PRESIDING OFFICER (Mr. SMITH of Oregon). The Senator from Kentucky.

APPOINTMENT OF INDEPENDENT COUNSEL

Mr. MCCONNELL. Mr. President, I have never professed to be clairvoyant, but I was able to predict 8 months ago and subsequently authored an op-ed piece to this effect: that obfuscation and diversion would be the damage control strategy of the Clinton White House and its allies in Congress. They would be engaged in that kind of activity, Mr. President, in seeking to avoid the fallout from the Clinton campaign-DNC fundraising malfeasance in the last election.

This damage control strategy was to be expected from this White House, as wave upon wave of scandal has lapped up on the White House lawn these past 4 years. President Clinton's aides have become highly skilled at putting out press fires, lest, of course, the President be singed. I had hoped for better from Democrats here in the Congress embarrassed—I should hope mortified—by the evidence and admission of illegal conduct by the Clinton campaign-DNC fundraisers.

I thought my Democratic colleagues would step up to the plate, seek the truth and let the chips fall where they may.

A disappointing spectacle it has been to witness this collusion in a disingenuous effort to blur the truth, smear the innocent and protect the guilty, by saying everyone does it, and even trying to drag innocent private citizens before the committee.

We are all victims of the system, they say. What we need, they say, is campaign finance reform. Well, in fact, Mr. President, what we need is an independent counsel. That has been clear for a number of months—an independent counsel to remove the investigation from an obviously politicized Justice Department.

Bearing in mind the Attorney General's indefensible refusal to appoint an independent counsel, and the Justice Department's outrageous conduct in the past few weeks in which it has injected itself into partisan maneuvering regarding the granting of immunity for low-level but key witnesses, the inexplicable and entirely inappropriate action by a Justice Department political appointee to distance the administration from United States intelligence agency findings that the Chinese Government plotted to influence United States elections, Mr. President, there is simply no other recourse to ascertain the truth in a nonpartisan manner but to appoint an independent counsel.

That is why this law was passed some 25 years ago, for precisely these kinds of situations, in which you had a highly political investigation affecting covered employees—for example, the President or the Vice President—where it could be suspected that the Attorney General would be reluctant to pursue alleged claims of wrongdoing.

This episode over the last few months is precisely the fact situation which brought about and argued for the passage of the independent counsel statute.

Now, Mr. President, the truth is going to come out sooner or later. No one here should want to be seen in a position of trying to keep the truth from coming to the public. So the point I would like to make this morning very briefly once again, the Attorney General would appoint an independent counsel to investigate the fundraising abuses of the 1996 election, the violations of existing law that may have occurred—contributions from foreigners, money laundering, raising money on Federal property, all violations of existing law. The Attorney General of the United States is responsible for enforcing existing law, and in situations such as this when a clear conflict of interest is apparent, there is no other logical recourse other than the appointment of an independent counsel.

I call upon the Attorney General one more time, Mr. President, to appoint an independent counsel to complete this investigation.

Mr. COVERDELL. Mr. President, how much time is remaining on our side?

The PRESIDING OFFICER. The Senator from Wyoming, Senator THOMAS, has the time until 11 o'clock.

Mr. COVERDELL. Mr. President, I yield the floor in deference to the Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

TWO IMPORTANT ISSUES FACING CONGRESS

Mr. THOMAS. Mr. President, I intend between now and 11 to be joined by several of my colleagues to talk about, I think, two of the issues the Senator from Georgia has talked about. One of them that is most important for us, tax relief—I appreciate his comments. The other currently is the hearings that are being held with respect to the illegal contributions for campaigns. These, I think, at least at the moment, are two of the most important issues that face the Congress, two of the most important issues, obviously, that face the American people.

TAX RELIEF

First, in terms of tax relief, which has been talked about, it just seems to me that we have the opportunity for the first time in 16 years to have meaningful tax relief for Americans who are the ones who pay the taxes that support the Government. That is fairly simple. That is a fairly simple concept. And I wish, frankly, we could make it a little more simple. Obviously, in this place whenever there are issues, the technique is to make them as difficult as possible, to make them as detailed as possible, to make them kind of hard to identify. This one really isn't very hard to identify. The issue here is between having more Government and more revenue and more spending as opposed to the idea of seeking to reduce the size of Government, to reduce the spending, to reduce the burden on the taxpayers. And those things do go together.

We talk a lot, importantly, about the idea of balancing the budget. But I think we have to keep in mind you can balance the budget in a couple of ways. One of them is to have the highest tax increase in the history of the world and continue to grow in spending. The other is to seek to reduce spending, to seek to involve the States, to seek to return more government to local government and, therefore, reduce the size of government and the demands on taxpayers. Frankly, I think that is what we have tried to do in the last couple of years. I am very proud of the record of the Congress in the last 2 or 3 years, simply because we have changed the debate 180 degrees.

Three years ago we were talking about not how to reduce spending, not how to balance the budget, but simply, what new programs do we need? What do we need to do to continue spending? We were talking, then, about increasing taxes and did, in fact, increase

taxes—the largest that has ever been done. Now we are talking about how do you reduce the size of Government. There is no debate about balancing the budget. It is just, how do you do it? When do you do it? That is a complete turnaround. That is a complete change. We are talking, now, more about how do you block-grant to the States so they can make the decisions as to how best spend the money that goes there. Surely, the concept of the closer to the people served that government is, the more effective it will be, is correct—is correct.

So I am very delighted that we have turned that thing around. Even though we continue to hassle, even though there will continue, always, to be debate about it, because, frankly, there is a legitimate difference of point of view. There are those who believe more Government is better. That is a legitimate point of view. It is not one that I subscribe to and I think, fortunately, not one that is subscribed to by the majority of the Members of Congress, but it is a legitimate viewpoint and it will continue to be argued—and it should be.

ILLEGAL CAMPAIGN CONTRIBUTIONS

The other thing, it seems to me, that is very important currently is the debate that goes on about illegal campaign contributions. Here again, it seems to me when you are out in Wyoming and you are listening to the TV or you listen to radio, you kind of get the notion that the whole thing is about campaign finance reform. In the broad sense, it is. But the fact is, there is a difference between reforming campaign finances on the one hand and talking about illegal contributions on the other. Those are two different things.

I think the Congress has a responsibility to have oversight hearings. The Congress has a responsibility to look into allegations of illegal contributions, and that is what the Thompson committee is primarily assigned to do. There is a difficulty in doing it, as we have seen take place here.

The idea of having the Justice Department involved makes it more difficult. Their unwillingness to give immunity to witnesses to testify so you can arrive at the facts has been a completely difficult issue. And I understand. One reason for the idea of the Congress doing this oversight is that, obviously, agencies have allegiance to the people who have appointed them and they become very edgy when you get into this whole wilderness of allegations of wrongdoing on the part of people who are affiliated to the people you work for. I understand that. That is the reason for having Congress do it. That is the reason for having independent counsels do it. As the Senator from Kentucky a few moments ago mentioned, it is clear there is a reluctance on the part of Justice to get into what they perceive to be a political kind of activity.

That is their task. The way they do it is to appoint an independent counsel. For some reason, the Attorney General has refused to do that. So what we are talking about, then, is having a hearing in which the truth about those allegations can be determined. I think that is, indeed, a responsibility of the Congress. It is something that we ought to be responsible to the American people to do, and I am delighted that it is happening. I only wish that it were less inhibited. I wish there were less constraints being imposed by the minority in this particular committee, less constraints being imposed by the Justice Department. We ought to know what the truth is, in these instances.

I happen to be chairman of the subcommittee on Asia and the Pacific rim. Yesterday, we had a hearing for the nomination of the Assistant Secretary for the Asia-Pacific area, which we need very much, and a very learned person has been nominated whom I am sure we will support. But just to give you some idea of the involvement there, with regard to this investigation, of course the activities with respect to China influencing elections, foreign policy, has been talked about. President Clinton has said:

> [I]t would be a very serious matter for the United States if any country were to attempt to funnel funds into one of our political parties for any reason whatsoever.

Likewise, the Secretary of State said that, if true, the allegations that China had launched a major effort to illegally influence United States elections ''would be quite serious.''

I asked that question yesterday of the Secretary: Do you agree? And, of course, he said yes. The follow-up question, then, was both Republican and Democrat members of the Governmental Affairs Committee agree that there was Chinese involvement and a plan to move money into congressional elections.

So I asked, I think quite legitimately, what is the plan, then? How does this affect our foreign policy with respect to China? And the answer was, well, we just don't know whether these are true. We don't know whether that's there. We haven't made any accommodation, which only leads me to believe that it is even more important for this committee to arrive at what the facts really are. If these allegations are true, what will it do to our policy? It ought to have some impact on policy, certainly. But, yet, the response from the administration is, well, we just don't know.

We don't know either, but we ought to find out. And that is what the system is about. That is what the hearings are about. That is why there is such concern about the obstacles placed in the way of the committee by the Justice Department, by the Attorney General, by the administration—frankly, by our friends on the other side of the aisle, as to how we come to those decisions.

So, I think we are involved in a very serious issue here. It is serious because it has to do with process. It has to do with the obligations of the Congress to determine if, in fact, in this case, there were illegal activities carried on. That's our job.

Mr. President, I now am joined on the floor by the Senator from Arizona. I am very pleased to yield 10 minutes to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I thank my colleague from Wyoming for obtaining time this morning to speak on this important issue.

PRIVILEGE OF THE FLOOR

Mr. KYL. Mr. President, I would like to begin by asking unanimous consent that a staff member of mine, an intern, Kristine Kirchner, be granted the privilege of the floor during my presentation.

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

TIME TO APPOINT AN INDEPENDENT COUNSEL

Mr. KYL. Mr. President, the confidence of the American people in the American political system, in our Government here in Washington has been eroding in recent months, a subject that numerous pollsters and pundits have been writing about. One of the reasons that I believe this exists is that they believe people in high places can get away with things and they are, in effect, above the law, unlike the average American citizen, and that neither the Congress nor the administration has the ability, under that circumstance, to adequately track down perpetrators of crimes and pursue them to appropriate conclusion.

One of the aspects of this that is most troubling to me right now has to do with the Justice Department's purported investigation of people and events surrounding various contributions, allegedly illegal contributions, to the Democratic National Committee, to the Presidential and Vice Presidential campaigns. Attorney General Reno has, after numerous requests, steadfastly refused to appoint an independent counsel to look into these matters, and I had literally hundreds of requests from constituents to make the point to Attorney General Reno that they think this is wrong, or questions asked by constituents as to how this could be when there is such an obvious conflict of interest, at least to the average American citizen.

As a member of the Judiciary Committee, I joined in an effort with other members of the committee to follow a statutory procedure of writing to the Attorney General, asking her to either appoint an independent counsel or explain to us the reasons why she could not do so. She refused to make the appointment and gave her reasons. At the time, I thought they were relatively unconvincing. But since that time, irrespective of whether it has been appropriate up to now, Mr. President, a

couple of events have occurred that I think has made it crystal clear that the time has come for the Attorney General to appoint an independent counsel, because the integrity of her office is literally in question as a result of actions taken in connection with the Congress' investigation of these same matters.

In June, the Senate Governmental Affairs Committee announced its intention to grant immunity to 18 witnesses. They are very low-level witnesses against whom no prosecution is believed ever to be pursued or will be pursued. They were the straw donors who contributed money to the Democratic National Committee and were reimbursed by others, including one Charlie Trie, who apparently has fled the country and is currently hiding in China. Charlie Trie is a very close friend and fundraiser for President Clinton, who appointed Trie to membership on a governmental commission on U.S. Pacific trade and investment policy.

Fifteen of these eighteen witnesses that the Governmental Affairs Committee wanted to grant immunity to were Buddhist clerics who have taken vows of poverty and yet contributed funds to the Democratic National Committee at fundraisers in substantial amounts.

One was a Buddhist fundraiser in Los Angeles attended by Vice President GORE, who, of course, is a covered person under the independent counsel law; in other words, one of the people with whom there may be a conflict of interest as a result of which the Attorney General is supposed to appoint an independent counsel.

Since June, the committee has announced its intention to immunize two additional witnesses in connection with these Buddhist fundraisers. Most of the 17 Buddhist witnesses have had immunity requests pending with the Justice Department since March of this year, and yet the Justice Department has not been able to visit with these people—most of them—or to take proffers of evidence from them or declare them for immunity for the Senate Governmental Affairs Committee.

The Justice Department's policy on this is clear. Their policy is not to prosecute low-level people such as this, low-level straw donors or conduits who merely launder campaign contributions at the requests of others. So the Justice Department should have had no problem in quickly clearing immunity for these witnesses, the 18 original witnesses and the 2 additional ones.

On Wednesday, June 11, the day before the markup at which the committee was to vote on this immunity request, both the minority and the majority counsel on the committee spoke with Justice Department officials who were conducting this probe, and these officials expressed no objection to granting immunity for 17 of the 18 witnesses. But the next morning, June 12, the New York Times had a front-page story declaring that Vice President GORE had knowledge about this temple fundraiser.

Just a little bit later that morning, at about 10:30, the Senate minority leader held a press briefing in which he said all of the minority members on the committee would oppose the granting of immunity during the markup later in the day. Of course, since it takes two-thirds of the committee to grant immunity, without some Democratic support, at least two Democrats on the committee, the Republican majority would never be able to get immunity for a witness.

Shortly after the minority leader made his statement, the committee minority counsel informed the majority counsel that he, the minority counsel, had spoken with the Justice Department and it now objected to immunizing 15 Buddhist clerics. You had a direct connection here between the minority counsel on the committee and the Justice Department as a result of which the Justice Department flip-flopped.

Mr. SANTORUM. Will the Senator from Arizona yield for a question?

Mr. KYL. I will be happy to yield.

Mr. SANTORUM. I want to make sure I understand this. What you are suggesting is, prior to this story in the New York Times that Vice President GORE knew, was involved and had knowledge, of this fundraising activity, that the Justice Department was not objecting to allowing witnesses to come and be granted immunity before the committee, and there seemed to be a recognition that these people were not the target of the investigation—they were called conduits—and, as a result, should be able to come to the committee and testify under immunity; that was the state of play before this article.

Mr. KYL. The Senator from Pennsylvania is entirely correct, Mr. President. That is the exact chain of events, according to the committee's majority counsel, whose word has never been questioned on this. It was only after the front-page story.

Mr. SANTORUM. After the front-page story that morning, the story that implicated the Vice President with respect to knowledge of the fundraising scheme, Senator DASCHLE came forward and said, ''You're not going to get any support for allowing these people to testify under a grant of immunity,'' and then what? The Justice Department changed its mind overnight.

Mr. KYL. The Senator from Pennsylvania is correct. And there is an additional factor that makes this even more troublesome, and that is that it was the committee's minority counsel, not in conjunction with majority counsel, which is the normal way——

Mr. SANTORUM. Democratic counsel; minority counsel is the Democrats' counsel.

Mr. KYL. That is right, minority counsel represents the Democratic members of the committee; majority counsel represents Republican members of the committee. In the past, they had dealt with the Justice Department together as counsel for the committee. On this occasion, the minority counsel, the Democratic counsel, made contact with the Justice Department, immediately after which the Justice Department position was announced as having been changed——

Mr. SANTORUM. Your sense of the timing of the Democratic counsel's contact with the Justice Department was after the New York Times article——

Mr. KYL. The Senator from Pennsylvania is correct.

Mr. SANTORUM. Once they understood that the Vice President could be implicated in this testimony, he called the Justice Department, not the Justice Department called him; is that your understanding?

Mr. KYL. The minority counsel apparently made contact with the Justice Department.

Mr. SANTORUM. And the Justice Department, as a result, I assume, of this conversation changed its mind as far as allowing these witnesses to testify under a grant of immunity.

Mr. KYL. The Senator from Pennsylvania is correct, and as a direct result of that, the Democratic members of the committee denied immunity to the witnesses. Only one of the Democrats on the committee supported immunity for two of the witnesses, but none of the witnesses, the remaining witnesses, was granted immunity because of the solid vote of the Democratic members of the committee.

Mr. SANTORUM. Did the Justice Department give any other rationale for changing its mind, other than the fact that what we know is the Vice President was implicated in this, directly now implicated, with knowledge of this fundraising scheme at this Buddhist temple?

Mr. KYL. I have to say to the Senator from Pennsylvania that I am not aware of all of the conversations that members of the Justice Department may have had with people regarding the position that they have taken. Publicly, there have been a couple of different points made: One, that it takes a long time to visit with all of these people. Well——

Mr. SANTORUM. Wait a minute. The Justice Department said it was OK to give immunity. The only thing we are aware of, that has been talked about, intervening between the Justice Department saying yes to 17 of the 18 monks to be able to come up here and testify and then countermanding that was information then presented to the public that the Vice President had knowledge of what was going on at that event?

Mr. KYL. Well, Mr. President, if I can say to the Senator from Pennsylvania, there is an old Latin phrase that is used in law, ''post hoc, ergo propter hoc,'' meaning ''after this, therefore because of this.''

It seems fairly obvious that if, on June 11, the Justice Department has no objection to granting of immunity, and then there is a big headline in the newspaper on the following morning, and immediately after that the minority leader announces that all of the Democrats will oppose immunity—now, there obviously had to be some kind of a meeting at which this was discussed or he could not have confidently spoken of how the minority members would react—and then a minority counsel talks to the Justice Department and announces that their position has been changed, the only conclusion that one, I think, can legitimately draw from this is that the intervening events caused the change of policy at the Justice Department. If that is true—and, of course, none of us know whether it is true—but if that is true, that clearly injects politics into this investigation in a way which makes it crystal clear that the Attorney General does not have the credibility to continue the investigation of this matter and must appoint an independent counsel. The law requires in a conflict of interest that that be done.

What I am saying here this morning is that this chain of events clearly suggests that result. There is no other explanation that has been proffered. To the Senator from Pennsylvania, I say your questions are right on the mark in trying to get to the bottom of this entire matter.

Mr. President, I know time is short. Might I ask how much of the remaining time I have?

The PRESIDING OFFICER. Five minutes.

Mr. KYL. Fine. Let me then continue with another aspect of this that is important. Again, just to summarize this, it is not at all uncommon in law enforcement in order to be able to make the case against the people who are masterminding a crime, for example, to get the little fish to talk. And the way you do that is to say, ''We will not prosecute you if you will tell us under oath everything you know and that information is useful in our ability to make a case against the bigger fish.'' That is the way it works in law enforcement.

With respect to these Buddhist nuns and monks who have taken vows of poverty, it is clear that nobody wants to prosecute them. They were used. They were abused in this process. I don't think anybody thinks they were criminals or that they had criminal intent. But what is alleged to have occurred is that somebody brought a lot of money in and gave it to them and said, ''Now, tomorrow, when the Vice President is here, we want you to write a check in this same amount to the Vice President or to his campaign.'' That is called laundering money.

The way you make the case against the people who were behind that is to get the people who were the conduits to talk. That is why the Governmental Affairs Committee wants to grant immunity to these people, to bring them forward so that the American people can see what has happened here, and the law enforcement people can get on with their job about getting these prosecutions completed.

So far we hear nothing from the Justice Department. Mr. President, none of us want to jeopardize prosecutions, and when the Attorney General came before the Judiciary Committee, I accepted her explanation that, in effect, she was saying, ''Trust me, we have professional investigators pursuing criminal prosecutions and we will do that to the appropriate end.''

I can do nothing but trust the Attorney General when she makes that kind of statement, and none of us want to jeopardize prosecutions. But what I am saying this morning is that the chain of events now appears to be raising questions that are so serious that unless they are adequately publicly answered by the Attorney General, her credibility to continue this investigation on her own without the appointment of a special counsel is called into such serious question that I believe that the Senate of the United States could not adequately continue its public investigation and the American people would rightly question whether or not the administrative branch of Government, the embodiment of the Attorney General and the Justice Department, is not improperly involved in the investigation and hearings of the Governmental Affairs Committee of the U.S. Senate. I think that conclusion is inevitable.

It would be a shame for that conclusion to be reached, and, as a result, Mr. President, to clear it all up, to get to the bottom of everything and to avoid the conclusion that the Justice Department is improperly involving politics in this matter, once again, we call upon the Attorney General of the United States to call for the appointment of an independent counsel in these fundraising matters.

Mr. SANTORUM. Will the Senator from Arizona yield for a question?

Mr. KYL. I will be happy to.

Mr. SANTORUM. It is my understanding that in addition to this apparent flip-flop on granting immunity to witnesses to testify before the committee, there was another instance where the Justice Department injected itself into the investigation in an apparent partisan move that showed very clear favoritism.

Can you explain how that occurred?

Mr. THOMAS. Mr. President, I know time has expired.

I ask unanimous consent that the Senator from Pennsylvania be given 5 minutes to continue.

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

Mr. KYL. Mr. President, if I could respond then to the Senator from Pennsylvania, he is absolutely correct. There is a second event which again calls into question the objectivity of the Justice Department and I think requires us to add a second element to this request for the appointment of a special counsel.

On July 11, Assistant Attorney General Andrew Fois, who is a political appointee running the Office of Legislative Affairs, and who frankly is very unlikely to have access to the classified information, the sensitive information on which Chairman THOMPSON based his opening statement about the influence of Chinese money in American Government on, this individual, this Assistant Attorney General, sent a letter asserting that the chairman's statement did not represent the views of the executive branch.

Now, this is important for the following reason. Recall that when Chairman THOMPSON began the Governmental Affairs hearings, he announced that the committee had sensitive information implicating the Chinese Government for its efforts to involve itself illegally and improperly in American political campaigns.

Some people in the media and in the minority questioned whether Chairman THOMPSON could legitimately make that claim. His response could only be that it had been cleared with the FBI, of the Department of Justice, and the CIA. He could not go any further because information was classified and highly sensitive. So he was in effect defenseless, Mr. President, to further explain his position. But he had to rely upon people's reliance upon his statements.

Then comes this letter from the Justice Department casting doubt on Chairman THOMPSON's assertions saying, no, they had not cleared the content of his statement. That is the Department of Justice, that is supposed to be engaged in an independent investigation of these matters, clearly undercutting the chairman of the committee.

Mr. SANTORUM. When in fact the chairman has said—and I think it has come out since then, that the FBI and CIA in fact cleared that statement and in fact had made some changes, I think one change in one word, is my understanding, one change in one word to the statement that the chairman read, and that they cleared that statement, that this letter was in fact erroneous, that this letter was put forward by someone who I think you suggested probably had no knowledge of what was right or wrong.

Mr. KYL. If I could respond to that direct point by the Senator from Pennsylvania. You and I know, all our colleagues know, how long it takes to get a letter cleared downtown. It takes a long time. A legislative liaison cannot quickly get a letter out without a lot of higher-ups signing off on it. So I have no doubt in my mind that this was not a rogue act of an Assistant Secretary, but it had to have been approved at high levels of the Justice Department.

Mr. SANTORUM. Who knew otherwise, knew that the FBI—part of the

Justice Department—had cleared this statement, had signed off on that statement.

Mr. KYL. Precisely. And that is confirmed.

Mr. SANTORUM. What would be the possible reason why someone at a high level of the Justice Department would sign off on a letter which they know would be untrue to basically call into question Chairman THOMPSON's assertion that the Chinese had some plot to influence American elections?

Mr. KYL. To respond to the Senator from Pennsylvania, I am not going to attribute motives to anyone, but it did cast doubt on the claims of the chairman of the committee. Yet a couple of days later, both the ranking minority leader and Senator LIEBERMAN made the point they reviewed the FBI information and they agreed that Chairman THOMPSON's allegations were entirely supported.

Mr. SANTORUM. So in the end everyone agreed that the chairman's original statement was correct, and that really the sole voice of dissent was a Justice Department letter which was intended really just to muddy the waters and cast doubt.

Mr. KYL. Again, to conclude then, and to answer the Senator from Pennsylvania, I cannot ascribe a motive to anyone, but it seems mighty coincidental that at a very critical moment in the committee's deliberations and public hearings great doubt would be cast upon the chairman by the Justice Department of the United States, which is supposed to be conducting an independent, objective——

Mr. SANTORUM. And apolitical investigation.

Mr. KYL. And apolitical investigation. And that I say is the second reason why we believe at this time events warrant the Attorney General to request the appointment of an independent counsel to investigate these matters.

I thank the Senator from Pennsylvania.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, July 22, 1997, the federal debt stood at $5,366,067,378,744.76. (Five trillion, three hundred sixty-six billion, sixty-seven million, three hundred seventy-eight thousand, seven hundred forty-four dollars and seventy-six cents)

One year ago, July 22, 1996, the federal debt stood at $5,169,929,000,000. (Five trillion, one hundred sixty-nine billion, nine hundred twenty-nine million)

Five years ago, July 22, 1992, the federal debt stood at $3,984,029,000,000. (Three trillion, nine hundred eighty-four billion, twenty-nine million)

Ten years ago, July 22, 1987, the federal debt stood at $2,314,592,000,000. (Two trillion, three hundred fourteen billion, five hundred ninety-two million)

Fifteen years ago, July 22, 1982, the federal debt stood at $1,085,930,000,000 (One trillion, eighty-five billion, nine hundred thirty million) which reflects a debt increase of more than $4 trillion—$4,280,137,378,744.76 (Four trillion, two hundred eighty billion, one hundred thirty-seven million, three hundred seventy-eight thousand, seven hundred forty-four dollars and seventy-six cents) during the past 15 years.

HONORING THE BEHRENS ON THEIR 60TH WEDDING ANNIVERSARY

Mr. ASHCROFT. Mr. President, families are the cornerstone of America. The data are undeniable: Individuals from strong families contribute to the society. In an era when nearly half of all couples married today will see their union dissolve into divorce, I believe it is both instructive and important to honor those who have taken the commitment of ''till death us do part'' seriously, demonstrating successfully the timeless principles of love, honor, and fidelity. These characteristics make our country strong.

For these important reasons, I rise today to honor Brooks and Ray Behrens of Eldon, MO, who on August 3, 1997, will celebrate their 60th wedding anniversary. My wife, Janet, and I look forward to the day we can celebrate a similar milestone. The Behrens' commitment to the principles and values of their marriage deserves to be saluted and recognized.

TRIBUTE TO DENISE BODE

Mr. NICKLES. Mr. President, the great success of our Nation is rooted in the labors of millions of Americans who work every day to make America a better place. I'd like to take a moment to recognize one such American—a fellow Oklahoman, Denise Bode, who has dedicated most of her adult life to making our Nation a better place through her work in the public and private sector. Soon she will begin a new chapter of service to the people of Oklahoma. For this reason, I am very proud to take this opportunity to recognize her contributions over the past several years.

Denise Bode became involved in Government right after she graduated from the University of Oklahoma, serving as an adviser to my former Senate colleague David Boren who was the Governor of Oklahoma. When David Boren was elected to the Senate, Denise became a member of his U.S. Senate staff and developed an expertise in energy and tax policies. Even though she was working full time, she somehow found time to take courses at night and earn both a law degree and a masters of law in taxation, and devote time to her son Sean as well as be a helpmate to her husband John Bode, who was an Assistant Secretary of Agriculture in the Reagan Administration.

For the past 6 years she has served as president of the Independent Petroleum Association of America, an organization founded in 1929 in Oklahoma and which today is the Nation's largest membership association representing America's oil and natural gas producers. She was the first and so far the only woman to head a major energy trade association.

All of us who have worked with Denise over the years in Washington, regardless of party affiliation, whether in the public or private sector, know her to be a tireless advocate for Oklahoma and always looking out for the best interest of our Nation. She is the type of person who will fight tirelessly for what she believes in. In the process, she has made a difference.

She returns to Oklahoma next month to serve, at the request of Governor Frank Keating, on the Oklahoma Corporation Commission, which oversees both the interest of the consumers in the State and key industries. Ask Denise why she's going back to her native State and she'll say it's because she wants to make a difference; she wants to make Oklahoma an even better place.

We in Washington often talk about devolution, giving more power and responsibility to the States. I certainly believe that is the proper course of action. Knowing that Denise and other extremely capable people are leading the way in the States gives me added confidence in this policy. And once again, Denise is going where her beliefs lead her.

I wish her well in this endeavor and feel very confident that she will give to this new position the same dedication and commitment she's given throughout her years of public service.

MARY FRANCES BURNS, 1909–1997

Mr. BURNS. Mr. President, on July 14, 1997 Mary Frances Burns died in Gallatin, MO. She was born there, a daughter of a farmer and stockman and a sister to four brothers and two sisters. She married Russell Burns in 1931 and they farmed just northwest of Gallatin all of their lives.

Mom was so typical of the farm women of the American prairies. She was wife, partner, mother, homemaker, field hand, and gardener. She could coach younger girls in 4H, teach a Sunday School class, attend a school board meeting, cook all three of the daily meals, keep an old gas powered Maytag wash machine going, and still have time to play an active role in Democratic Party politics.

She and her husband were married 61 years until dad died in 1992. They navigated this family through the droughts of the 1930's and the Great Depression. Yet through it all, she maintained a great sense of faith and humor. The times were hard in the Depression as anybody who lived in that era could attest. The actions and conversations of mom and dad were always of hope and optimism in the American dream, of the American system, and their dream of a better life.

It was the time when America was being tested again and again was about to cast into a great world war. They witnessed husbands, sons, brothers, and a few daughters leave for war and they were there to welcome them home. As a family, we cried and prayed with the families who lost loved ones to that terrible war and we celebrated with the ones who came home heroes. We helped them to put their lives back together again and America was whole again.

They skimped and saved and worked. Mom never had much but was never denied. She made a very happy home. Christmas was an orange, home made toy, and home made clothes. All holidays meant good cooking with a special little twist for her family and relation in times of unbelievable stress and uncertainty.

Memories will always remain of the wonderful smells and aromas emanating from mother's kitchen. It was there she cooked for harvest and hay hands over an old wood range during the hot humid days of summer. Those same smells were even better after chores on a cold winter day.

The badge of authority to the woman of the prairies and a true symbol of womanhood was the apron. It was worn everyday. It was made of anything from feed sacks to the finest cotton. There were those for everyday and those for Sunday or welcoming unexpected callers. Company was always welcome if at meal time, never left unfed.

Mom could gather the eggs, pick the garden, move baby chicks and kittens. The apron was used to haze milk cows to the barn, run wandering livestock out of her garden—along with some colorful language—wipe the tears from a crying child, dust from a husband's eye, and sweat from a working brow.

It was spotted and stained from ripe strawberries, black berries, an overly excited pup, and grease from a spark plug out of the old wash machine. It had the smells of newly picked sweet corn, fresh baked bread, lye soap, and once in a while, the light scent of perfume.

She was the center of our home and was a part of a generation that understood love, life, and death. She understood the value of honesty and openness, a healthy fear and love of God, and the core values of the American Midwest.

She was the daughter of this land. The soil that she loved and sustained her has now received her back. We are the benefactors of her qualities and teachings. We, as a nation, are what we are because of her and the millions of women like her of the American prairies. She was one of the silent builders of the United States of America.

MEASURE PLACED ON THE CALENDAR—H.R. 748

The PRESIDING OFFICER. The clerk will read for the second time H.R. 748.

The assistant legislative clerk read as follows:

A bill (H.R. 748) to amend the prohibition of title 18, United States Code, against financial transactions with terrorists.

Mr. COCHRAN. I object to any further proceeding on this matter at this time.

The PRESIDING OFFICER. The bill will be placed on the calendar.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration S. 1033, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1033) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1998, and for other purposes.

The Senate proceeded to consider the bill.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

PRIVILEGE OF THE FLOOR

Mr. COCHRAN. Mr. President, I ask unanimous consent that the following Appropriations Committee staff members and intern be granted floor privileges during the consideration of this bill, S. 1033: Rebecca Davies, Martha Scott Poindexter, Rachelle Graves-Bell, Galen Fountain, Carole Geagley, and Justin Brasell.

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

Mr. COCHRAN. I add to that unanimous consent request, at the suggestion of the distinguished Senator from Kentucky, to ask unanimous-consent they be granted floor privileges during the votes, if any, that may occur in relation to S. 1033.

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

Mr. COCHRAN. Mr. President, I am pleased to present for the Senate's consideration today S. 1033, the fiscal year 1998 Agriculture, rural development, Food and Drug Administration, and related agencies appropriations bill. This bill provides fiscal year 1998 funding for all programs and activities of the U.S. Department of Agriculture, with the exception of the Forest Service, the Food and Drug Administration, the Commodity Futures Trading Commission, and expenses and payments of the farm credit system.

As reported, the bill recommends total new budget authority for fiscal year 1998 of $50.7 billion. This is $3.2 billion less than the fiscal year 1997 enacted level, and $1.6 billion less than the President's fiscal year 1998 budget request.

Reductions in mandatory funding requirements account for the overall decrease below the fiscal year 1997 enacted level, principally reflecting lower Food Stamp and Child Nutrition Program costs due to the enactment of welfare reform. Even with these reductions, $38 billion, or approximately 75 percent of the total $50.7 billion recommended by this bill, will go to funding the Nation's domestic food assistance programs in fiscal year 1998. These include the Food Stamp Program; the national school lunch and elderly feeding programs; and the special supplemental nutrition program for women, infants, and children [WIC].

Including congressional budget scorekeeping adjustments and prior-year spending actions, this bill recommends total discretionary spending of $13.791 billion in budget authority and $14.039 billion in outlays for fiscal year 1998. These amounts are consistent with the subcommittee's discretionary spending allocations.

The committee continues to place priority on increasing food safety to ensure that American consumers continue to have the safest food in the world.

The bill provides $591 million for the Food Safety and Inspection Service, $17 million above the fiscal year 1997 level. This will enable the Food Safety and Inspection Service to maintain the current inspection system and to provide the needed investments required to implement the new hazard analysis and critical control point [HACCP] meat and poultry inspection system.

In addition, the bill provides the increased funds requested as part of the President's $43 million government-wide food safety initiative. This include the full $1.1 million proposed for the Food Safety and Inspection Service, the $4 million increase proposed for Agricultural Research Service food safety research, and $24 million in addition funds for food safety initiatives of the Food and Drug Administration.

For agriculture research, the bill provides total appropriations of $1.6 billion, approximately $37 million below the fiscal year 1997 level. Included in this amount is a reduction of $62 million, reflecting termination of funding for buildings and facilities of the Corporate State Research, Education, and Extension Service; and a $27 million total increase for agriculture research and education activities.

The total amount provided for the Agricultural Research Service continues funding for most of the agency's current research activities, and approves nearly $24 million of the increased funding requested to meet priority research needs, including research focusing on human nutrition, food safety, emerging diseases, and genetics resources. This additional

amount includes $5 million for the survey of food intakes by children and infants required in response to the Food Quality Protection Act of 1996.

The recommended funding for the Cooperative State Research, Education, and Extension Service includes a $2 million reduction in funding for special research grants, an increase of $1.8 million for pesticide clearance, and $100 million, a $6 million increase above the 1997 level, for the National Research Initiative competitive grants programs. Appropriations for formula programs, including the Smith-Lever and Hatch programs, are maintained at 1997 levels.

For farm credit programs, the bill funds an estimated $2.9 billion total loan program level, including $460 million for farm ownership loans and $2.4 million for farm operating loans.

Total funding of $912 million is recommended for the Farm Service Agency, $44 million less than the 1997 level. The Department has worked in 1997 to achieve program efficiencies. As a result, we are assured that the funding recommended in this bill will prevent further personnel reductions during fiscal year 1998.

The committee also has given increased attention to the need to provide affordable, safe, and decent housing for low-income individuals and families living in rural America.

Estimated rural housing loan authorizations funded by this bill total $3.5 billion, a $60 million net increase above the fiscal year 1997 appropriations level. This includes funding to support $1.0 billion in section 502 low-income housing direct loans and $129 million in section 515 rental housing loans. In addition, a total appropriations level of $541 million is recommended for the rental assistance program. This is the same as the requested level and $48 million more than the 1997 appropriation.

The budget also proposed that an additional $52 million be provided to convert Housing and Urban Development Agency [HUD] section 8 rental assistance to USDA-financed rental assistance. While this proposal may have merit and yield long-term savings, the committee was not able to afford this further increase within its discretionary spending allocation. As an alternative, we would encourage the administration to work to fund this proposed conversion through the section 8 housing program.

For USDA conservation programs, total funding of $828 million is provided, $57 million more than the 1997 level. This includes $730 million for conservation operations, and $47.7 million for the resource conservation and development program.

USDA's Foreign Agriculture Service is funded at a level of $136.7 million, and a total program level of $1.1 million is recommended for the Public Law 480 program.

The bill also provides a total level of $2.1 billion for rural economic and community development programs. Included in this amount is $644 million for the Rural Community Advancement Program authorized in the 1996 farm bill, consolidating funding for 12 existing rural housing, utilities, and business cooperative programs of the Department of Agriculture.

The bill, as recommended, also appropriates $3.9 billion for the WIC Program and provides up to $12 million for the farmers market nutrition program. The recommended WIC appropriation level is $122 million above the 1997 level and will be sufficient to maintain the current average WIC Program participation level in fiscal year 1998. Also included in the bill is a provision to ensure the continuation of infant formula WIC Program rebate savings, and to provide the authority requested by the administration to give the Secretary of Agriculture discretion in allocating WIC funds.

Further, the bill restores funding for the Pesticide Data Program, and provides the increased funds needed in fiscal year 1998 to conduct the Census of Agriculture.

It also includes the full $202 million required to pay agents' sales commissions under the crop insurance program. Under current law, this shifts these costs from the mandatory to the discretionary side of the ledger beginning in fiscal year 1998. This places an added demand on the limited discretionary dollars available to the subcommittee. We have accommodated this new requirement, in part, through a limitation on the export enhancement program. This is a short-term fix. I am hopeful that this will not become a permanent burden on discretionary spending, and that a long-term legislative solution will be found to pay for this expense.

For those independent agencies funded by the bill, the committee provides the budget request level of $60.1 million, an increase of $5.0 million above fiscal year 1997 level, for the Commodity Futures Trading Commission. It provides a $34.4 million limitation on administrative expenses of the Farm Credit Administration, as requested in the budget. And, it recommends total appropriations of $913 million for the Food and Drug Administration, $25.5 million more than the fiscal year 1997 level. This increase includes the full $24 million requested for FDA food safety initiatives and the $1.5 million increase requested for FDA buildings and facilities requirements.

Only 27 percent of the total funding recommended by this bill is discretionary, subject to the annual control of this subcommittee. As I indicated previously, this bill accommodates increased funding required for such programs as WIC, crop insurance delivery expenses, rural housing, food safety, and other pressing program needs.

Mr. President, arriving at these funding recommendations always requires a number of difficult decisions. I would like to thank the distinguished ranking member of the subcommittee, Senator BUMPERS, as well as all other members of the subcommittee for their support and cooperation in putting together this bill.

Mr. President, I believe this bill represents a balanced and responsible set of funding recommendations within the limited resources available to the subcommittee, and I hope Senators will support it.

Mr. President, for the information of Senators, this bill is consistent with the allocations under the Budget Act that have been made to this subcommittee. We have worked very hard to identify the priorities that Senators have suggested and were in hearings on the budget proposals submitted by the President during the last several months.

This has been an effort which has involved the distinguished ranking member of the subcommittee, Mr. BUMPERS, all of the members of our subcommittee, and our staffs. And all have contributed very substantively to the work that has led to the presentation of this bill today.

We have increased funding for some of the areas where we thought there was justification for doing more in discretionary spending to help improve the services provided by the Government, such as in food safety, in agriculture research to make our farms more efficient and farming more profitable. We have increased funding to maintain the current participation caseload in the WIC Program, for example. And there are other areas.

But I mention those three to illustrate that the committee has identified priority areas where we have provided increases. But overall, this bill reflects a reduction in spending from last year's level and a reduction in proposed spending for the next fiscal year below the request submitted in the President's budget.

So we are trying to do our part to reduce the deficit and to control spending and to make those hard choices that are necessary if we are to in fact balance the budget. We think that the bill reflects a fair and thoughtful balance among the various needs that are sought to be met in this appropriations bill.

We hope that Senators who do have suggested amendments will come to the floor soon during the consideration of this bill so that we can complete action on the legislation today. The leader has suggested that votes will probably not occur before 4 o'clock so that if there are amendments which require votes we are going to ask unanimous consent that those votes be stacked to occur beginning at 4 o'clock. And it is my hope that at the same time we can vote for final passage on the bill at that time or following votes on amendments.

So with that in mind, I am very happy to yield the floor for the purpose of any amendments that Senators may have or for any comments any Senator,

and especially the distinguished Senator from Arkansas, the ranking member of the committee, might have.

Mr. BUMPERS addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I first want to extend my sincere thanks to my distinguished colleague, the chairman of this subcommittee, who crafted this bill. He has done a magnificent job. He has always been unfailingly polite, courteous and thoughtful in the process.

I do not want to take up the Senate's time by going into a full detailed statement of what we provided and what we did not provide. But I do want to say a few things that I have said in the committee and I have said in speeches in the last couple months regarding what I believe is a serious lack of funding for research in the area of agriculture.

We have provided well over $1 billion in this bill for agriculture research, but it pales by comparison. And in spite of that commitment, I think I have a commitment to express my concern about the comparatively small amounts we provide for agriculture research.

We live in a world with an ever-growing population. We live in a nation with an ever-increasing demand on our natural resources, including the conversion of arable land for urban growth, for highways, and shopping centers. We live in a world where our very survival is premised on our ability to produce more food with fewer inputs on fewer acres and with fewer risks to public health and the environment.

In the face of all these challenges, it is inconceivable that we would not place a much higher premium on investments in the research vital to human survival, simply put, the research of how we are going to feed ourselves.

We live in a nation that is blessed with abundant natural resources. We live in a nation blessed with a bounty of agricultural products currently capable of feeding ourselves and a good part of the rest of the world. We live in a nation that has lapsed into a complacency caused by the fact that our next meal has always been as close as the corner supermarket. It would not take many days spent in the back country villages of Latin America, the ravaged countryside of Central Africa, or the weathered, tortured steps of Mongolia to witness the lack of what we daily take for granted. I constantly admonish high school and college groups who are going out into the world to remember to count their blessings more often and their money less.

Mr. President, do not misunderstand me. I fully support the efforts of Senator COCHRAN in providing the funds contained in this bill for agriculture research, but I am constantly dismayed and perplexed at Congress' willingness to spend 30 times more on weapons research than we do on guaranteeing our future food supply. We spend twice as much every year just on the space station as we do on agriculture research.

I have often felt that truly meaningful agriculture reform is only one good famine away. But I also continue to hope that such a cataclysm will not be the event that brings us to our senses.

Senator COCHRAN has done an excellent job with this bill within the fiscal constraints that bind all of us. He has properly balanced the needs of the research community with the other demands to which we must answer. This Nation looks to Congress, and I admonish Congress that we do not have forever to come to grips with the train wreck that is on the horizon and is absolutely certain to occur. We must begin laying the groundwork for an agricultural policy that allows our producers all the scientific advances we can develop if we are to grow more with less. We know that certainly we will need more and we will have less if we don't.

One other comment I make regarding the need to bolster agricultural research. Just 1 year ago, this Congress ended most of the support programs that historically protected American farmers from the market forces that often were marshaled to their disadvantage through either the plagues of weather, the domain of foreign policy, or forces beyond their control. Now they are left with the tattered safety net that has brought prices declining, as they are now doing, and there is little break to their fall.

One of the safety net remnants in hand is our agricultural research structure. As the cost of farm inputs skyrocket, we must find ways to reduce their application. As threats to the environment increase, we must find cost-effective protections. If we expect to continue spending less on food than any other developed nation on Earth, we must find ways to make its production cost less.

More than simply a producer, there is not a better steward of the Earth than the American farmer. The farmer knows that his livelihood is directly tied to his care for the soil and water. This bill contains funding for programs designed to help the farmer continue what he practices naturally—conservation. For the first time in many years, this bill places no limitations on the mandatory conservation programs established in the farm bill. These include the Wetlands Reserve Program, the Conservation Reserve Program, the Environmental Quality Incentives Program, and many others established to help farmers protect our natural environment.

In the area of rural development, important areas of spending are protected and, in some instances, provided an increase. The Water and Sewer Grants Program, one near and dear to my heart, increased this year from the budget request of $438 million to $491 million. I want to especially thank Senator COCHRAN for engineering that. The section 502 Single-Family Housing Program was returned to a program level of $1 billion. In addition, the Appropriate Technology Transfer for Rural Areas Program, one I am happy to say is housed at the University of Arkansas, important for the sustainable agricultural prices and products, is increased to $1.5 million.

The bill provides nearly $4 billion for the WIC Program. We all know that is the program that provides a healthy diet for poor pregnant women and thereby increases the protein diet and the brain count of the fetus. This amount is an increase of nearly $200 million above the level we provided in the fiscal year 1997 bill. Noninclusive is the $76 million we put in the recent supplemental appropriations bill. Included in the fiscal year 1998 WIC appropriation is $12 million for the WIC Farmers Market Nutrition Program. That helps provide fresh produce for WIC participants. In other words, WIC participants can buy produce at the roadside vegetable stand, just as everybody else can, with their vouchers.

For the Food and Drug Administration, this bill provides an increase above last year—an increase—and includes a 1-year extension of the Prescription Drug User Fee Act and a Mammography Quality Standard Act. Fees collected from these two authorities will provide an additional $105.2 million for the FDA. These funds are vital to protect Food and Drug supplies and to ensure the safety and efficacy of our pharmaceutical and medical devices.

Mr. President, just as we too often take for granted the availability of food, we too often take for granted the safety of that food. It only takes a single outbreak of E. coli in fruit juice, or similar strains in other food products, to quickly bring us short as to how fragile our health can become in the hostile world of bacteria and microorganisms. Visit with one mother of a child who has known the horror of a food-borne illness and what it can do, and you will never take the safety of our food for granted again. The Food and Drug Administration, along with the Food Safety Inspection Service, stands as a guardian to protect our food supplies and the public health. This bill serves to help those agencies carry out those very important missions.

The bill provides $14.5 billion to complete phase 2 for the FDA's National Center for Toxicological Research. This important facility is on the frontline of helping protect the health of American consumers. Once complete, this facility will be a cornerstone of the FDA's streamlining efforts to make Government more efficient and cost effective.

There were several initiatives included in the administration's budget request, many of which included funding in this bill. The food safety initiative, vitally important to protect our food supply and help bolster consumer confidence in all meat, poultry and

other products, has provided nearly full funding. The human nutrition initiative, though not completely funded, gets a substantial boost.

Mr. President, let me conclude by restating, I am again most grateful to Senator COCHRAN for his unfailing courtesy and consultations and for the fine job he and his excellent staff have done in crafting this bill. To expedite matters, let me simply say we are all grateful for his fair and open consideration of all requests. I gladly join him in bringing this bill to the Senate floor and urge the support of all Senators in its passage.

I yield the floor.

Mr. COCHRAN. Mr. President, I am very grateful for the generous comments by the distinguished Senator from Arkansas about our work together on this bill and my contributions to the effort. It has been a genuine pleasure working with him. I have considered it one of the highlights of my career in the Senate of getting to know him personally and serving with him on the Appropriations Committee, as we have for these last 18 years.

CORRECTIONS TO SENATE REPORT 105–51

Mr. President, I would like to reflect for the record the following corrections to Senate Report 105–51 accompanying S. 1033, the fiscal year 1998 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act.

The table on page 36 of the report should properly reflect that the committee recommends a $200,000 Federal administration grant to the ''Center for Human Nutrition (Maryland)'' rather than the ''Center for Hawaiian Nutrition (Maryland).''

On page 37, the first paragraph should reflect a total recommendation of ''$47,525,000'' for special research grants under Public Law 89–106 rather than ''$46,525,000''.

In the table on pages 42–43 of the report, the committee recommended total for ''Agricultural quarantine inspection'' under ''Pest and disease exclusion'' should be ''26,747'' rather than ''28,547'', making the subtotal for agricultural quarantine inspection ''126,747''; and the committee recommended total for ''Biological control'' under ''pest and disease management programs'' should be ''6,090'' rather than ''6,290'', making the subtotal for pest and disease management ''96,281''.

And, on page 76, delete ''the University of Colorado Health Science Center telemedicine project, Colorado,'' from the list of rural business enterprise grants which the committee encourages the Department to consider.

Further, I would like to clarify that the $275,100 in the first paragraph on page 24 of the report for the University of Hawaii Institute of Tropical Agriculture and Human Resources for the collaboration work on developing and evaluating efficacious and nontoxic methods to control tephritid fruit flies is the net amount currently going to the location, rather than the gross amount.

Mr. COCHRAN. Mr. President, there are several amendments which have been brought to our attention that we know will be offered by Senators. We invite those Senators to come to the floor now and present their amendments for the consideration of the Senate. Some of them we expect to recommend approval; others we will have to oppose. We hope that we can begin that process soon so we can complete action on all amendments so that we can have votes on those amendments and final passage of the bill at 4 o'clock this afternoon. That is our goal. We need the cooperation and assistance of all Senators in order to achieve that goal.

Let me say, in connection with the provisions of the bill, some of which the Senator from Arkansas mentioned specifically, I am particularly pleased we were able to continue funding for a lot of the traditional programs of the Department of Agriculture, which, because they are not new, because they do not seem innovative, are often overlooked or taken for granted. One that comes to mind is the Extension Service. We have seen a lot of changes in the Extension Service over the years, and we have tried to give that service the funds they need to carry out what many consider to be services and benefits that are not often applauded or recognized.

We have seen so many new developments in technology and in modern science that we are able now to utilize in our rural communities and on our farms that have really elevated the standard of living in rural America to a point that is really quite impressive. We need a lot of things done that have not been done, but that is one of the agencies that, in my judgment, has done a great deal to help make life more livable, more enjoyable, and enrich the lives of many people every day because of the work that has been done.

Another area that seems to me important to mention is the protection of our environment, our soil and water resources. The funds for conservation programs are increased because of the growing importance of developing new technologies, new ways to deal with pests and other problems in production of agriculture in an environmentally sensitive way. All of that is reflected in this legislation—those ambitions, those goals, and the importance of protecting the safety and health of those who live in rural America.

We think the research activities done by the Agricultural Research Service also merit special mention. There are a lot of new things being undertaken by agricultural research scientists that offer great promise in terms of food safety, in reducing the necessity for using some products on our farms that many consider to have the potential for harming health and human safety. We are trying to make these changes and these improvements in agriculture possible through the development of new discoveries and new applications of science in agriculture. That is the agency that the Federal Government has charged with the responsibility of concentrating in that area.

We also are developing, in concert with the legislative committees in the House and Senate, a level of funding of over $100 million for a comprehensive research effort that is new and recently authorized in the farm bill that was passed 2 years ago. We are hopeful that this will mean a more coherent approach to research and a more effective approach. Some worry about our spending too much money for so-called basic research and not enough money for applied research. The line between those two efforts has been blurred, and, in some cases, it is hard to distinguish between one kind and another. We appreciate the input we have received from those throughout the country who have presented information and have made their views known to the committee on that subject.

This bill reflects an effort to bring together the best suggestions that we have had on that subject to have a more effective and more successful research effort for the betterment of our country.

With the hope that other Senators will come to the floor and present amendments or suggested changes or comments on this legislation, I am prepared to yield the floor.

Mr. MCCONNELL. Mr. President, I want to commend Subcommittee Chairman COCHRAN for his work on the Agriculture appropriations bill for fiscal year 1998. This bill provides funding for all the activities under the jurisdiction of the Department of Agriculture, except for the U.S. Forest Service. It also funds the activities of the Food and Drug Administration, the Commodity Futures Trading Commission, and the Farm Credit System.

This has been one of the most difficult years to date and I congratulate Senator COCHRAN and his staff in working through the difficult decisions in crafting this bill.

PRIVILEGE OF THE FLOOR

Mr. FORD. Mr. President, I ask unanimous consent that Rob Mangas and Jim Low of my staff be granted the privilege of the floor during consideration of S. 1033.

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

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

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

CONDEMNING THE GOVERNMENT OF CANADA

Mr. STEVENS. Mr. President, very soon, Senator MURKOWSKI will submit for himself, for me, and for Senator GORTON and Senator HELMS, a resolution condemning the Government of Canada for its failure to protect the right of innocent passage of the Alaska ferry *Malaspina* in the Canadian territorial sea. The *Malaspina* entered the Port of Prince Rupert on Sunday morning and was blockaded by, we are told, about 200 Canadian fishing vessels and was prevented from leaving that port.

On Sunday, at the request of the State of Alaska, a Canadian court issued an injunction against the blockaders. The governments of Canada and British Columbia ignored the court's directions to enforce that injunction. The *Malaspina* was finally able to leave Prince Rupert on Monday evening, only when the Canadian fishermen agreed to end the blockade.

In my judgment, through its inaction, the Government of Canada has exhibited a disregard for its own domestic laws, for international law, and for what I would call the concept of being a good neighbor to our country, the United States.

Mr. President, over the past 3 years the Government of Canada has shown a pattern of complacency—and, in some cases, complicity—in the harassment and illegal treatment of United States vessels and our citizens.

In 1994, Canada charged an illegal transit passage fee to United States fishing vessels proceeding from the Seattle area north to Alaskan waters. Following that, at my request, Congress directed the State Department to reimburse these United States fishermen and to seek repayment from Canada for the illegal fees that were imposed upon our citizens. To date, Canada has not repaid and, as a matter of fact, has ignored the request for reimbursement to the United States for these costs.

The Government of British Columbia continues to seek to prevent use by the United States of an underwater missile testing range that is critical to NATO activities, at a place called that Nanoose Bay. I found that to be unacceptable, Mr. President. To have one NATO partner use land that has been made available under NATO for leverage on a fisheries issue is unprecedented.

The United States vessels have also periodically been harassed by the Governments of Canada and British Columbia under the guise of enforcement of Canada's customs laws. My colleague and I are here today to call on the Government of Canada to put a stop to these actions. We ask that the President of the United States now take action to ensure that harassment of our citizens comes to an end.

The measure my colleague will submit condemns the Government of Canada for its failure to protect United States citizens from these types of illegal actions and harassment while our people exercise their absolute right for innocent passage through these Canadian territorial waters. They are international waters under international law and available to our people just as our inside passage in southeast Alaska is available to and used by the Canadian people.

Our resolution calls on the President to ensure that this pattern of harassment will not continue. We ask that the President use assets of the United States to protect our citizens if necessary, and, also his authority to prohibit the importation of Canadian products into this country until Canada agrees to protect our citizens.

We also believe the President should find a way to provide financial support to those who were damaged by the blockade of the *Malaspina*.

Mr. President, there were, I am told, over 300 people on board that vessel, and many had to be removed and transported by air to Alaska. In addition to that, it is my information that the *Malaspina* carries the United States mail. It is absolutely unheard of for the Government of Canada to interfere with the delivery of United States mail.

I hope that Congress will consider favorably the resolution that my colleague will introduce, and we intend to consider other measures as well.

We have already passed a bill and sent it to conference with the House that will deny funds for the environmental cleanup of defense sites that were used by Canada and the United States during the cold war period because of the action of British Columbia authorities to try to discontinue our use of Nanoose Bay. That, Mr. President, is essential to our testing program for torpedoes. It has been a joint venture between our Canadian neighbors and our Nation in defense efforts for many years. I am really saddened by that in terms of our relationship for our mutual defense. But we believe that we should assure that Canada will protect our citizens as they exercise their right of innocent passage through Canadian waters, and we believe very sincerely that Canada or its citizens should repay those people that have been damaged by the illegal blockade of the *Malaspina*.

We also call on Canada to repay the United States the illegal transit fees that were charged to our fishing vessels in 1994. And, further, we plead with Canada and its citizens to match the good-faith efforts of the United States to continue to negotiate and renew the Pacific salmon treaty.

Mr. President, it is a time for leadership in these matters. We risk getting more and more rhetoric involved. I have tried to be restrained today. I think Alaskans share this point of view, but we are pushed to increase the stakes.

Our people are most upset. They are even more upset by the act of burning our U.S. flag. I think for a neighbor that shares such a long border to allow citizens to burn a flag of this country is really uncalled for. I don't know really how to express our deep concern about that. To my knowledge, there has been no action at all taken with regard to that. We have a flag-burning issue here in our own country. But to see it done as an act of defiance by people illegally blocking the ferry owned by our State is upsetting. That vessel is owned by the State of Alaska, and it is part of the trek for people who come from all over the world. Many take a ferry up to Canada. Then they take a Canadian ferry from Vancouver Island to Prince Rupert. They take the Alaska ferry on up into Alaska. It is a right of all vessels to have innocent passage through the waters of a neighboring country.

This blockade of our vessel on top of the harassment and seizure of our fishing vessels is too much, Mr. President.

I don't know. We are few in number in Alaska. If this happened to California, there would be 54 Members of the House talking about it. We have one. And, unfortunately, right now he is recovering from a very serious operation.

But, Mr. President, the rights of American citizens should be protected by our Federal Government. We have heard nothing really yet from our National Government in response to these measures. I think that it is high time that this Government stands up to Canada and explains once again what the role of good neighbors really must be.

I do not want to get to the point where we really have to start retaliating and raise the level of this rhetoric even further. But, clearly, those people who say, ''Well, now, just let it cool off,'' don't understand. We cooled off after 1994 when they put our people in jail and charged them fees. Congress agreed, and we paid the fishermen back for the fees they paid to the Government of Canada. Now we see our vessel with 300 Americans on board held up for more than 2 days, denied the right to keep their schedule and go on to Alaska according to the ferry schedules.

Mr. President, I hope the Senate and the Congress will view this matter with as deep concern as we do and will assist Alaska in assuring that we have the same rights of all Americans as we try to pursue our right of innocent passage through the territorial sea of our neighboring country.

I urge the support of the measure prepared by Senator MURKOWSKI. This happens to be the part of our State that Senator MURKOWSKI came from. He knows Ketchikan very well, and he is proud about his heritage and about the area he comes from. He has transited these waters down to Seattle many times.

I sincerely believe there must be some recognition by the Government of Canada and the Government of the United States of this trespass on the rights of Alaskans and other Americans that were on board the *Malaspina*.

I yield the floor.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

AMENDMENT NO. 962

(Purpose: To make technical corrections to the bill)

Mr. COCHRAN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant clerk read as follows:

The Senator from Mississippi [Mr. COCHRAN], for himself and Mr. BUMPERS, proposes an amendment numbered 962.

Mr. COCHRAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 55, line 20, strike ''1997'' and insert ''1998''.

On page 55, line 21, strike ''1997'' and insert ''1998''.

Mr. COCHRAN. Mr. President, this is a technical amendment offered for myself and in behalf of the Senator from Arkansas [Mr. BUMPERS]. It has been cleared on both sides of the aisle.

I ask that it be approved by the Senate.

The PRESIDING OFFICER. Is there further debate on the amendment?

If not, the question is on agreeing to the amendment of the Senator from Mississippi.

The amendment (No. 962) was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 963

(Purpose: To make an amendment relating to rural housing programs)

Mr. COCHRAN. Mr. President, I send an amendment to the desk on behalf of Senators D'AMATO and SARBANES.

The PRESIDING OFFICER. The clerk will report.

The assistant clerk read as follows:

The Senator from Mississippi [Mr. COCHRAN], for Mr. D'AMATO, for himself and Mr. SARBANES, proposes an amendment numbered 963.

Mr. COCHRAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the appropriate place in the bill, insert the following:

SEC. . RURAL HOUSING PROGRAMS.

(a) HOUSING IN UNDERSERVED AREAS PROGRAM.—The first sentence of section 509(f)(4)(A) of the Housing Act of 1949 (42 U.S.C. 1479(f)(4)(A)) is amended by striking ''fiscal year 1997'' and inserting ''fiscal year 1998''.

(b) HOUSING AND RELATED FACILITIES FOR ELDERLY PERSONS AND FAMILIES AND OTHER LOW-INCOME PERSONS AND FAMILIES.—

(1) AUTHORITY TO MAKE LOANS.—Section 515(b)(4) of the Housing Act of 1949 (42 U.S.C. 1485(b)(4)) is amended by striking ''September 30, 1997'' and inserting ''September 30, 1998''.

(2) SET-ASIDE FOR NONPROFIT ENTITIES.—The first sentence of section 515(w)(1) of the Housing Act of 1949 (42 U.S.C. 1485(w)(1)) is amended by striking ''fiscal year 1997'' and inserting ''fiscal year 1998''.

(3) LOAN TERM.—Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended—

(A) in subsection (a)(2), by striking ''up to fifty'' and inserting ''up to 30''; and

(B) in subsection (b)—

(i) by striking paragraph (2) and inserting the following:

''(2) such a loan may be made for a period of up to 30 years from the making of the loan, but the Secretary may provide for periodic payments based on an amortization schedule of 50 years with a final payment of the balance due at the end of the term of the loan;'';

(ii) in paragraph (5), by striking ''and'' at the end;

(iii) in paragraph (6), by striking the period at the end and inserting ''; and ''; and

(iv) by adding at the end the following:

''(7) the Secretary may make a new loan to the current borrower to finance the final payment of the original loan for an additional period not to exceed twenty years, if—

''(A) the Secretary determines—

''(i) it is more cost-effective and serves the tenant base more effectively to maintain current property than to build a new property in the same location; or

''(ii) the property has been maintained to such an extent that it warrants retention in the current portfolio because it can be expected to continue providing decent, safe, and affordable rental units for the balance of the loan; and

''(B) the Secretary determines—

''(i) current market studies show that a need for low-income rural rental housing still exists for that area; and

''(ii) any other criteria established by the Secretary has been met.''.

(c) LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.—Section 538 of the Housing Act of 1949 (42 U.S.C. 1490p–2) is amended—

(1) in subsection (q), by striking paragraph (2) and inserting the following:

''(2) ANNUAL LIMITATION ON AMOUNT OF LOAN GUARANTEE.—In each fiscal year, the Secretary may enter into commitments to guarantee loans under this section only to the extent that the costs of the guarantees entered into in such fiscal year do not exceed such amounts as may be provided in appropriation Acts for such fiscal year.'';

(2) by striking subsection (t) and inserting the following:

''(t) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 1998 for costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of loan guarantees made under this section such sums as may be necessary for such fiscal year.''; and

Mr. D'AMATO. Mr. President, I rise to support the amendment relating to Department of Agriculture rural housing programs. I would like to express my appreciation to Chairman COCHRAN and Ranking Minority Member BUMPERS for their consideration of this amendment and their continued commitment to providing affordable housing for our Nation's rural Americans.

The Department of Agriculture has a number of successful housing programs under the auspices of its Rural Housing Service [RHS]. Although operated by the Department of Agriculture, rural housing programs are under the jurisdiction of the Banking Committee. As chairman of the Banking Committee, I respectfully request the consideration of this much needed amendment.

This amendment contains provisions which will permit important housing programs to continue in an uninterrupted and cost-efficient fashion. It includes 1-year extensions of housing programs which have expired or will expire in the near future. Specifically, the RHS Section 515 Rural Rental Housing Program, the RHS Section 538 Rural Rental Housing Loan Guarantee Program, and the RHS Underserved Areas Program would be extended until September 30, 1998.

Due to the uncertainty of final passage of housing reauthorization legislation this year, these short-term extensions are essential. In addition, the amendment would alter the section 515 loan term and amortization schedule. This provision would change the loan term from 50 to 30 years, but allow the borrower to have the loan amortized for a period not to exceed 50 years. This statutory change incurs no cost to the American taxpayer, and is necessary to ensure that budget authority provided will support the administration's proposed fiscal year 1998 section 515 program level.

The need for affordable housing in rural areas is severe. According to the 1990 census, over 2.7 million rural Americans live in substandard housing. In my home State of New York, 76 percent of renters are paying 30 percent or more of their income for housing. Approximately 60 percent of New York renters pay over 50 percent of their income for rent.

The section 515 and section 538 programs are some of the few resources available to respond to this serious unmet housing need. Since its inception in 1962, the section 515 rental loan program has financed the development of over 450,000 units of affordable units in over 18,000 apartment projects. The program assists elderly, disabled, and low-income rural families with an average income of $7,200. The alteration of the section 515 loan term and amortization schedule will provide over 500 additional units. The section 538 program is a relatively young loan guarantee program which has already proven to have widespread national appeal. With a proposed subsidy rate of approximately 3 cents per $1, it is an example of cost-effective leveraging of public resources.

I thank the Appropriations Committee for its recognition of the great need for these important rural housing programs and its steadfast commitment to

ensuring that every Federal dollar appropriated serves the greatest number of our low-income rural Americans. I support immediate passage of this amendment. Thank you.

Mr. SARBANES. Mr. President, I rise today in support of an amendment concerning rural housing reauthorizations for the Rural Housing Service of the Department of Agriculture. I want to commend Chairman COCHRAN and Ranking Member BUMPERS for their tireless efforts and cooperation in bringing the Agriculture Appropriations Act of 1998 to the floor for Senate consideration.

Given the uncertainty of housing reauthorization legislation this year, I have joined with Banking Committee Chairman D'AMATO to request the inclusion of an amendment that would reauthorize several rural housing programs in the 1998 Agriculture appropriations bill. This amendment will allow the section 515 and section 538 rural rental housing programs to continue providing multifamily housing developers with direct loans and loan guarantees to build or rehabilitate affordable rental housing.

In addition, this amendment reauthorizes for 1 year the nonprofit set-aside which reserves 10 percent of section 515 funds for nonprofit applicants, as well as the Underserved Areas Program which targets funds to the 100 most underserved rural communities. This amendment also changes the section 515 loan term from 50 to 30 years, while allowing the loan to be amortized over a 50-year period. This change permits the administration's proposed program level in the budget of $150 million to be supported by almost 15 percent less in budget authority.

Without these housing programs targeted to very-low and low-income rural residents, there exists few resources in rural America to help alleviate the shortage of affordable rental housing. Rural areas still lack adequate access to commercial credit to finance affordable multifamily housing. The direct benefits to rural communities from the section 515 and section 538 programs includes increased jobs and local taxes in addition to attracting and maintaining businesses. This is a direct and vital link to the overall health and stability for rural communities.

While the Rural Housing Service has done much to bring decent, safe, and affordable housing to rural America, many rural families are still in need of assistance. Rural renters experience housing problems such as overcrowding, cost overburdens, and substandard facilities. There are 1.6 million rural households that live in housing without adequate plumbing, heating, or kitchen facilities. Nearly 2.5 million are paying more than 50 percent of their incomes for housing costs, and another 3 million pay between 30 and 50 percent. As we encourage families to move from welfare to work, it is even more essential that we build on the vital housing programs that provide the safety net which will give the working poor an opportunity to live in affordable, decent housing.

Again, I would like to thank Chairman COCHRAN, Ranking Member BUMPERS, and the rest of my colleagues for their swift action to ensure that essential rural rental housing programs receive authorization to continue serving low-income families for another year. I urge the adoption of this amendment.

Mr. COCHRAN. Mr. President, I know of no objection to this amendment. It has been cleared. We recommend that it be approved.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from New York.

The amendment (No. 963) was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

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

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

AMENDMENT NO. 961

(Purpose: To withhold $4,000,000 of appropriated funds from the Risk Management Agency until the administrator of the agency issues and begins to implement a plan to reduce administrative and operating costs of approved insurance providers)

Mr. ROBERTS. Mr. President, I have an amendment numbered 961 and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Kansas [Mr. ROBERTS] proposes an amendment numbered 961.

Mr. ROBERTS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The amendment is as follows:

On page 28, line 19, before the period at the end of the sentence, insert the following: ": *Provided further,* That, of the amount made available under this sentence, $4,000,000 shall be available for obligation only after the Administrator of the Risk Management Agency issues and begins to implement the plan to reduce administrative and operating costs of approved insurance providers required under section 408(k)(7) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(7))".

Mr. ROBERTS. Mr. President, prior to discussing the amendment, I want to take this opportunity to associate myself with the most pertinent remarks stated by the distinguished Senator from Mississippi, the chairman of the Agriculture Appropriations Subcommittee, and the distinguished ranking member, the Senator from Arkansas. Chairman COCHRAN and the ranking member, Senator BUMPERS, have demonstrated continued leadership and tireless efforts to make it possible for the American farmer and rancher to continue to feed this country and a troubled and hungry world.

Senator COCHRAN said in his earlier remarks that all have contributed. I would also like to extend my congratulations to the staff, both of Mr. COCHRAN and to Mr. BUMPERS, and I would point out to the American consumer, all taxpayers as well as our farmers and ranchers about what is at stake here. It is just not the eighth or ninth appropriations bill we are considering in this Chamber, albeit that is important. We are talking about the fact that the American consumer today spends only 10 cents of the disposable income dollar for that so-called market basket of food.

Every housewife in America should pay attention to the fact that that frees up 90 cents for hard-pressed families today to spend on education or housing or the other essentials. And so we want to say thank you to Senator COCHRAN and Senator BUMPERS for providing the funds to continue this vital responsibility of feeding America.

Senator BUMPERS mentioned food safety. Now, we have heard a great outcry in regard to E. coli, salmonella, and other challenges we face, but as Senator BUMPERS pointed out we have, hopefully, adequate funds to address that problem. So this bill deals with food safety. And I might point out that since we have the best quality of food at the lowest price, the American consumer today apparently cares more about convenience and the safety of their food supply rather than price. That is unequaled in regard to any country. And so this bill does address that.

I could go on about the trade aspects of the bill and our balance of payments and jobs. I could point out we all live longer as a result of the efforts of agriculture and farmers and ranchers and the investment we are making in this bill. Simply put, we do have the best quality food at the lowest price in the history of the world, and I think a lot of people do take agriculture for granted. The first obligation of any government is to provide its country an adequate food supply. Who is responsible for this? Many are, but two particular individuals, one the chairman of the committee and the other the ranking member. And I again wish to thank them.

As a matter of fact, I can recall several months ago that the chairman of the subcommittee, Senator COCHRAN, and I were privileged to join Senator STEVENS on a trip to the Russian Far East and to South Korea and to North Korea. We were the first congressional delegation allowed into North Korea. And in North Korea, the former leader of that country, if I can refer to that person as a leader, Kim Il-song, called

the ''Magnificent Leader,'' by the way, has written a veritable tome of books about that kind of government. It is a very repressive and totalitarian government. But the first book—and I read it the evening we were there—starts out with agriculture and says the first obligation of any country is to be able to feed its people.

So while we were there we were working on the four-party peace talks, and we were trying to be a positive influence, and Senator COCHRAN has a great deal of expertise in regard to disarmament. He had this other idea; he insisted in regard to Senator STEVENS, myself and others, we visit this collective farm. And the Senator made a good point. We went out and we visited it outside the capital city of Pyongyang, and we found a farm that had farming practices back in the 1930's, largely responsible, I might add, for the famine in that country.

I really think, if you stop to take a look at it, we ought to count our blessings in the fact we have outstanding individuals in the Senate such as Senator BUMPERS and Senator COCHRAN responsible for the investment in American agriculture to allow us to do the things we do. I have been through what, five or six farm bills, having had the privilege of serving in the other body. Those are the authorizing committees. I also wish to thank Senator COCHRAN in particular for the way that he has handled the obligations and responsibilities of the appropriators. It is a difficult task to try to fit together our spending priorities with the policy objectives of the authorizers, and I must say in all candor, unlike the other body, Senator COCHRAN has closely cooperated with the authorizing committee, has done so with fairness, with tolerance and with respect and comity and also understanding and effective leadership. I think we have quite a team on the appropriations subcommittee involving agriculture appropriations, and I again wish to thank them. I thank Senator BUMPERS and Senator COCHRAN on behalf of every farmer, every rancher, and every consumer in America. I think they have done an outstanding job.

Mr. President, I regret that I must offer this amendment. Quite honestly, it pains me to have to even suggest this course of action, but my responsibility to the farmers of America certainly compels me to do so. The purpose of this amendment is twofold. First, it allows this body to recognize that the Risk Management Agency—that is the outfit that administers the USDA's Federal Crop Insurance program—has failed to comply with the Federal Crop Insurance Act of 1994. That is 3 years ago.

Second, as a result of the Risk Management Agency's unwillingness to submit and implement a plan to reduce administrative and operating costs of approved insurance providers as required under the 1994 act, this amendment would withhold—I am not trying to cut, just withhold—funding of $4 million of funding from the RMA appropriation unless the plan is implemented by September 30, 1998.

Mr. President, farmers have always needed crop insurance in order to make ends meet, in order to work, but for too many years it was always either too expensive or provided too little coverage depending on what region you came from and what commodity. But we passed the 1994 Crop Insurance Act and privately developed crop insurance products surfaced as a replacement, very long needed replacement, to the old USDA-sponsored insurance programs. Now, while crop revenue coverage, or what we call CRC, is widely regarded as a revolutionary new risk management tool in farm country, we are providing farmers the capability, the tools, if you will, to manage their downside risk when prices fall. It is not like the old insurance products. The CRC protects both against price and yield risk. It is expensive, that is true, but it is worth the price for farmers who want adequate protection for their farm and their family. But, unfortunately, too often the USDA has taken an adversarial position to the development of these private crop insurance programs.

Too often the department has tried to compete with the private sector in the development and marketing of these products.

A few weeks ago, a crop insurance agent from Luray, KS, population about 500, came into my office and said: ''Senator ROBERTS, I really want to continue selling crop insurance because I know the farmers in our community need it, that our town depends on the farm economy for its survival. But, Senator, all the paperwork and redtape involved has forced me to hire additional people just to push the paper around. Unless the regulatory burden subsides, I am afraid I will have to stop selling crop insurance entirely.''

This amendment is all about that crop insurance agent and small town America. This amendment is all about the farmer, who tries to feed this very troubled and hungry world, who will invariably face higher crop insurance premiums as a result of USDA's intransigence. We cannot let this unfortunate situation threaten the viability of our crop insurance program and our farmers, the exciting new tools for the farmers to manage their downside risk.

I urge support for this amendment. I simply ask the risk management agency to do what the Congress and the President required of them back in 1994. We made that arrangement. We lowered the payments that went to the crop insurance companies in exchange for regulatory reform.

I don't know how many times I have asked the RMA folks, officials down there, where is the report? In 1994, no report; 1995, no report; 1996 no report; 1997—it's time. This is going to give them clear up to September 30, 1998. But this ought to at least open some eyes down at USDA that we need regulatory reform. That's what we asked for, that's what we required in the 1994 act. I ask consideration of the amendment.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, we have looked at the amendment proposed by the distinguished Senator from Kansas. I must say, it is targeted to a very narrow issue, and it seeks to withhold only $4 million of a $64 million account which is appropriated or recommended for appropriation in this bill for the administration of the Risk Management Agency that has a responsibility for administering the crop insurance program.

I am not going to oppose this amendment. I sympathize with the goal. I sympathize with the effort to get the attention of the administration to do something that was required of them in the 1994 act of Congress. I am hopeful the Senate will approve the amendment and that this will help achieve the goal of the distinguished Senator from Kansas.

Let me also say, too, I am very grateful for his generous comments about the work of our subcommittee and the efforts we have made to present a bill that reflects the needs of our country in connection with agriculture and agricultural production and all of those other activities that are funded in the legislation. He is very kind to point out that we have worked hard. He has been a big help, too, in certainly helping us understand the provisions that were contained in the last passed farm bill, which he had a great deal to do with writing as chairman of the House Agriculture Committee. We are lucky to have him in the Senate, and we appreciate his continued advice and counsel and assistance in these matters.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, let me echo the comments of the distinguished Senator from Mississippi, Chairman COCHRAN. I subscribe to everything he said. I also want to especially thank the distinguished Senator from Kansas for his very, very kind, laudatory comments.

Having said that, let me just say I am not going to object to the amendment either. I think, in a way, it is a little bit of a sledgehammer approach. But, by the same token, the Senator is entitled to the report he requested a very long time ago. It is a legitimate request, and the Department should have responded to it much sooner.

The Department objects to the amendment, but I am going to, on behalf of this side of the aisle, say I will accept the amendment and I strongly encourage the Department to respond, so, possibly by the time we get to conference, we can deal with this amendment. But let the Department know in advance that unless there is a very firm commitment made, the Senator's

request will be honored and the amendment will wind up in the conference committee report.

So, I am going to clear this amendment for this side of the aisle.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment.

The amendment (No. 961) was agreed to.

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

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I understand that Senators are considering offering amendments. Let me say this is a good time to come to the floor and do that. We expect amendments to be offered. We hope to wind up consideration of all amendments so we can stack votes and have those votes at 4 o'clock this afternoon, and then final passage of the bill. To do that, we need the cooperation and participation of Senators. We invite that at this time.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BURNS. 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. BURNS. Mr. President, I also ask unanimous consent that I may proceed as in morning business for no more than 2 minutes for the purpose of introducing a bill.

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

Mr. BURNS. I thank the Chair.

(The remarks of Mr. BURNS pertaining to the introduction of S. 1056 are located in today's RECORD under ''Statements on Introduced Bills and Joint Resolutions.'')

Mr. BURNS. Mr. President, I yield back any time remaining. I thank the chairman of the ag appropriations bill for his courtesy.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

AMENDMENT NO. 964

(Purpose: To modify the conditions for issuance of cotton user marketing certificates)

Mr. COCHRAN. Mr. President, I send an amendment to the desk which has been cleared.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Mississippi [Mr. COCHRAN], for himself and Mr. BUMPERS, proposes an amendment numbered 964.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of the bill, add the following new provision:

SEC. . Effective on October 1, 1998 section 136(a) of the Agricultural Market Transition Act (7 U.S.C. 7236(a)) is amended—

(a) in paragraph (1)

(1) by striking ''Subject to paragraph (4), during'' and inserting ''During''; and

(2) in subparagraph (B), by striking ''130'' and inserting ''134'';

(b) by striking paragraph (4); and

(c) by redesignating paragraph (5) as paragraph (4).

Mr. COCHRAN. Mr. President, I am pleased to offer this amendment on behalf of myself and Senator BUMPERS. This amendment contains two technical changes to the competitiveness provisions of the domestic cotton program. This amendment has been scored by the Congressional Budget Office as having no cost. I am informed that the chairman of the Senate Agriculture Committee has no objection to the amendment.

The original provisions in the law were designed to ensure that U.S. cotton is competitive in both domestic and overseas markets. The program has worked well, but changes made to the program in 1991 and 1996 have had unintended consequences.

The amendment I am offering would address those problems by doing two things. First, it makes it possible for the various components of the program to work simultaneously to ensure that we do not rely too much on cotton import quotas to make domestic cotton competitive. Second, it slightly increases a ceiling that unduly restricts the availability of the step 2 certificate program. By capping loan rates in the 1996 FAIR Act, Congress unintentionally restricted the operation of the cotton competitiveness program. The amendment eases the restriction slightly, but would not affect loan rates.

Mr. President, this is an amendment that has been cleared on both sides of the aisle. I know of no objections to it. I know of no Senators who want to speak on the amendment.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 964) was agreed to.

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

The motion to lay on the table was agreed to.

ARKANSAS COMMUNICATIONS PROJECT

Mr. BUMPERS. Mr. President, I would like to engage the senior Senator from Mississippi in a colloquy.

Mr. COCHRAN. I would be pleased to join the senior Senator from Arkansas in a colloquy.

Mr. BUMPERS. Mr. President, this bill includes the Rural Community Advancement Program which provides flexibility to tailor financial assistance to applicant needs. Through this program rural business enterprise grants are made available.

As you are very well aware, I have pursued funding for the Arkansas communications project since March 1992. This project will provide a statewide communications and education network that will eventually include all Arkansas publicly funded 2- and 4-year institutions of higher learning, research and extension centers, cooperative extension county offices, many rural hospitals, and State and Federal Government office buildings. The network will include compressed video, TV/video production, and data networking. When completed, the project will serve the large rural population of Arkansas as well as provide linkages and educational support to our more urban areas.

This committee first voiced its support for the project in the fiscal year 1993, and the committee has continued to note its support every year since. Unfortunately, the University of Arkansas Divisions of Agriculture, which is sponsoring this project, has endured mixed results in getting the Department of Agriculture to honor the wishes of this committee. Promises were made and broken until the project came to the attention of Under Secretary Thompson and her staff in Rural Development. She and they have offered invaluable assistance, and I am pleased to note that the division received funding for the first phase of the project earlier this year and is actively seeking funding for the second and third phases. I should also note that the division has already committed sizeable non-federal resources to the project while reducing the total cost by nearly one-third. Am I correct in noting that the committee still strongly supports completion of this project?

Mr. COCHRAN, The ranking member is correct.

Mr. BUMPERS. And am I correct in noting that the committee will continue to actively monitor the progress of the Department toward fully funding the Arkansas communications project in a timely manner?

Mr. COCHRAN. The ranking member is again correct. The committee notes its strong approval of the Department for actively working to fund this important project from existing resources. The committee reserves the right to revisit this project next year should the Department fail to continue its laudable efforts.

Mr. BUMPERS. I thank the Chairman. Let me also note that the Department of Agriculture offered to assist the division in seeking communication funds from other Departments as well. The division recently submitted a grant request to the Department of Commerce and it is my expectation that the Department of Agriculture will follow through with their offer of assistance and support.

In addition to the Arkansas communications project, the Arkansas Enterprise Group has been trying to provide assistance for rural communities and smaller companies in Arkansas so that

they can join the increasingly global and international environment. However, the small companies which the Arkansas Enterprise Group is trying to help grow do not meet the criteria required to move unaided into the export market. They also fall between the cracks for other programs that aid companies to export products. Am I correct in noting that the committee supports the Arkansas Enterprise Group in their business international exporting loan fund?

Mr. COCHRAN. The ranking member is correct.

Mr. BUMPERS. Is it also the Senator from Mississippi's understanding that if State allocations are not sufficient to meet any States needs that a national reserve is available.

Mr. COCHRAN. The ranking member is correct.

Mr. BUMPERS. I thank the Chairman.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

AMENDMENT NO. 965

(Purpose: To prohibit the use of appropriated funds to provide or pay the salaries of personnel who provide crop insurance or noninsured crop disaster assistance for tobacco for the 1998 or later crop years)

Mr. DURBIN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Illinois [Mr. DURBIN], for himself, Mr. GREGG, and Mr. WYDEN, proposes an amendment numbered 965.

Mr. DURBIN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 66, between lines 12 and 13, insert the following:

SEC. 728. None of the funds made available in this Act may be used to provide or pay the salaries of personnel who provide crop insurance or noninsured crop disaster assistance for tobacco for the 1998 or later crop years.

Mr. DURBIN. Thank you, Mr. President.

Mr. President, one of the most common questions asked of Members of the House and Senate at town meetings or in casual conversations across America is the following: ''Senator, if the Federal Government tells us that tobacco is so dangerous for Americans, why does the Federal Government continue to subsidize tobacco in America?

A variety of answers are given to that question. These answers reflect, in some ways, our wishes and, in some ways, misinformation, but the honest answer is, there is no answer. It is almost impossible to explain to America's taxpayers why we are subsidizing the growth of a product which we tell every American is dangerous when consumed.

How did we get in this predicament where we are subsidizing the growth and cultivation of tobacco in America? I would like to give a little history.

In the midst of the Great Depression in 1933, Congress responded to the plight of farmers facing declining prices by passing the Agricultural Adjustment Act of 1933. This was part of the New Deal legislation. When that legislation did not help halt the devastation spreading throughout the vast rural areas of our Nation, Congress in 1938 passed the Agricultural Adjustment Act of 1938, and in that act, tobacco price support programs were born. The legislation also created farm programs for a wide variety of other crops.

Over the years since then, we have changed and, in effect, totally overturned those supply control programs for almost every crop. Only a few crops continue to enjoy a program that looks like the 1938 bill. One of those select crops is tobacco.

The Agricultural Adjustment Act of 1938 also created the Federal Crop Insurance Corp. By 1945, tobacco and a number of other program crops enjoyed Federal crop insurance to protect farmers from unexpected crop losses. The Crop Insurance Program has gone through many changes over the years. The modern version of the program began in 1981, with a major reorganization, which I was part of, in 1994.

This year, for a farmer who has a typical crop insurance policy covering up to 65 percent of the crop's anticipated revenue, the Federal Government, the taxpayers, will pay 41.7 percent of the total premium. That is the direct subsidy to the Crop Insurance Program. In addition, the administration of the program is subsidized.

Finally, if losses exceed what is anticipated, the Federal Government is, in fact, the insurance company of last resort, paying, for most crops, the difference. This subsidy may make sense for many crops. It helps bring some stability to the production of food and fiber that Americans rely on. But this is the most important element.

Tobacco is not like any other crop in America. Tobacco is neither food nor fiber. Tobacco is the only crop grown in America with a body count. It is time we consider the health effects of tobacco in deciding whether our Federal Government should continue to subsidize insurance for this crop.

How different is tobacco? The tobacco crops that receive Federal assistance are processed into cigarettes and smokeless spit tobacco products that kill more than 400,000 Americans every year of cancer, heart disease, and a variety of other illnesses. These products also disable hundreds of thousands of other Americans with emphysema and other respiratory illnesses.

Many of my colleagues will argue, ''Why do you single out tobacco? For goodness sakes, these farmers are growing crops just like other farmers.'' These are not crops like other crops. Tobacco is different. Every day, 3,000 children in America become regular smokers for the first time. During their lifetime, around 30 of these 3,000 kids will be murdered, around 60 will die in a car crash, and around 1,000 of these kids, one in three, will die of smoking-related diseases.

Supporters of the tobacco program will argue that cutting off Federal crop insurance isn't going to stop kids from smoking. Well, that is true, but the issue really goes beyond children and smoking. We have a product here that has no benefit to human health. None. Not even if used in moderation. Every other crop insured by the taxpayers of this Nation and subsidized by this Government offers benefits, nutrition, protein, calories, fiber, every other crop except tobacco.

We are talking here about a product that the owner of one of our Nation's cigarette companies finally admitted this week under oath is addictive. Bennett LeBow, owner of the Liggett Group, admitted—finally admitted—that smoking causes cancer, heart disease, emphysema, and smoking is addictive.

This is not a news flash for most Americans, but we all remember, with a sense of shame, the seven tobacco company executives testifying before the U.S. House of Representatives, standing under oath saying that their product was not addictive.

Well, we have come a long way. Because tobacco and the nicotine in tobacco is addictive, many tobacco users find it almost impossible to quit. They are then set on a path for life that often ends in death.

So the issue before us today is: Should the Federal Government be subsidizing this crop? Should we, with our tax dollars, subsidize tobacco?

Last year, the Government spent $97 million on a variety of taxpayer-supported tobacco subsidies. This chart illustrates the Federal tobacco subsidies. When my colleagues argue there is no Federal subsidy, they should consider the real evidence before us.

In 1993, Federal taxpayers gave $65 million of Federal tax money to the growers and cultivators of tobacco.

In 1994, the figure was $60 million.

In 1995, $51 million.

In 1996, $97 million.

And it is estimated this year that we will spend $67 million to subsidize tobacco. At a time when we are gripped in a national debate about the devastation this product causes, we continue, through our Federal Treasury, to send millions of dollars to the tobacco growers. At a time when we are cutting back on basic education and health programs in the name of balancing the budget, for some reason, we can find the wherewithal and the political strength to divert $67 million to the cultivation and growth of tobacco.

The U.S. Department of Agriculture estimates that the tobacco-related expenditures for the current fiscal year will be about $67 million. What does this consist of? Thirty-nine million dollars is for crop insurance losses; $9 million for crop insurance administration. That is a $48 million crop insurance subsidy for tobacco.

So that you understand, the tobacco growers pay premiums for crop insurance, and then when they have a bad year and they file their claims saying, ''Our crops didn't come in as we expected,'' the premiums they pay are insufficient to cover their losses. Any other insurance company would go out of business at that point. Not the Federal Government. We step in and say, ''Let's open the Treasury; let's make up the difference.''

This chart tries to demonstrate specifically, when it comes to crop insurance subsidies, what we have been paying, what the net crop insurance losses have been each year, and you will see that these losses are substantial.

The administration of the program is also expensive ranging from about $5.5 million a year to over $11 million a year, money paid by taxpayers to subsidize crop insurance for tobacco.

The Congressional Budget Office has produced an official estimate that ending access to the crop insurance program and the noninsured crop disaster assistance program for tobacco would save us at least—at least—$34 million for the next year, and beyond that perhaps even more.

I am offering this amendment today with my colleague, Republican Senator JUDD GREGG of New Hampshire. Tobacco issues have always been bipartisan issues, as they should be. Our amendment will prohibit the Federal Government from providing crop insurance for tobacco.

For consistency, the amendment also prohibits payments for tobacco under the noninsured disaster assistance program, a new, surrogate risk management program created in the 1996 farm bill.

Federal taxpayers paid around $80 million in net tobacco crop insurance costs in 1996, including premium subsidies and overhead administrative costs. These costs have exceeded $29 million in every year since fiscal year 1993.

There are all the speeches given by all of the Members of Congress of both political parties protesting what the tobacco companies are doing and how tobacco is devastating the American population, notwithstanding each year we fork over millions and millions of dollars to promote the product that causes all this death and disease.

Now, who supports our effort with this amendment? It has been endorsed by a wide variety of health groups and spending watchdog groups, including the Action on Smoking and Health, the American Cancer Society, the American Heart Association, the American Lung Association, Friends of the Earth, the National Center for Tobacco-Free Kids, Public Citizen, Taxpayers for Common Sense, and the U.S. Public Interest Research Group.

The most common response from the tobacco side is, ''You got it all wrong, Senator. You just don't understand. Tobacco pays its own way.'' The so-called no-net-cost program was for many years tobacco's defense whenever we would raise these issues. This program, the so-called no-net-cost tobacco price support program, is in fact the no-net-cost program by and large.

Our amendment does not touch the program, so this program will continue. Those farmers who can and want to participate in it will be allowed to do so, at their own expense, not at the taxpayers' expense.

In each of the last several years, the Department of Agriculture spending on tobacco-related programs has cost about $50 million.

We want to make certain that, as we get into this program, the facts are clear. There are some who will say, ''Why are you picking on tobacco? We insure a lot of crops in the United States.'' You know, that is a fact. Here is a list, a partial list—we think there may be some more—of about 67 crops that are covered by Federal crop insurance. They run the gamut from almonds to wheat. Corn, of course, is in there, and soybeans, and so many other products which are used by Americans nationwide. We have decided, as a nation, that for these 67 crops, we will provide crop insurance.

The defenders of tobacco crop insurance will say, ''Well, wait a minute. If you're going to provide crop insurance for all these crops, why don't you provide it for tobacco?'' I have tried to make the public health case here that tobacco is different. But just to put in perspective the fact that there are many things grown, cultivated and raised in America in the name of agriculture and aquaculture which are not insured, I would like to offer the following charts of crops not covered by Federal crop insurance.

Forgive me if I do not read them because, honestly, we do not have the time. But as you can see in chart after chart—I am going to run out of space here if I am not careful—chart after chart, we have lists of crops grown by farmers across the United States for which there is no crop insurance.

In fact, these farmers are on their own. If they should happen to be growing seeds, as we have in this one chart here, or shrubs, for that matter, and they have a bad year, there is a drought or a flood, it is their own luck, maybe their own bad luck.

The final chart here wraps it up. Trust me. There are about 1,600 different crops ranging all the way from watermelons to sod and shrubs and so many other things that are not insured by the Federal Government. Among the more than 1,000 commodities not eligible are honey, broccoli, watermelon, cantaloupes, squash, cherries, cucumbers, snow peas, even livestock for that matter.

Our crop insurance restriction does not single out tobacco for unique treatment. It says that tobacco will not be in that special category of 67 insured crops but will be in the other category of about 1,600 crops and other things raised by America's farmers and ranchers which are not protected, and I think for good reason.

There is also a complaint that I am hurting small tobacco farmers with this amendment. Not a single farmer will lose a job because of this bill. This legislation does not affect crop insurance policies for the current crop year. The legislation does not affect the tobacco price support program or Federal extension services. Farmers will still be eligible to participate in the program at their own expense and sell tobacco to their customers.

Tobacco farming—and we will hear a lot about small tobacco farmers eking out a living—is one of the most lucrative forms of agriculture in America. Gross receipts for tobacco are around $4,000 per acre. We will be told about little mom and pop operations scraping by for grocery money raising tobacco. I am sure that can be the case, but keep in mind that people who are growing tobacco are netting per acre substantially more than any other legal crop grown in America.

For an acre of corn, you are lucky to bring out gross receipts of $300 to $400; for tobacco, $4,000. For an acre of wheat, gross receipts of $200 or less; for tobacco, $4,000 per acre. Data from the USDA indicates that net receipts from an acre of tobacco averaged between $450 and $1,100 per acre. According to one of my colleagues, farmers can get $1,844 in net profit from a net acre of tobacco compared to $100 for soybeans.

The value of the Federal crop insurance subsidy to tobacco farmers averages less than $100 per acre. So the question is, if a farmer is going to get $1,800 in profit off tobacco per acre, will he go out of business with a new additional cost of $100? I think not.

Can farmers replace this insurance? There is the private insurance market that they can turn to. It is not offered now because the Federal Government subsidizes crop insurance for tobacco. But insurance companies have never shied away from potentially lucrative new markets. We do expect, though, that farmers will have to pay their own way. Tobacco farmers will have to pay premiums which will match their losses. But this amendment, in ending the Federal subsidy for tobacco crop insurance, does not end the opportunity to buy insurance.

There has been an argument made that this will hurt minority farmers who will not be able to get loans to grow tobacco if they do not have crop insurance. This amendment will merely put these tobacco farmers in the same position as all of the farmers who currently grow crops not covered by crop insurance. The private insurance market will be expected to step in and provide this insurance.

Furthermore, in May 1997, the USDA published a study of ''limited-resource farmers,'' which includes many minority farmers. According to this report:

> Results of the research indicate that socially disadvantaged, small, and limited-opportunity operators tend not to purchase

crop insurance nor to participate in insurance-type programs operated by the USDA.

Some will argue we should not be doing this today because there is a tobacco settlement that is being debated. This settlement, I hope, is going to be enacted this year. But it may not be this year, it may be next year, it may be even longer.

As currently written, the proposed settlement does not address the crop insurance issue or any other issues related to tobacco subsidies. The farmers were not at the table—and I am sure this will be pointed out by one of my colleagues—during this negotiation for the tobacco settlement.

This amendment is outside the scope of the proposed settlement, and we can address this issue separately without getting into the complex issues raised by the proposed settlement.

Another argument is this will open the floodgates for foreign tobacco if we do not continue to provide this Federal subsidy, that the domestic tobacco market will suffer and foreigners will come in to take their place.

This amendment will not put domestic tobacco farmers out of business. It will not significantly raise the price of tobacco, which makes only a small part of the cost of a pack of cigarettes. The value of tobacco in a pack of cigarettes is estimated to be 10 cents. You know what people pay for those things? Two, three dollars and more per pack. So there is no reason to expect tobacco companies to change in any way the amount of tobacco they purchase from U.S. farmers.

Furthermore, we currently have a tariff rate quota in place for tobacco which restricts the amount of tobacco that can be imported. Previous Congresses have already prohibited USDA funding for tobacco-related research and export assistance.

This legislation takes another important step to make our agricultural policies more consistent with our health policies regarding tobacco. I called this amendment for a vote last year in the House of Representatives, and it came within two votes of passage. It is my understanding it will be offered again this year. In 1992, however, the House voted 331–82 to add an amendment to the ag appropriations bill to prohibit the use of Market Promotion Program export assistance for tobacco. This amendment was accepted by the Senate and became law.

In 1993, the ag appropriations bill extended this policy to all export assistance programs. In 1994, the same bill extended the prohibition on tobacco assistance to USDA's research program.

This legislation adds crop insurance and noninsured crop disaster assistance to the list of programs for which tobacco assistance is excluded.

Mr. President, I know that this amendment is controversial. Every tobacco issue that I have raised in the House and the Senate has been controversial. But I believe this is the right thing to do. If we make this decision today, we will be able to go back to our States and districts and in good conscience say to the voters that we got the message, that we have on the one hand said that tobacco is dangerous for Americans and we have on the other hand said our subsidy will be ended.

Putting an end to this Federal subsidy for tobacco reflects the reality of the national debate today. I believe that this amendment which Senator GREGG and I have offered is a step in the right direction to make our tax policy and our subsidy policy consistent with our public health policy.

At this point I will yield for a question to my cosponsor of the amendment, Mr. GREGG, or if he would like to seek time on his own, I will yield back the floor.

Mr. GREGG. I appreciate the Senator from Illinois yielding and congratulate him on this amendment, on which I join him.

The PRESIDING OFFICER. Does the Senator from Illinois yield the floor?

Mr. DURBIN. I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. GREGG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, it is a pleasure to be joining with my colleague from Illinois today in this amendment to correct what is an obvious inconsistency, to put it in conservative terms, in American public policy.

I think there is a general consensus now in this Nation that the use of tobacco is unfortunate, that we wish to discourage its use, especially amongst young people, and that as a government we are trying desperately to inform people of the harm of tobacco to their health and the addictive nature of tobacco and the fact that there is very little positive that comes from smoking tobacco.

We have had innumerable Surgeon Generals, including the great Surgeon General Dr. Koop, point out this problem as a matter of Federal public policy. We now have a commitment by this administration, and I believe by this Congress, to try to change the manner in which tobacco is marketed in this country, especially to the young people, so that we can lessen the impact of this harmful addiction on America and especially on our young.

Yet at the same time that we are doing this, at the same time that as a matter of Federal policy, as presented by the Surgeon General, as presented by the Congress, as presented by the administration, at the same time that we are pointing out as a matter of Federal policy that the use of tobacco is harmful and bad and it has a deleterious effect on health and a very dramatically negative impact on the financial situation of this Nation because of its costs in the area of health costs, at that same time we are subsidizing the capacity of the product to be grown. It makes no sense at all.

This amendment will save $34 million, but it is hardly the money that is important here. It is the statement of public policy that is important. The fact is that, if this Government is going to subsidize the growing of tobacco at the same time it is claiming tobacco is a scourge on the health of this country, we are sending two messages which are totally inconsistent and inappropriate.

Now, the insurance program, as it is presently structured, is a program which basically puts the grower of tobacco in a unique position, the position where essentially there is a no-loss situation where the Federal Government comes in and assures that the grower, whether tobacco grows or not, whether tobacco is brought to market or not, is able to recover the value of the tobacco.

This type of a fail-safe situation makes little sense for any commodity, but it certainly does not make any sense for a commodity which has already been declared a detriment to the health of America and especially to the health of children. More importantly, it is not needed. It is not even needed.

Tobacco is a very lucrative crop. In fact, compared to other crops, tobacco is dramatically more profitable than other crops. I have a chart which reflects that fact, which I will not subject you to because this floor gets enough charts, but essentially tobacco crops as a cash crop per acre generate approximately $3,700, whereas wheat, for example, on a per acre basis generates about $134 and corn on a per acre basis represents about $322. So tobacco is generating 10 times the value of corn and many times the value of wheat.

It hardly seems a crop which is so lucrative would need to have a Federal insurance program to guarantee it, but we do have that program, and that program costs about $34 million a year. Thus, this amendment, which will put an end to that type of an insurance program, which is, first, not needed because the crop itself is viable on its own, regrettably, but it is viable on its own at such high value that it should not be protected by this type of insurance program; but, second, an insurance program which flies in the face of the public policy of the Government generally, especially public policy as stated by the Surgeon General, the President, and this administration, that that type of program should be ended.

So this amendment ends it. It is about time we did that. It is certainly consistent with the direction which this Congress is moving and this Government is moving and the American people are moving relative to the use of tobacco and the harm that it is causing in the area of health in this country.

I congratulate the Senator from Illinois for bringing forward this amendment. I am happy to join him in it, and I hope that the Members of the Senate will support it.

I yield back the balance of my time.

Mr. FORD. Mr. President, there is no time agreement on this amendment, as I understand it.

The PRESIDING OFFICER (Mr. THOMAS). That is correct.

Mr. FORD. And there will not be for a while.

Mr. President, there is a lot of tobacco bashing going on and I understand that better than anybody in this Chamber. An agreement that has been negotiated—and my good friend from Illinois, even though we disagree on this, we are friends, understands—that negotiation is continuing and we will be called upon to make the ultimate decision as to whether that negotiated package will fly, will be passed, worked out, whatever.

Many parts of that negotiated agreement take care of everything that has been said by my two colleagues, except the farmer. The farmer was never at the table. You say you will hear a lot about protecting farmers, the little farm. You are darn right; you will hear a lot about it. They were not at the table, they were not considered, and so therefore, here we come, bashing the farmer again.

You say it is a lucrative crop. Well, let's look at something here. Kentucky's average farm size is 159 acres. The average farm size of Illinois is 370—that is the difference. Kentucky's average gross income per farm is $42,000 and the net to that farm is $11,000. The Illinois average gross income per farm is $128,000, three times what Kentucky's average farm income is, and their gross profit is more than double, $25,000 net profit. That is an Illinois farm compared to a Kentucky farm.

We talk about the gross net profit from one crop which is about an acre, 1 acre, you get $1,800. But the farmer has to be considered. The package has not. I am trying to figure out a way that I can be flat so when the steamroller comes, it won't hurt. But it is another attack on the tobacco farmer, even though there is no tobacco subsidy—no tobacco subsidy, and I underscore that.

Tobacco farmers participate—and my friend from Illinois said it—participate in a price support system that is completely paid for. In fact, tobacco farmers are unique in that they actually contribute millions of dollars each year toward deficit reduction—$31 million last year. There is not another crop or another farmer that is assessed to pay money into the general fund for deficit reduction.

Last year, the tobacco farmer alone paid over $31 million. I hear your loss is only 34—maybe it is only 3, because the farmer is paying almost all of that in an assessment for every pound he sells, and that is deducted from his check before he gets it, before he goes to the bank to pay his loan. Crop insurance is not a subsidy. It is not a subsidy. It is not unique to tobacco. The Durbin amendment does not hit the tobacco companies.

We hear all about the health. This amendment will not stop one person from smoking. What it will do is ensure that tobacco farmers will slowly but surely go out of business. That is what they want. Tobacco is a culture and it will take a while.

Before we became a nation, if you want to read history, it said that Mr. Jones came for his spring planting, his seed for his spring planting, and he paid for it with some of the finest tobacco I have ever seen. Tobacco was money. Referring to the Mother State, Virginia, the pages of Virginia history are splattered with tobacco juice. So tobacco has been here for a long, long time.

Over 60 percent, Mr. President, of every acre farmed in the United States is covered by crop insurance, and the number is higher for individual crops. Corn: 85 percent of every acre is covered by crop insurance. Sugar beets: 89 percent of every acre grown is covered. Wheat: 90 percent of every acre grown is covered by crop insurance. Cotton: 94 percent is covered by crop insurance.

Farmers will tell you what tobacco farmers know—all of these farmers will. Without crop insurance, there is no farm. That is because without crop insurance, banks will not make loans to growers for their farming operations. Farmers in my State do not just borrow money to grow tobacco, they borrow money to grow other crops. Their average income is $25,000, and their net profit is $11,000. But they would not have that if they could not get the crop insurance to lay down to the banker to support the loan.

No legitimate lender—and I say that, legitimate lender—will take the risk of lending to an uninsured operation. You cannot even borrow money on a house without an insurance policy, and there will not be a private-sector substitute for crop insurance, either. Talk about private sector. One of the reasons the USDA extends crop insurance to a particular crop is because a private-sector alternative does not exist. You say, ''Go out and get insurance.'' Well, you can't go out and get it; it doesn't exist. You can get hail insurance on tobacco at 7 percent of the loss. That is all you get from private carriers. I used to do it, I understand it.

This is what the American Association of Crop Insurers say:

> Privately, underwriting multiple peril insurance has been tried in the past and it has failed miserably. This is true for tobacco, as well. Hail, the only peril wholly privately underwritten, accounts for less than 7 percent of crop losses in tobacco-growing States. The private sector would be incapable of insuring the remaining 93 percent risk of loss on a multiple peril universal base without some form of catastrophic reinsurance from the Government, but while there is no farm without crop insurance, discriminating against tobacco farmers won't do anything to reduce tobacco use.

Won't do anything to reduce tobacco use.

Crop insurance doesn't promote increased use of tobacco any more than automobile insurance promotes an increase in car sales. The bottom line of the Durbin amendment is this: American farmers go out of business and whole communities in the South die. The big tobacco companies continue to make and sell cigarettes. While communities die, the manufacturers continue to make and sell cigarettes. If we are going to talk about making changes to the crop insurance system, it should not target the family farmer.

Before we get through, I will have a second-degree amendment to the amendment of the Senator from Illinois. My second-degree amendment would reform the crop insurance to make sure it supports family farms, not corporate farms. Let me repeat that. My second-degree amendment would reform the crop insurance to make sure it supports family farmers, not corporate farms. I'm prepared to fight this battle. If we are going to be changing crop insurance, I am prepared to offer second-degree after second-degree to make sure the changes are comprehensive and don't single out a commodity or a single type of farmer, because that is what the Durbin amendment does: It singles out one commodity grown in one part of the country by one type of farmer, a small family farmer.

Now, Mr. President, we just heard my friend from Illinois talk about the loss from tobacco insurance. Well, stand back. Here are all the losses from other crops. Wheat, since 1984, $288.7 million lost to the Federal Government—a subsidy to wheat farmers. I don't believe you would vote today to do away with crop insurance for the wheat farmer, because you say it is health. Well, everything Kentucky farmers or North Carolina, South Carolina, Georgia, or Tennessee farmers grow—even Wisconsin farmers grow tobacco—they get insurance. But they borrow money and insure other crops. Think about almonds. That was the very first one the Senator said—almonds. Almost $50 million in loss to the Federal Government. That is a lot more than tobacco. We could go down the list. Grain sorghum. I don't know where grain sorghum comes from—maybe from Illinois, maybe Wyoming, I don't know. But they lost $36.1 million. So we can get into even sunflowers lost, which is $22 million.

These are losses to other crops, and my friend would not vote to reduce the loss on wheat or almonds or barley or grain sorghum or these others, but he would on tobacco because he says tobacco is dangerous.

I am trying to help. I am trying to work out a package. I am trying to help negotiate. I have listened in every meeting. I have been to every meeting and we even had one group yesterday that the only thing they want in the negotiated agreement is some way to eliminate the addiction. That is fine. The biggest argument in the tobacco negotiated package will be what percentage of that package the trial lawyers are going to get. That will be most

contentious. It is not in there. That is to be negotiated yet.

The result of this elimination of the ability to secure crop insurance will be devastating to the farmers in my area. Yet, this is not the biggest loss to agriculture crop insurance. Mr. President, I have a letter from the Department of Agriculture addressed to Senator THAD COCHRAN, chairman of the Subcommittee on Agriculture, Rural Development, and Related Agencies of the Committee on Appropriations, and I read just a couple of items. There were 89,000 tobacco growers—89,000 tobacco growers—with crop insurance policies in 1996. Tobacco growers in three States—North Carolina, South Carolina and Virginia—received $77.8 million in indemnities for losses due to back-to-back hurricanes that hit the east coast last year. These funds helped communities recover from disaster and were paid for in part by the producers themselves.

The significance of a program that encourages producers to assess their individual risk management needs and allows them to pay part of a cost for coverage must not be lost at a time when fewer dollars—fewer dollars—are available for other types of assistance. Elimination of tobacco crop insurance would place a greater burden on other sources of relief. So when you take it away from one place, you place the burden on other sources in case of a hurricane or tornado or flood.

But if you have insurance, that lifts the burden from these other areas that hasn't been offset in your figure here yet. The $77 million paid last year in three States hasn't been offset from the $34 million. So it makes a little bit of difference, I think, when you look at it in the true light. This idea of me crying crocodile tears for the small farmer, if that's what it takes, I will give you 30 minutes to draw a crowd to stop this amendment. This amendment is absolutely no different and the speech is no different than it was in 1992 or 1993 or 1994, or whenever it was.

So, Mr. President, I hope my colleagues will understand that, yes, we grow tobacco in Kentucky, yes, we grow a little corn, a little soybeans, a little wheat. We do the things that other small farmers do. I want you to remember that the farms in Illinois are almost three times as large as my average farm, and the net income to the farmer in the State of Illinois is more than twice what my farmers' net income would be. Yet, they do grow tobacco.

So, Mr. President, I am going to yield the floor soon so my colleague from Kentucky can have some time. But I want to make one final point. The distinguished Senator from Illinois said that all these other crops are not covered. I think about 1,600, something like that. First, they haven't petitioned the Federal Government for it. They haven't asked to participate. A lot of them have private insurance. So you have to be in a position of requesting it before the Government will consider it. I don't believe they have petitioned. So it's a little bit unusual.

We don't get anything in tobacco as it relates to the farm bill—not a dime. Corn gets crop insurance, and we have lost over $288 million. Yet, they get a check every year as a subsidy. They don't even have to grow it. That is what we call back in Kentucky a mailbox job. Just go out to the mailbox and get your check. Everybody lost that. So for every acre that they have and they signed up, they get a check every year for so much per acre, whether they grow it or not. The tobacco farmer doesn't get that.

So there is a bit of fairness here, I think, that ought to be given. As we work through the problems of the tobacco industry, we need to be sure that we understand that those who grow tobacco are just as human, just as religious, just as American, just as needy, just as hard working as the farmers that grow wheat or corn or granola or whatever. They are good Americans. I can take you anywhere in my State, in any town where we have a circle with a courthouse. Usually, on that courthouse is a monument of some kind to those tobacco farmers who gave their lives for this country in World War I, World War II, Vietnam, and the Persian Gulf.

So, let's try to work through this and understand that the people I represent have no control, basically, over what we are doing here. We are after the manufacturers, but we are getting at the farmer. Somehow, some way, we ought not make a farmer in my State who will net $1,800 off of an acre, which is labor intensive, to $4,000, and about half of that is expense. There is not as much work in corn, soybeans, or others. The weather works on all of them. But my people are just as hard working, just as sincere and, I think, need to be helped and looked after just as anybody else.

This amendment, according to the Secretary of Agriculture, would have a particular detrimental effect on thousands of small farmers in tobacco-producing States, not to mention the toll it would take on the economic stability of many rural communities. Just let me read that one sentence again. This amendment would have a particularly detrimental effect on thousands of small farmers in tobacco-producing States, not to mention the toll it would take on the economic stability of many rural communities.

An overwhelming majority of crop insurance policies in this area are sold to small farmers. It seems to me, rather than to cut the cord of economic stability on the farmer to get after something else, we ought to be sure that that farmer has an opportunity, and we will get around to others.

Mr. President, I yield the floor.

Mr. MCCONNELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Mr. President, I congratulate my friend and colleague from Kentucky, Senator FORD, for his statement on behalf of the tobacco growers of our State.

Mr. President, the Durbin amendment is not directed at the tobacco companies; it's directed at the tobacco farmer. We don't have many big farmers in my State. We have about 60,000 tobacco growers in 119 of our 120 counties. They are everywhere. And the average base in Kentucky, Mr. President, is about an acre.

The profile of a typical tobacco farm family in Kentucky:

The husband probably works in the factory, the wife probably works in a cut-and-sew plant. They tend to their 1 acre of burley tobacco, and they sell it in the November and December auction, which provides for Christmas money and, for a lot of families, a lot more than Christmas money—Christmas plus a lot of other things they need for their families during the course of the year.

Now, the Durbin amendment seeks to drive these tobacco farmers out of business, as if somehow, if you drove the tobacco farmers out of business, there would not be any more tobacco grown. Of course, it would be grown. It would just be grown by others. It would be grown in big corporate farms of hundreds of thousands of acres under contract with the companies.

So bear in mind, my colleagues, you do nothing to terminate the growth of tobacco by driving the little tobacco grower out of business. It serves no useful purpose. Tobacco is going to be grown. It is going to be grown in this country, overseas, and already is grown in virtually a great many countries in the world. It is going to be grown, and nobody is proposing to make it illegal. The only issue before us, Mr. President, is who grows it? Who grows it? The tobacco program, which the tobacco growers themselves and the companies pay for at no net cost to the Government, guarantees that the production is in a whole lot of hands. In the case of the Commonwealth of Kentucky, it is in over 60,000 hands.

Senator DURBIN's amendment prohibits tobacco farmers from obtaining Federal crop insurance, as well as disaster payments. That is clearly directed at the farmer, the grower, not at the companies. The companies are going to get their tobacco, Mr. President. They are either going to get it from large corporate farmers under contract, or they will get it overseas. But they will get their tobacco, even if the 1-acre burley grower in Kentucky that Senator FORD and I represent is out of business and a whole lot poorer.

Currently, 1,500 crops are eligible for disaster payments under the non-insured assistance program. These are crops that are already eligible for traditional crop insurance. Therefore, if Senator DURBIN's amendment passed, in a natural disaster most small tobacco farmers would simply not be able

to recover their losses, putting them out of business. That is why I say—and as Senator FORD has said—this is an amendment directed at the farmer and not at the companies.

We have been plagued in Kentucky this year by natural disasters, as many other areas have as well, and with every other unpredictable element that farmers have to deal with—disease, labor, incredibly high expenses. Imagine that we would take away their only meager defense against Mother Nature just because they farm a legal commodity. It is simply unfair.

The amendment of the Senator from Illinois prevents many small- and medium-sized farmers from receiving protection against what could be catastrophic risks. Farmers may invest up to $2,800 per acre growing tobacco. Many of them do. A natural disaster—a loss of this magnitude—simply could not be overcome. So we are talking here about farmers who depend on their income from this crop.

Additionally, it is important to note that banks and lending institutions will find it difficult to approve loans for farmers who cannot obtain crop insurance. So we come down to the real issue here.

Senator DURBIN's amendment unfairly singles out tobacco farmers and tobacco-farming communities who grow a legal crop simply to try to get at the tobacco companies. Eliminating crop insurance for tobacco farmers does nothing to stop growing of tobacco or punish cigarette companies. The only individuals injured are those who can least afford it, those closest to the poverty level, and those most likely to be unable to find or afford alternative private insurance.

There is a lot of discussion about alternative private insurance. I don't think my typical grower with a 2,500-pound base is going to be able to afford to do that and still purchase that, and still grow the crop profitably. This amendment is not going to stop people from smoking. It will only hurt U.S. tobacco growers for whom tobacco pays the bills—not the big companies.

Tobacco farming, as we all know, is the starting point of over $15 billion that goes to Federal, State, and local governments in tax revenue, and contributes an additional $6 billion to the U.S. balance of trade. That is a $6 billion positive balance of trade.

By ignoring the need for disaster relief for the tobacco farmers, the precedent is being set for the elimination of crop insurance for other major commodities.

In 1994, we passed a law to end ad hoc disaster programs and have crop insurance be the primary risk management tool for farmers.

By ignoring the need for disaster relief for just one set of farmers—tobacco farmers who suffer natural disasters in the same manner that corn, wheat, soybean, and other farmers do—a precedent is being set to eliminate crop insurance for other commodities.

Mr. President, as Senator FORD has pointed out, Secretary Glickman is opposed to this amendment. The Farm Credit Council is opposed to this amendment. And the American Association of Crop Insurers is opposed as well.

Crop insurance is to protect families. That is what crop insurance is about: Helping to minimize the financial interruptions to their plans and lifestyles due to crop losses.

These are families who usually work two jobs, as I suggested earlier. In my State, these are not rich farmers. We are talking about people who cultivate about an acre of tobacco on the side, in addition to their normal sources of income. These farmers aren't in a business where they have excess amounts of money in savings. Everything is calculated, and income from tobacco is relied upon. By having crop insurance, it gives farmers, bankers, and communities peace of mind through income stability and minimizing risk.

Crop insurance also provides farm lenders with collateral that helps minimize liens on other assets, obviously avoiding or reducing a farmer's needs to rely on credit.

As I believe my colleague from Kentucky pointed out, Secretary Glickman said:

> I am determined that everyone will have access to crop insurance, large farmers and small farmers alike, especially those with limited resources—minorities and producers—in all areas of the country.

That certainly describes the 60,000 tobacco growers of Kentucky.

This amendment would have a particularly detrimental effect on thousands of small farmers in States like my own. An overwhelming majority of crop insurance policies in this area are sold to small farmers. Therefore, eliminating crop insurance for tobacco will not fulfill the Secretary's promise to poorer farmers. Rather, this amendment is squarely in opposition to the Department's stated policy of fighting discrimination against minorities and economically disadvantaged farmers.

Let me sum it up again. This amendment is directed at the farmer who is growing a legal crop. To the extent that this small farmer finds it difficult to acquire crop insurance, the potential for disaster for these small farm families is greatly enhanced.

The Durbin amendment does nothing to fight smoking. It does nothing to punish the companies. In fact, it is directed at the heart of the farming areas in the southeastern part of the United States.

I repeat: The average grower in Kentucky has about 2,500 pounds. That is about 1 acre. You push that fellow out of business, and tobacco will still be grown. It is going to be grown by big corporate farms. They are not going to be particularly concerned about this crop insurance issue. They do not have any trouble paying for it.

This amendment serves no useful purpose. If you want to fight smoking, this amendment is only directed at low- and medium-income farmers in places like the Commonwealth of Kentucky.

Mr. President, I yield the floor.

Mr. FORD addressed the Chair.

The PRESIDING OFFICER [Mr. SANTORUM]. The Senator from Kentucky.

Mr. FORD. Mr. President, I ask unanimous consent that a letter from American Association of Crop Insurers, addressed to Chairman TED STEVENS and Ranking Member ROBERT C. BYRD, be printed in the RECORD.

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

AMERICAN ASSOCIATION OF CROP INSURERS,
Washington, DC, July 16, 1997.

Hon. TED STEVENS,
Chairman, Committee on Appropriations, U.S. Senate, The Capitol, Washington, DC.

Hon. ROBERT C. BYRD,
Ranking Member, Committee on Appropriations, U.S. Senate, The Capitol, Washington, DC.

DEAR MR. CHAIRMAN AND MR. RANKING MEMBER: It has come to our attention that an amendment may be offered to the Fiscal Year 1998 Agriculture, Rural Development, FDA, and Related Agencies Appropriations Bill that would eliminate crop insurance or any other form of government-supported disaster aid for tobacco. We are writing to express the American Association of Crop Insurers' (AACI's) opposition to such an amendment as well as to dispel a principal myth underlying the amendment.

AACI's membership consists of private insurance companies who deliver Federally reinsured multiple peril crop insurance to America's farmers as well as several thousand independent agents and adjusters affiliated with those companies. All AACI member companies are also involved in the private crop hail insurance business as well. AACI member companies and their affiliated agents collectively wrote over 80% of the Federal crop insurance sold by private companies in 1996.

Providing risk management protection to American crop producers is the sole reason that AACI member companies are in the crop insurance business. As long as data are available from which an actuarially sound insurance program can be developed, the insurance industry does not discriminate against crops that are insured nor the producers who grow those crops. If Congress were to discriminate against tobacco producers by denying them any form of Federal assistance related to their risk management needs, we believe that the economy of both the producers and the rural communities in which they live could be placed at severe risk that one disaster could substantially devastate. In addition, the economic health of several of our members who have considerable books of business in tobacco growing states would also be put at risk.

While it is true that the number of crops covered by Federal crop insurance is limited when compared with the total number of crops grown in the country, most if not all of the crops not currently insurable are covered by the noninsured disaster assistance program or NAP administered by the Farm Service Agency. However, both under existing law and under the proposed amendment, tobacco would be ineligible for such protection. This isolation among crops leaves the crop and its producers totally exposed to the uncontrollable risk of weather.

Some believe that this exposure could be covered by the private sector without assistance from the Federal Government. That is

not true for several reasons. First, the main reason the Federal Government is involved in crop insurance is due to the catastrophic nature of crop disasters and the inability of the private sector to bear that magnitude of loss. Privately underwritten multiple peril insurance has been tried in the past and it failed miserably. The inability of the private sector to bear the risk of loss from multiple perils is true for tobacco as well. Hail, the principal peril wholly privately underwritten, accounts for less than 7% of crop losses in tobacco-growing states. The private sector would be incapable of insuring the remaining 93% risk of loss on a multiple-peril, universal basis without some form of catastrophic reinsurance from the government.

Second, if tobacco farmers were to bear the full cost of the current policies, that cost would escalate from approximately $54 an acre to over $125 per acre—a more than 100% increase—when administrative costs are added, risk-based premium subsidies are removed, and some reinsurance costs are included. There would be many producers who could not afford those rates, especially the over 53,000 producers holding catastrophic policies for which they paid a total of $50, not $50 per acre.

Third, even if a private multiple peril tobacco policy was developed, private companies would be unable to make it universally available. Aside from it not being affordable to a large number of producers, the catastrophic nature of the risk would prevent companies from making it available to all producers. Individual risks would have to be underwritten and some risks would be denied insurance either directly or through cost-prohibitive rates. This is unlike the Federal program where companies must accept all insureds no matter what the risk without any individual adjustment of rates since the government sets the rates.

Providing risk management products to tobacco producers and producers of other crops in tobacco growing states constitutes a considerable source of income to a number of rural crop insurance agents and crop adjusters in those states. If crop insurance for tobacco were eliminated, that may actually threaten the ability of these agents and adjusters to stay in business thereby affecting insurance availability for producers of other crops as well. This is not to mention the impact on the rural community where the agents, adjusters, and their support staff live and work.

As long as it is legal to grow a crop in this country and there are actuarially sufficient data to provide insurance, AACI members do not believe that the crop or its producers should be discriminated against. Due to the inability of the private sector to offer an affordable, universally available private multiple peril insurance product on tobacco, there remains a proper role for government involvement. We encourage you to continue that role by rejecting any amendment that may terminate that responsibility.

Sincerely,

JOHN E. SHEELEY,
Counsel.

Mr. FORD. Mr. President, I would like to put in the RECORD at this point a letter from the Secretary of Agriculture to the chairman of the Subcommittee on Agriculture, Rural Development, Senator COCHRAN, and 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:

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, July 23, 1997.

Hon. THAD COCHRAN,
Chairman, Subcommittee on Agriculture, Rural Development, and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR THAD: I am writing concerning an amendment to the fiscal year (FY) 1998 Agriculture Appropriations Act offered by Senator Richard Durbin, which would prohibit the use of funds to pay the salaries of personnel who provide crop insurance or noninsured crop disaster assistance for tobacco for the 1998 and later crop years.

The Department of Agriculture (USDA) opposes this amendment. Crop insurance and noninsured crop disaster assistance programs comprise the principal remaining ''safety net'' for farmers suffering crop losses from natural disasters, since the elimination of *ad hoc* disaster aid. The adoption of this amendment will effectively end our ability to provide crop insurance and noninsured assistance payments for tobacco growers.

Crop insurance is an essential part of the producer ''safety net'' envisioned by the Administration's agricultural policy. There were some 89,000 tobacco growers with crop insurance policies in 1996, of which 69,000 actually planted the crop for the year. More than 550,000 acres were insured with liability exceeding $1.15 billion. Tobacco producers paid more than $20 million in premiums to insure their crops in recognition of the need to provide for their own risk management at a time when the Government is providing fewer and fewer farm subsidies.

Tobacco growers in three States (North Carolina, South Carolina, and Virginia) received $77.8 million in indemnities for losses due to back-to-back hurricanes that hit the East Coast last year. These funds helped communities recover from disaster and were paid for in part by the producers themselves. The significance of a program that encourages producers to assess their individual risk management needs and allows them to pay part of the cost for coverage must not be lost at a time when fewer dollars are available for other types of assistance. Elimination of tobacco crop insurance would place a greater burden on other sources of relief when disaster strikes.

This amendment would have a particularly detrimental effect on thousands of small farmers in tobacco producing States, not to mention the toll it would take on the economic stability of many rural communities. An overwhelming majority of crop insurance policies in this area are sold to small farmers.

I urge you and your colleagues to vote against this amendment when it is considered by the Senate. Please contact me if you should need further information.

Sincerely,

DAN GLICKMAN,
Secretary.

AMENDMENT NO. 966 TO AMENDMENT NO. 965

(Purpose: To limit Federal crop insurance to family farmers)

Mr. FORD. I send an amendment in the second degree to the Durbin amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD] proposes an amendment numbered 966 to amendment numbered 965.

Mr. FORD. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

Strike all after the first word and insert the following:

LIMITATION OF CROP INSURANCE TO FAMILY FARMERS.

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by adding at the end the following:

''(6) CROP INSURANCE LIMITATION.—

''(A) IN GENERAL.—To qualify for coverage under a plan of insurance or reinsurance under this title, a person may not own or operate farms with more than 400 acres of cropland.

''(B) DEFINITION OF PERSON.—The Corporation shall issue regulations—

''(i) defining the term 'person' for purposes of subparagraph (A): and

''(ii) prescribing such rules as the Corporation determines necessary to ensure a fair and reasonable application of the limitation established under subparagraph (A).''.

Mr. FORD. Mr. President, what I have done here, as I said earlier, is to try to make crop insurance more comprehensive. So what this does is, it says that any farm with more than 400 acres that can be farmed not be eligible for crop insurance. The idea here is to let the corporate farmers pay for themselves, and try to protect the small farmer.

So I think that this amendment will make it fairer. It protects the small farmers. The corporate farmers, then, the big farmers, those over 400 acres of land that can be farmed—by the way, this does nothing out West as far as grazing land. It doesn't touch that part of it at all. It is land that can be farmed.

I yield the floor.

Mr. DURBIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, this may surprise my colleague from Kentucky. I may support his amendment.

When I was chairman of the House Appropriations Subcommittee on Agriculture, I was considered by many to be pretty tough on the Crop Insurance Program, even though, as the Senator from Kentucky has noted, I come from a corn-growing State, a State with soybeans, a State which avails itself very much to a great extent in the Crop Insurance Program. I don't disagree with anything that my colleague from Kentucky said about the Crop Insurance Program. There are indefensible subsidies in this program.

I think, if he is going to address an overall reform of crop insurance, he may be surprised to find me as an ally. I had an amendment which I offered 1 year in the appropriations subcommittee. If I recall it correctly, it said that if you have sustained losses in 7 out of the last 10 years on your crop, you would be ineligible for crop insurance. I have this basic theory that if you couldn't grow a crop for 7 out of 10 years, God was telling you something about your land, that crop, or your talent, and that Uncle Sam and the Federal Government shouldn't be talking back to God in this instance and saying we will continue to insure the crop.

There were a lot of people critical of my amendment because they had worked out a very sweet deal where they would plant crops that could never grow. It wasn't a sufficiently long growing season. But the crop was eligible. They would make their application. Lo and behold, the crop would fail again, and the Federal taxpayers would be asked to make up the difference.

So, if the Senator from Kentucky is suggesting some basic reform of the Crop Insurance Program, I think I might be his ally. And if he is talking about limiting crop insurance to smaller farms, I think he might be surprised to find that we can work on that as well. But I think, in all honesty, that this amendment might never have been offered if I had not started an amendment on tobacco crop insurance.

That is what this is about. It is not about reform of the crop insurance. It is about tobacco. And the two Senators from Kentucky, whom I respect very much, in defense of their State and its crop, have stood up and said, ''Why are you picking on us? Why do you single out tobacco?'' As one Senator from Kentucky said, tobacco is perfectly legal. That is true. But tobacco is also perfectly lethal. Tobacco is a killer. You have to eat an awful lot of corn and soybeans to die. But you start smoking, get addicted, the chances are 1 out of 3 that it is going to kill you.

So, to the farmers who are growing it, who, for all intents and purposes and all appearances, look like any other farmer, what they are harvesting and what they are selling is devastating. For us to turn our backs on it and to say it is just another crop is to ignore the obvious.

Tobacco is the No. 1 preventable cause of death in America today—No. 1. Sure, we are concerned about AIDS. Certainly we are concerned about highway fatalities. Of course, we are concerned about violent crime. But if you want to save American lives, the first stop is tobacco. Take a look at what it does to us.

For my colleagues to stand up and say, ''It is just another farmer, it is just another agricultural product, why do you single us out,'' it is because it is the only crop, when used according to the manufacturer's directions, will kill you. You can't smoke in moderation. You start this addiction, and you will end up generally as a statistic.

So, when I bring this amendment to the floor to talk about crop insurance for tobacco, I can understand my colleagues from tobacco-producing States. I can understand it completely. I have represented a congressional district and a State which has its own interests, and I have try to defend those interests. I think that is part of my responsibility.

But I say to my colleagues who are viewing this debate and making up their own mind: Make no mistake, tobacco is not just another product. Crop insurance for tobacco is a blatant contradiction that we would piously pronounce through the Surgeon General's office and the Department of Health and Human Services that this crop is a killer, that these tobacco products are claiming lives—even innocent victims like these flight attendants who are now suing down in Florida who happened to be exposed to secondhand smoke. Their lives were in jeopardy, too. We know this. We concede this. We advertise this. We spend millions of dollars to police this industry because we know what they are doing. They are addicting our children, and they are killing our fellow citizens.

That is why it is totally inconsistent for us to be in a position where year after year we are plowing millions of taxpayer dollars collected from people across the United States into the subsidy—underline the word ''subsidy''—of tobacco growers.

I just marvel when my colleagues get up. We can argue a lot of this on the merits. But it takes my breath away to hear these colleagues stand up and say that there is no tobacco subsidy.

Let me go back to this Federal tobacco subsidy chart.

There is this tobacco subsidy: $65 million in 1993; $60 million in 1994; $51 million in 1995. In 1996, when I first took on this issue, they estimated our losses would be about the same—$50 million. They went to $97 million, and then in 1997 the estimate was $67 million.

Mr. FORD. Will the Senator yield for a question?

Mr. DURBIN. I am happy to yield for a question.

Mr. FORD. I am sure he will be able to answer this and make me look bad. But this is just on crop insurance.

Mr. DURBIN. It is on crop insurance and administering the program.

Mr. FORD. Administration of the program.

Mr. DURBIN. I think there are two or three other small, related areas.

Mr. FORD. This is just tobacco.

Mr. DURBIN. That is true.

Mr. FORD. What about the $77 million that went to the hurricanes in North and South Carolina and Virginia that was paid and helped the communities or they would have taken the money out of some other fund as it relates to disasters?

Mr. DURBIN. I don't believe that these figures include any national disaster assistance of that nature. It is strictly related to crop insurance.

Mr. FORD. Is the money in the premiums in your figures here paid by the farmer—deducted, and this is the net?

Mr. DURBIN. What this represents is the net cost to the Federal Treasury.

Mr. FORD. Just for that. And what about the overall loss from other crops?

Mr. DURBIN. Oh, it is substantial.

Mr. FORD. Substantial.

Mr. DURBIN. I can recall, 1 year it was $240 million, all crops included.

Mr. FORD. Here you are damaging the farmer that is beginning to feel the pinch anyhow and hoping that we could negotiate some kind of an agreement. He is left out. You still want to eliminate this part of his everyday life.

Mr. DURBIN. I want to eliminate crop insurance for tobacco. I will concede to my colleague that the overall subsidy for crop insurance, as I said at the outset, is an issue well worth addressing. The fact that we would spend—perhaps the Senator from Mississippi has more current figures—we would spend in the neighborhood of $200 million subsidizing crop insurance in America is an issue which I will happily join with my colleague from Kentucky and other States to address.

But lest we forget, this debate started on the issue of tobacco, and although many of my colleagues want to raise a variety of other issues, we still have to face the reality that when this debate is over, we are going to face this question time and again when we go home: Senator, what's going on here? I can't pick up a newspaper, a news magazine, turn on the radio or television and I am not being told how bad tobacco is for America. Why do you keep plowing millions of my tax dollars into the subsidy of this tobacco crop? How can you justify it?

I cannot. That is why I am offering the amendment. And I would say to my colleagues from the tobacco producing States, it is time to accept reality. And reality will tell you this. The day when the Federal Government rushed to the rescue of tobacco is over. I do not know if I will succeed with this amendment today, but tobacco's days in the U.S. Department of Agriculture are numbered. They know it, the tobacco farmers know it, and the tobacco companies know it. They know full well, as they have watched the course of events over the last 5 or 6 years, that each year we have eliminated another Federal program relative to tobacco—research, export assistance, market promotion program. We have closed those doors, and those doors have remained shut.

The tobacco growers and industry realized long ago that if they wanted an allotment program that gives them the advantage of making the kind of money we are talking about, they would have to pay for their own program. And they did it. And yet now we are in a part of this debate where they are saying we want to hang onto this last Federal subsidy.

Make no mistake; this second-degree amendment offered by my colleague, the Senator from Kentucky, does not just reform crop insurance. It strikes our prohibition before inserting his addition. So he is not adding to my amendment. He wants to get me out of the way. He wants to talk about crop insurance programs. He does not want to talk about tobacco. That is a delicate subject. But it is a delicate subject I have been talking about for 10 years.

And I want to tell you, too, I think the tide of history is on my side. I hope I am around to see that tide hit the

shore. I hope I am still standing when it does. But a little over 10 years ago, I offered the first amendment in my long and checkered career on this issue to ban smoking on airplanes—10 years ago. Every leader in the House of Representatives, Democrat and Republican, opposed me, every committee chairman, and we went to the floor. They said we were meddling with tobacco, and they did not care for it, and tobacco lobbied. Folks, I want to tell you, the monsters of the midway are not the Chicago Bears. The monsters of the midway are the tobacco lobbyists in this town. They came down like a ton of bricks on this amendment. But you know what. We won. By 5 votes we won, 198 to 193, and I was the most surprised Member of Congress standing in the Chamber of the House when it happened.

What it told me then and tells me now is that we are going to win this battle—maybe not today. I hope we do. Maybe not today, but we will. And the tobacco growers and tobacco companies have to accept the reality that if their product is to remain legal, if it is to remain legal, they have to change the way they do business. They have to stop asking for this Federal subsidy. They have to stop selling tobacco to our kids.

If they do not agree to those two things, they are going to continue to face this kind of opposition year in and year out, and it will continue unabated. Those who are here in the Chamber, my colleagues, and some who are in the gallery who have taken the time to tour this beautiful building—and it is magnificent. I am very proud to be a Member of the Senate and to be able to practice my profession in this building—they will take a look around at the columns as they walk through the corridors and they will find at the top of these columns a curious leaf.

What could it be? Well, you know what. Many of these columns are adorned with tobacco leaves. It tells you something about the history of the United States of America and the history of this Congress. When the President of the United States comes for an address to the Joint Session of Congress, State of the Union Address, for example, he stands in front of a wooden podium. Carved in the side of that wooden podium are tobacco leaves. It is part of America and it is part of our history. And there are some people who do not want to give up on that piece of history. They want to hang in there one more year for tobacco: Oh, we can do it. We can survive. We can offer perfecting amendments. We are going to fight for 1 more year.

But the tide of history is not on their side. It was not that long ago, even in my lifetime, when doctors used to advertise the healthiest cigarettes to smoke. It has not been that long ago that you could have a smoking and nonsmoking section on an airplane and create the fiction you were protecting people, knowing full well that you were not.

Those days are over. And as these tobacco companies come in here ready to negotiate, not because of a guilty conscience, because of their additional efforts to make money, we can see the tide changing. And yet we hang onto this vestige of the old school, this relic of history which for 60 years has said that the Federal taxpayers will defend and subsidize tobacco. That has to come to an end, and it has to come to an end sooner rather than later.

Let us take the money we save with my amendment and use it for valuable, positive things that will help all of rural America. Let us use it for programs that are beneficial, health assistance to everyone across this Nation. The amendment that has been offered by my colleague from Kentucky is an amendment which seeks to win this battle today, put it off, at least the overall issue, for another day. But that is not good for America. It does us no good as a nation to turn our back on this reality.

I say to my colleague as well, although he may question this, I will tell him in all sincerity, I understand his concern for his farmers. I give him my word now as I have in previous debates that if he is prepared to offer an amendment as part of this tobacco agreement to help his farmers, either phaseout of tobacco growth, move in other areas, I will be there, I will help him. Tobacco companies owe a great deal to the American tobacco growers, and I don't run into too many tobacco farmers who defend them, incidentally, because they know full well these same tobacco companies haven't treated America's tobacco farmers very well. They continue to import cheaper tobacco from overseas. They turn their backs on the very farmers whose tractors and skirts they have hid behind for decades. It was not fair the tobacco growers were not at the table.

If the Senator from Kentucky or anyone on that side of the debate wants to suggest a change in this overall agreement to provide assistance to those tobacco growers so that they can phase in to a different type of production or phaseout of tobacco growth, I am happy to join him in that effort. My war is not with those farmers. My war is with what they are growing in their fields, because what they grow in those fields is deadly. It is lethal. It is something that can't be ignored or swept aside as just another agricultural issue.

I can recall during past debates on this people have stood up and said you can't single out tobacco when it comes to America's export policy, and yet we have done it. People have said you cannot single out tobacco when it comes to research. Basically, we have done it. People have said time and again that you cannot separate tobacco as a crop. But I believe the American people know the difference. They know the difference between a bushel of corn that may be used for a variety of positive things. They know the difference between a bushel of soybeans that may be used for a variety of things, positive for American families, or a bail of cotton. You cannot say the same thing about these tobacco leaves.

So, Mr. President, I oppose this amendment, not because of its underlying wisdom but because it is offered only, exclusively, solely for one reason—push the tobacco debate off for another day. I believe, and I believe my colleagues will join me in this belief, that you cannot wait another day. You have to move forward with this debate and address this issue now.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, this has been a very vigorous and informative debate, in my judgment. I have no parochial interest in that our State does not grow tobacco. We have no program for tobacco, for any of the producers of agricultural commodities in our State, but I am persuaded by the arguments that have been made by the Senator from Kentucky about the economic consequences of this amendment, and that is bolstered by the letter the distinguished Senator from Kentucky [Mr. FORD], mentioned that had been received by me today from the Secretary of Agriculture which points out the detrimental effect that the amendment offered by the Senator from Illinois would have on agriculture producers in the United States if it were to be passed by the Senate.

So I am constrained to oppose the amendment of the Senator from Illinois, but I am also troubled very much by the second-degree amendment that has now been offered by my good friend from Kentucky which limits the application of the crop insurance program to farmable acreage of less than 400 acres. And that is troubling because so many of our farmers in my State and elsewhere throughout the country have more than 400 acres under cultivation, and this would be discriminatory in a different kind of way. So I am troubled by that amendment and I do not want to see that passed.

So I am in a position and I think the best course of action for me as manager of the bill is to move to table the underlying amendment. If that motion to table passes, then it takes both the underlying amendment and the second-degree amendment with it as I understand it.

So at this point, knowing that debate has been occurring for a little over an hour now and with the knowledge that we will set this aside, not to vote on it now but at a time to be determined later, I now move to table the underlying amendment and I ask for the yeas and nays.

The PRESIDING OFFICER (Mr. GREGG). Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the vote on the motion to table be set aside and to

occur at a time to be established later in the day.

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

The PRESIDING OFFICER. The Senator from Alaska.

CONDEMNING THE GOVERNMENT OF CANADA

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Senate Resolution 109, which was submitted earlier today by my colleague, Senator STEVENS, as well as myself and other Members.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A resolution (S. Res. 109) condemning the Government of Canada for failing to accept responsibility for the illegal blockade of a U.S. vessel in Canada and calling on the President to take appropriate action.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. MURKOWSKI. Mr. President, this resolution expresses the sense of the Senate that the Government of Canada failed to act responsibly to quickly restore order and the rule of law during the recent blockade of the Alaska State ferry, the motor vessel *Malaspina*. I am pleased to be joined in this measure by the senior Senator from Alaska, Senator STEVENS, the chairman of the Foreign Relations Committee, Senator HELMS, and the senior Senator from Washington, Senator GORTON.

Mr. President, the amendment responds to this illegal blockade, in which a large number of Canadian fishing vessels joined forces to prevent the *Malaspina* from departing from Prince Rupert, BC, from approximately 8 a.m. Saturday morning until approximately 9 p.m. on Monday.

The actions of these Canadian fishermen was a clear violation of international law which provides for the right of free passage, and continued Monday in violation of a Canadian court order against the blockade, issued on Sunday. Obviously, Canadian authorities had a difficult task, but the reality is that they failed to take timely action to disperse this illegal demonstration. Indeed, they delayed even serving their own Canadian court's injunction against the blockaders.

This incident caused distress, financial harm, and inconvenience to some 300 passengers, primarily American passengers, on board the vessel, and to the State of Alaska that operates the system, and to companies which had consigned freight shipments to the vessel. While the Canadian fishermen claimed their action was in response to a fishing dispute, the blockade of this vessel went far beyond any fishing dispute into a very dangerous area, and created an international incident.

There is little difference, in reality, between this blockade and the interruption of traffic on a major international highway such as New York's Route 81 to Montreal. The Alaska Marine Highway System is part of our U.S. Interstate Highway System. Operating money for the *Malaspina* and other vessels in the system receive funding through ISTEA, our national highway legislation. Any vehicles that can traverse the interstate highways of Alaska can be accommodated in the MV *Malaspina*. It carries approximately 105 cars, vans—you name it. So, it is an official part of the U.S. National Highway System. Moreover, Mr. President, this ship was also carrying the U.S. mail.

This resolution will put the Senate on record in opposition to this and future illegal attacks on the U.S. transportation network, and specifically the Alaska Marine Highway System. It calls upon the President to do whatever is necessary and whatever is appropriate to ensure that the Government of Canada takes steps to guarantee that illegal actions against American citizens will not be allowed. It also calls on the President to assist American citizens who were harmed by this illegal action to recover damages from those responsible and/or from the Canadian Government.

Yesterday I spoke with Canada's Ambassador to the United States. He apologized for the burning of the U.S. flag by one of the fishing vessels—an unfortunate incident. On the other hand, even at that time, more than 2 days after the beginning of the blockade, the Ambassador was not able to confirm to me that his government had the necessary commitment to take appropriate steps that may be necessary in such illegal actions. He indicated that he would attempt to find out what action would be considered if the vessels didn't voluntarily depart the area.

I am still awaiting the call, although the issue has since been resolved. Ultimately, it was the fishermen themselves who decided to remove that blockade, not any formal action of the Canadian Government in enforcing, if you will, the Canadian court order. Indeed, the Canadian Minister of Fisheries, who met with the fishermen yesterday, was quoted in the press as saying he would not even ask the fishermen to cease the blockade.

I know emotions run high. I very much value our relationship with our Canadian neighbors. But an unlawful act such as this, where United States commerce is affected, United States mails are affected, the orderly transportation of United States citizens is affected, and the Canadian and the British Columbian justice systems fail to take immediate action to terminate the illegalities, was very disappointing to those of us in Alaska and the United States.

I know the administration views this matter seriously. I know they have under consideration certain steps that may be necessary to protect U.S. interests. I believe the Senate should show its support for the President in this matter and that is exactly what the resolution does.

It specifically encourages using United States assets and personnel to protect United States citizens exercising their right of innocent passage through the territorial seas of Canada from such illegal actions or harassment, until such time as the President determines the Government of Canada has adopted a long-term policy that ensures such protection. That could include escort by the U.S. Coast Guard, if necessary.

Second, it says we should consider prohibiting the import of select Canadian products until such time as the President determines that Canada has adopted a long-term policy that protects United States citizens exercising the right of innocent passage through the territorial seas of Canada from illegal actions or harassment.

Third, it suggests the possibility of directing that no Canadian vessel may anchor or otherwise take shelter in United States waters off Alaska or any other State without formal clearance from United States Customs, except of course in the case of storms or other emergencies.

Fourth, it reflects that the President might find it appropriate to say that no fish or shellfish taken in sport fisheries in the Province of British Columbia may enter the United States.

Last, it suggests enforcing U.S. laws with respect to all vessels in Dixon Entrance, including the waters where jurisdiction is disputed. It is my hope these actions will not be necessary, and that we will get the necessary assurances from the Canadian Government.

Many say this is a fishing issue. Mr. President, the fishing issue is paramount but that can only be resolved through negotiations. It is fair to say of the last negotiation, that the Canadians saw fit to walk out and have not been back since. It is my hope those negotiations will resume soon, but that takes two parties to begin.

In any event, I ask my colleagues for support on the Senate resolution.

Mr. President, It is my intention, with the permission of the floor manager, to ask for the yeas and nays on the amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. MURKOWSKI. I assume we could, perhaps, arrange for a rollcall vote around 4 o'clock, or stacked with the other votes that are pending, if that is in agreement with my friend?

Mr. COCHRAN. If the Senator will yield, I am prepared to make a unanimous-consent request to that effect, if that is satisfactory to the Senator.

Mr. MURKOWSKI. I yield the floor and I thank the Presiding Officer and my colleague.

Mr. COCHRAN. Mr. President, I ask unanimous consent that Senate Resolution 109, the Murkowski-Stevens resolution, be temporarily set aside and a vote occur on the adoption of the resolution at 4 o'clock p.m. today, to be immediately followed by the vote on the Cochran motion to table the Durbin amendment, No. 965. I finally ask consent that there be 2 minutes, equally divided, for debate prior to the second vote.

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

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate resumed consideration of the bill.

AMENDMENT NO. 963, AS MODIFIED

Mr. COCHRAN. Mr. President, I send a modification to amendment numbered 963 to the desk.

The PRESIDING OFFICER. Without objection, that amendment is modified.

The amendment (No. 963), as modified, is as follows:

At the appropriate place in the bill, insert the following:

SEC. ___. RURAL HOUSING PROGRAMS.

(a) HOUSING IN UNDERSERVED AREAS PROGRAM.—The first sentence of section 509(f)(4)(A) of the Housing Act of 1949 (42 U.S.C. 1479(f)(4)(A)) is amended by striking ''fiscal year 1997'' and inserting ''fiscal year 1998''.

(b) HOUSING AND RELATED FACILITIES FOR ELDERLY PERSONS AND FAMILIES AND OTHER LOW-INCOME PERSONS AND FAMILIES.—

(1) AUTHORITY TO MAKE LOANS.—Section 515(b)(4) of the Housing Act of 1949 (42 U.S.C. 1485(b)(4)) is amended by striking ''September 30, 1997'' and inserting ''September 30, 1998''.

(2) SET-ASIDE FOR NONPROFIT ENTITIES.—The first sentence of section 515(w)(1) of the Housing Act of 1949 (42 U.S.C. 1485(w)(1)) is amended by striking ''fiscal year 1997'' and inserting ''fiscal year 1998''.

(3) LOAN TERM.—Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended—

(A) in subsection (a)(2), by striking ''up to fifty'' and inserting ''up to 30''; and

(B) in subsection (b)—

(i) by striking paragraph (2) and inserting the following:

''(2) such a loan may be made for a period of up to 30 years from the making of the loan, but the Secretary may provide for periodic payments based on an amortization schedule of 50 years with a final payment of the balance due at the end of the term of the loan;'';

(ii) in paragraph (5), by striking ''and'' at the end;

(iii) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(7) the Secretary may make a new loan to the current borrower to finance the final payment of the original loan for an additional period not to exceed twenty years, if—

''(A) the Secretary determines—

''(i) it is more cost-efficient and serves the tenant base more effectively to maintain the current property than to build a new property in the same location; or

''(ii) the property has been maintained to such an extent that it warrants retention in the current portfolio because it can be expected to continue providing decent, safe, and affordable rental units for the balance of the loan; and

''(B) the Secretary determines—

''(i) current market studies show that a need for low-income rural rental housing still exists for that area; and

''(ii) any other criteria established by the Secretary has been met.''.

(c) LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.—Section 538 of the Housing Act of 1949 (42 U.S.C. 1490p–2) is amended—

(1) in subsection (q), by striking paragraph (2) and inserting the following:

''(2) ANNUAL LIMITATION ON AMOUNT OF LOAN GUARANTEE.—In each fiscal year, the Secretary may enter into commitments to guarantee loans under this section only to the extent that the costs of the guarantees entered into in such fiscal year do not exceed such amount as may be provided in appropriation Acts for such fiscal year.'';

(2) by striking subsection (t) and inserting the following:

''(t) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 1998 for costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of loan guarantees made under this section such sums as may be necessary for such fiscal year.''; and

(3) in subsection (u), by striking ''1996'' and inserting ''1998''.

Mr. COCHRAN. For the information of Senators, this amendment modifies the amendment previously agreed to, that had been offered by me for Senators D'AMATO and SARBANES regarding rural housing.

Mr. President, we hope to continue to consider amendments of Senators so we can proceed to complete action on this bill today. We now have two votes that have been set to occur beginning at 4 o'clock this afternoon.

There are, to our knowledge, at least two more amendments that are going to be offered that will probably require rollcall votes. What we would like to do is to stack votes on those amendments immediately following the votes that have now been ordered, and then have final passage of the bill.

To do that, we need to have the cooperation of all Senators who are interested in the passage of this bill and those who have amendments to the bill. We hope they will come to the floor as soon as possible to offer their amendments.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. 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, first I want to commend the chairman, Senator COCHRAN, and the ranking Democratic member, Senator BUMPERS, for their efforts in putting together this Agriculture appropriations measure. They have put a lot of work into crafting a bill that stays within the subcommittee's allocation while seeking to satisfy many competing demands for funding. I have appreciated very much working with them and with their staffs in the subcommittee on this bill.

AMENDMENT NO. 968

(Purpose: To provide funding for tobacco and nicotine enforcement activities of the Food and Drug Administration, with an offset)

Mr. HARKIN. Overall, I believe it is an excellent bill and one I wholeheartedly support. However, there is in this bill, I believe, a glaring shortfall relating to the level of funding provided for the Food and Drug Administration's enforcement and outreach efforts to prevent smoking by America's children.

The budget request for FDA includes $34 million for this purpose, but the reported bill provides only $4.9 million. The amendment that Senator CHAFEE and I will be offering will provide FDA the full $34 million it needs to implement a nationwide effort in all 50 States to help our kids avoid the deadly trap of tobacco. The needed funding is truly a drop in the bucket compared to the $50 billion or more our Nation spends each year on medical costs attributable to smoking.

Everyone, including even the tobacco companies, claims to be against underage smoking. But those assertions are just empty words if we fail to provide the necessary resources to carry out the FDA rules specifically designed to prevent sales of tobacco to children.

With this amendment, the rubber really meets the road. It presents this body with a clear choice whether we are really serious about attacking underage smoking.

In discussing our amendment, I hope that Members of the Senate will not lose sight of what is really at stake. Disease, suffering, and death caused by smoking and nicotine addiction is clearly at horrendous proportions in our Nation. With a death toll of more than 400,000 each year, smoking kills more Americans than AIDS, alcohol, motor vehicles, fires, homicides, illicit drugs and suicide all combined.

Here is a chart, Mr. President, that shows that in graphic detail: The comparative causes of annual deaths in the United States. Here we see 30,000 in AIDS deaths, 105,000 from alcohol, and those from homicides, illicit drugs, suicides. Here is smoking, 418,000 per year. There are more deaths caused by smoking than all of the rest put together.

This is truly an epidemic, an epidemic that begins with underage smoking. Mr. President, 4.5 million kids aged 12 to 17 are smokers today. Almost 90 percent of adult smokers began at or before the age of 18. The average youth smoker begins at age 13 and becomes a daily smoker by the age of 14½. Thousands of our kids are drawn into smoking every day. It is no longer even an arguable point that they have been targeted for recruitment into a deadly habit. Today, just like every day, 3,000 young Americans will begin

smoking and 1,000 of them will die from it. At current rates, 5 million American kids under 18 who are alive today will be killed by smoking-related disease.

The upward trend in teenage smoking is even more frightening. Smoking among high school seniors is at a 17-year high. Mr. President, again, here is a graph that shows it in detail. The smoking rates among high school seniors are at a 17-year high. These are the trends of cigarette smoking among high school seniors, 12th grade, 1980 to 1996. Look what has been happening since about 1991, 1992. This graph is going off the charts—a 17-year high.

The statistics on smoking among young women and girls are just as shocking. Smoking among eighth grade girls—yes, I said that correctly, eighth grade girls—jumped over 60 percent from 1991 to 1996, with rates of smoking now higher for 8th- and 10th-grade girls than for boys. And smoking among black children of this age nearly doubled during this time period.

Our children are our future, as we all know. But thanks to smoking, millions of American kids will not be leading long and fulfilling lives. Instead, they will be filling hospital beds and coffins long before their time.

The epidemic of teenage smoking is a crisis that is beyond partisanship. Responding to it should lift us up above everyday politics. That is why I am so proud to have the distinguished Senator from Rhode Island, Senator CHAFEE, as a cosponsor of this bipartisan amendment.

Unquestionably, Mr. President, a key factor in youth smoking is that it is far too easy for kids to buy tobacco. Not only is it far too easy, but we now know that the tobacco companies, through the use of slick advertising, through the use of Joe Camel, through the use of the Marlboro Man and Virginia Slims and all of the fancy advertising that they have done, have targeted kids with Marlboro gear, the Camel coupons you can redeem for Camel gear and for beach wear and radios and cassette players, jackets and all the things that teenagers like to accumulate. We know that the tobacco companies have targeted teenagers for smoking with their advertising.

When you combine that targeting of the advertising with the easy access for kids to buy tobacco, that is why you have teenage smoking at a 17-year high. I believe that this recent rise is due to the tremendous amount of advertising targeted to our youth and the ease with which youth can buy tobacco.

A review of numerous studies has shown that children and adolescents were able to buy tobacco products successfully 67 percent of the times that they tried. Over 60 percent of kids who smoke say they buy their own. One study showed that over 75 percent of underage high school students who had bought cigarettes in a store or a gas station in the past 30 days said they were not asked to show proof of age.

It has been demonstrated that enforcement of youth access laws can successfully reduce tobacco sales to minors and reduce youth smoking rates. That just makes good common sense and that is exactly the basis on which the FDA acted.

Let me describe the FDA initiative that our amendment funds. In August of 1996, FDA issued rules specifically designed to reduce the number of kids who start smoking. The most important of the rules set a national legal age of 18 for the purchase of tobacco products and require retailers to check photo ID's of consumers seeking to purchase tobacco who appear to be younger than 27 years of age. Those rules went into effect in February of this year.

Now, some might say, is this necessary that we have this photo ID rule with a cutoff of 27 years of age? Well, I ask you, Mr. President, and other Senators to look at this picture. Which one is age 16? Is it Melissa here on the left or is it Amy here on your right, both coming up to the counter to buy cigarettes? Can you tell which one is 16? If they walked into a store, would the clerk know which one was under age 18? Well, to eliminate the guesswork, FDA requires retailers to card anyone, to have proof of ID for anyone who appears under 27. In case you are wondering, Melissa here is 16 and Amy here is 25. That is the problem we have. And that is why FDA acted.

The public overwhelmingly supports putting a stop to illegal sales of tobacco to minors. A new poll shows that 92 percent of Americans agree that young people should be required to show a photo ID to buy tobacco products. Eighty-seven percent agree with the FDA rule setting a national minimum age of 18 for buying tobacco mandating ID checks of all tobacco purchasers appearing to be under the age of 27.

FDA needs $34 million for enforcement and outreach that will help all 50 States carry out the minimum age and photo ID rules. There is no question that the States need help in the area of enforcement. Despite the fact that it is against the law in all 50 States to sell cigarettes and smokeless tobacco to minors, our young people purchase an estimated $1.26 billion—billion—worth of tobacco each year. The FDA initiative directly addresses these enforcement problems. It will keep tobacco out of the hands of children.

Of the $34 million, $24 million will go to enforcement and evaluation, with the vast majority of that going out to the States through contracts. And $10 million of the $34 million will go to outreach efforts for educating retailers and the public about complying with the rules.

The point of the initiative is to prevent our kids from buying tobacco illegally and to help our small businesses and our retailers to come into compliance with the law. The FDA initiative is not a new, big Federal regulatory program. The bulk of the money will go directly to support State and local efforts. Without this funding, the States will not have the resources they need for their efforts against illegal tobacco sales to kids. By the end of fiscal year 1997, FDA expects to have contracted with the first 10 States. The increased funding will allow a comprehensive national enforcement effort with contracts in all 50 States.

Now, Mr. President, it is true that the tobacco industry has challenged FDA's tobacco regulation in court. Well, they went to court. They had their day in court. However, the authority of FDA to carry out the minimum age and photo ID rules was fully upheld in April by the Federal district court in Greensboro, NC. The $34 million request in FDA's budget, which our amendment would provide, would be used for activities that the Greensboro Federal court gave the green light to. That decision did not reduce the need for fully funding the FDA initiative.

Mr. President, I have a letter from Secretary of Health and Human Services Shalala supporting this point. I ask unanimous consent to have it printed in the RECORD.

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

THE SECRETARY OF HEALTH AND HUMAN SERVICES,
Washington, DC, July 14, 1997.

Hon. THAD COCHRAN,
Chairman, Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Committee, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: As you approach your subcommittee's consideration of the Fiscal Year 1998 budget request for the Food and Drug Administration, questions have been raised about FDA's ability to spend the funds for the youth smoking initiative requested by the President.

Earlier this year, the Federal District Court in Greensboro, North Carolina, upheld the FDA's assertion of jurisdiction as well as all of the access and labeling provisions of FDA's 1996 regulations. The Court kept in place the age and photo ID provisions that have been in effect since February 1997 and stayed the effective date of the remaining provisions. Finally, it overturned the advertising restrictions. FDA has appealed this portion of the ruling.

The President requested $34 million in funding to enforce the tobacco rule, which will be used to implement the provisions upheld by the Court. Indeed, this funding is vital to oversee the age and photo ID requirements already in effect. There are approximately 500,000 retailers who sell tobacco products in the United States. Each year, more than $1 billion in illegal sales to children and adolescents occur. Stopping the sale to minors is of paramount importance to protect our nation's youth.

The bulk of the $34 million will be spent on contracts with the states that want to join FDA in ensuring retailer compliance with the provisions already in place. (By the end of this fiscal year, the agency expects to have contracted with the first ten states who have joined with us to address this problem.) Without these funds, FDA will not have the credible national enforcement program required to reduce significantly young people's access to tobacco.

The remaining funds are necessary to educate retailers and the public about the new rules. An effective compliance outreach program will increase the likelihood that retailers will understand and comply with the age and photo ID provisions of the tobacco regulations. Retailers who do not know about the rules cannot possibly comply with them.

By providing the full funding requested by the agency, FDA will be able to put in place a comprehensive enforcement and outreach program. Every day, another 3,000 young people become regular smokers; of these 1,000 will die prematurely because of their smoking. If funds are provided by the Congress, the new FDA tobacco regulation will significantly help prevent another generation of young people from endangering their lives because of this deadly addiction. I appeal to you to help us assure that funding.

An identical letter is being sent to Senator Bumpers.

Sincerely,

DONNA E. SHALALA.

Mr. HARKIN. Mr. President, as the letter from Secretary Shalala makes clear, the full $34 million is needed to carry out the minimum age and photo ID rules. She states:

Without these funds, FDA will not have the credible national enforcement program required to reduce significantly young people's access to tobacco.

Again, the pending litigation has not reduced FDA's need for or its ability to utilize the $34 million. So our amendment provides the full funding for FDA to work with the States to carry out the minimum age and photo ID rules.

Now, where do we get the money? We offset the full cost of the FDA youth smoking initiative by increasing the tobacco marketing assessment from the current 1 percent of the national price support level to 2.1 percent for the 1998 crop of flue-cured tobacco and for the 1997 crop of burley and other tobacco. The increase will apply to assessments expected to be collected in fiscal year 1998. That is because flue-cured tobacco is marketed in the summer, while burley and others are marketed almost entirely after October 1.

The full cost of the increase would be borne by purchasers of tobacco, that is, the tobacco companies. In addition, for the tobacco covered by the amendment, half of the current 1 percent assessment now paid by producers would be shifted to purchasers, thus providing assessment relief to tobacco farmers.

We have heard concerns expressed clearly and forcefully on the floor of the Senate about the consequences for our tobacco farmers of changes in tobacco policies. I am very sympathetic to the situation of any farmer, including tobacco farmers. They are just trying to make a living. I know how hard farmers work and what a struggle it is for them to make a living. So I am concerned, also, about the impacts on tobacco-farming families.

For that reason, this amendment is crafted to relieve tobacco farmers of their obligation to pay a part of the marketing assessment on the tobacco covered by the amendment. Currently, the producer of domestic tobacco—that is the farmer —pays half of the assessment. That is one-half of 1 percent of the support price, with the purchaser paying the other one-half of 1 percent. What our amendment says is that the tobacco companies will pay the whole assessment, including the increase. So this amendment provides relief for our tobacco farmers because it will relieve them of the burden they have now of paying that one-half of 1 percent of the assessment. I might add, parenthetically, Mr. President, I believe if tobacco companies have to pay the full 2.1 percent, then they are going to pass costs along to the consumers—that is, those who smoke tobacco. On the one hand, we relieve the tobacco farmers of this burden and we have made those who use tobacco pay more.

As a nation, we are in solid agreement that use of tobacco by minors must be reduced—or at least we say we are. When that happens, it also means that we eventually will have fewer adults smoking. So it is our national policy that there will be less of a market in this country for tobacco. Tobacco farmers need to recognize that change is coming. But I also know that when markets for agricultural commodities change, it is often the farmers who bear the brunt of that change. It is no different for tobacco than for corn or soybeans or hogs or wheat or cotton or any other commodity. I hope that we will find more ways to help tobacco farmers deal with this change. In the meantime, I am suggesting that at least we should require that tobacco companies pay the marketing assessment. It will ease the burden on tobacco farmers, who clearly are facing uncertainty.

Mr. President, we simply cannot continue to postpone addressing the monumental costs to society of tobacco use on the grounds that doing so may have some negative impact on farmers. There are too many lives at stake—lives of people who are children today.

Again, let me make it clear that this amendment does not give FDA any additional jurisdiction over tobacco farmers. It does not create any new authority for FDA to regulate tobacco farmers or become involved in the marketing by farmers of tobacco. The offset in the amendment involving an increase in the assessment involves only the Department of Agriculture, not the FDA.

Now, Mr. President, there is some misinformation floating around to the effect that we do not need this FDA funding because of the proposed tobacco settlement that is now under review by the Congress and the administration. Well, Mr. President, this FDA initiative against youth smoking was begun long before the tobacco settlement talks even started. The minimum age and photo ID check rules are in place and are working. But there is a pressing need for more funding to allow all 50 States to carry out enforcement efforts aimed at preventing youth smoking. There plainly is no good reason for delaying full implementation of the FDA initiative. We should not await the uncertain fate of the tobacco settlement before putting the necessary resources into FDA's enforcement and outreach efforts to stop underage smoking. As a nation, we cannot afford to continue losing our kids to tobacco at the horrendous rates that we are now experiencing. So the proposed tobacco settlement and this FDA initiative are totally separate matters—there should be no confusion on this point—and there is no inconsistency between them either.

Mr. President, I have here a letter from 33 attorneys general involved in the settlement activities, who write in support of full funding for the FDA initiative, what our amendment here provides. The 33 attorneys general who are involved in the settlement say they support full funding of this initiative. They would not have signed the letter if there were any reason to delay funding the FDA efforts pending possible legislation to carry out the settlement.

I ask unanimous consent to have that letter printed in the RECORD.

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

ATTORNEY GENERAL OF WASHINGTON,
Olympia, WA, June 20, 1997.

Hon. TED STEVENS,
Chair, Senate Appropriations Committee, Hart Senate Office Building, Washington, DC.

Hon. ROBERT BYRD,
Ranking Member, Senate Appropriations Committee, Hart Senate Office Building, Washington, DC.

Hon. THAD COCHRAN,
Chair, Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies, Russell Senate Office Building, Washington, DC.

Hon. DALE BUMPERS,
Ranking Member, Senate Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies, Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR STEVENS: We are writing as the attorneys general for our respective states in support of the Food and Drug Administration's (FDA) request for $34 million to implement the tobacco initiative in the Agriculture Appropriations bill. This funding is critical to our efforts to protect kids from tobacco sales.

There is no reason not to fully fund the FDA tobacco regulations. A Federal District Court recently upheld FDA's general jurisdiction over the sale of tobacco products to minors, and the American public overwhelmingly supports this initiative. The tobacco industry failed in its legal effort to derail FDA's important protections for kids. Now, local, state and federal officials must move forward and work together to implement FDA's regulations.

In 1994, attorneys general from around the country issued a report illustrating the need for comprehensive new policies to protect kids from tobacco. In the past three years, 40 attorneys general have filed suit against the tobacco industry to recover damages caused by their behavior. To stop the marketing of tobacco products to kids is a primary goal of these lawsuits against the tobacco industry.

We are prepared to work hand-in-hand with FDA to ensure that the provisions of its tobacco initiative are fully enforced. Towards this end, FDA has allocated a significant portion of the $34 million to go directly to

the states to help with enforcement. This money is critical to ensuring our country's success in reducing tobacco use by youth.

We need to act without delay: cigarette smoking among high school seniors is at a 17 year high and smoking among 8th and 10th graders has increased by more than 50 percent since 1991. Tobacco use is clearly a problem that starts with children: almost 90 percent of adult smokers started using tobacco at or before age 18, and the average youth smoker begins at age 13 and becomes a daily smoker by age 14½.

While some provisions of FDA's initiative are on hold pending appeal, the court fully upheld FDA's funding that cigarettes and smokeless tobacco products are both drugs and drug delivery devices. In addition, the court provided FDA with full authority to continue implementing provisions requiring retailers to check photo identification of consumers seeking to purchase tobacco who appear to be younger than 27 years of age. Strong enforcement of this provision is key to reducing youth access to tobacco products. The $34 million requested by FDA will provide much needed funding for enforcement by state and local officials.

Currently, it is far too easy for kids to buy cigarettes and chewing tobacco through vending machines and at retail outlets. A review of thirteen studies of over-the-counter sales found that, on average, children and adolescents were able to successfully buy tobacco products 67 percent of the time. We can substantially improve on this record by providing funding for the FDA regulations.

The tobacco industry's record of targeting our kids is clear. Now is the time to stand up for America's kids and protect them from cigarettes and chewing tobacco. FDA's jurisdiction over sales to minors has been upheld in court and enjoys strong support among the people of our states. We hope you will vote for full-funding of this critical initiative.

Sincerely,

CHRISTINE O. GREGOIRE,
Attorney General.

Bruce M. Botelho, Attorney General of Alaska; Grant Woods, Attorney General of Arizona; Gale A. Norton, Attorney General of Colorado; Richard Blumenthal, Attorney General of Connecticut; A. Jane Brady, Attorney General of Delaware; Robert A. Butterworth, Attorney General of Florida; Alan G. Lance, Attorney General of Idaho; Jim Ryan, Attorney General of Illinois; Tom Miller, Attorney General of Iowa; Carla J. Stovall, Attorney General of Kansas; Richard P. Ieyoub, Attorney General of Louisiana; Andrew Ketterer, Attorney General of Maine; A. Joseph Curran, Jr., Attorney General of Maryland; Scott Harshbarger, Attorney General of Massachusetts; Hubert H. Humphrey III, Attorney General of Minnesota.

Mike Moore, Attorney General of Mississippi; Jeremiah W. Nixon, Attorney General of Missouri; Joseph P. Mazurek, Attorney General of Montana; Frankie Sue Del Papa, Attorney General of Nevada; Philip McLaughlin, Attorney General of New Hampshire; Peter Verniero, Attorney General of New Jersey; Dennis C. Vacco, Attorney General of New York; Heidi Heitkamp, Attorney General of North Dakota; Betty D. Montgomery, Attorney General of Ohio; A. A. Drew Edmondson, Attorney General of Oklahoma; Hardy Myers, Attorney General of Oregon; D. Michael Fisher, Attorney General of Pennsylvania; Jeffrey B. Pine, Attorney General of Rhode Island; Jan Graham, Attorney General of Utah; William H. Sorrell, Attorney General of Vermont; Darrell V. McGraw, Jr., Attorney General of West Virginia; James E. Doyle, Attorney General of Wisconsin.

Mr. HARKIN. Mr. President, our amendment would in no way prejudice or in any way affect the outcome of any legislation designed to implement the settlement. Mr. President, I also have two additional letters here. One is from Secretary Shalala and one is from Michael Moore, the Mississippi attorney general who has led the attorneys general in the tobacco settlement negotiations. As you know, Mississippi already reached a settlement with the tobacco companies. Michael Moore led these efforts. I just want to read an excerpt from his letter dated July 21, 1997:

Dear SENATOR HARKIN:

I am writing to express my strong support for your amendment to the Agriculture Appropriations bill to provide full funding for the Food and Drug Administration's initiative to protect kids from tobacco. This is a critical program that must be supported without delay.

Attorney General Moore of Mississippi goes on to say:

There has been some confusion regarding your amendment and whether it would interfere or conflict with the proposed settlement with the tobacco industry. Some Members of Congress have also stated that they believe funding FDA's tobacco program is unnecessary because money will be forthcoming from a settlement. No one is more anxious than I to have Congress promptly address the settlement; but let me be very clear:

Again, I am reading from Attorney General Moore's letter.

passage of your amendment is critical because we can't be certain that the tobacco settlement will be passed or implemented in time to provide the needed funds for the upcoming fiscal year. Congress should not jeopardize the current FDA tobacco initiative unless we are assured of the immediate passage of legislation regarding the settlement.

Immediate full funding for the FDA rule is appropriate because the agency's initiative is already in place and has been implemented.

Secretary Shalala, in her letter dated July 22, says:

Let me emphasize that the funding requested by the administration is separate from any funds that might be available sometime in the future as a result of any settlement. Further, I do not believe it would prejudice or predetermine in any way future congressional action regarding the settlement.

I ask unanimous consent that the letter from Secretary Shalala and the one from Attorney General Mike Moore of Mississippi be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE SECRETARY OF HEALTH AND HUMAN SERVICES,
Washington, DC, July 22, 1997.

Hon. TOM HARKIN,
U.S. Senate, Washington, DC.

DEAR TOM: Thank you for your leadership in the effort to fully fund the Food and Drug Administration's fiscal year 1998 budget request for the youth smoking initiative. I understand that questions have been raised regarding the relationship of this amendment to the funds discussed in the proposed tobacco settlement.

Let me emphasize that the funding requested by the Administration is separate from any funds that might be available sometime in the future as a result of any settlement. Further, I do not believe it would prejudice or predetermine in any way future congressional action regarding the settlement.

As you know, the Department intends to use the funding requested by the President for FY 1998 to enforce the age and photo ID provisions of the tobacco regulation that are already in effect. This regulation has been upheld by the Federal District Court in Greensboro, North Carolina and has the force of law.

By contrast, the proposed tobacco settlement is still under review by the Administration. No legislation has been considered by Congress and the appropriate committees have just begun to hold hearings. For these reasons, the time frame and likelihood for final action by the White House and Congress on the proposed settlement are entirely unclear. Even under the most optimistic scenario, it is unlikely that any funds under such a settlement would be available in FY98.

I hope that this addresses the questions that have been raised. Please let me know if any additional information is necessary.

Sincerely,

DONNA E. SHALALA.

STATE OF MISSISSIPPI,
OFFICE OF THE ATTORNEY GENERAL,
Jackson, MS, July 21, 1997.

Hon. TOM HARKIN,
U.S. Senate, Washington, DC.

DEAR SENATOR HARKIN. I am writing to express my strong support for your amendment to the Agriculture Appropriations bill to provide full funding for the Food and Drug Administration's initiative to protect kids from tobacco. This is a critical program that must be supported without delay.

There has been some confusion regarding your amendment and whether it would interfere or conflict with the proposed settlement with the tobacco industry. Some Members of Congress have also stated that they believe funding FDA's tobacco program is unnecessary because money will be forthcoming from a settlement. No one is more anxious than I to have Congress promptly address the settlement; but let me be very clear; passage of your amendment is critical because we can't be certain that the tobacco settlement will be passed or implemented in time to provide the needed funds for the upcoming fiscal year. Congress should not jeopardize the current FDA tobacco initiative unless we are assured of the immediate passage of legislation regarding the settlement.

Immediate full funding for the FDA rule is appropriate because the agency's initiative is already in place and has been implemented. A Federal Court in Greensboro, North Carolina, fully upheld FDA's authority over tobacco products. I sincerely hope the settlement with the tobacco companies will be enacted into law, but in the meantime, let's immediately stop the illegal sale of tobacco to minors.

Regardless of what happens with the settlement, the FDA rule is in place and should remain a national priority. I commend you for your efforts to provide full funding for this historic program and wish you success.

Sincerely,

MIKE MOORE,
Attorney General.

Mr. HARKIN. Again, Mr. President, both letters make it clear that the tobacco settlement does not obviate the need for the FDA funding that we provide in our amendment and that providing the funding would not interfere with the settlement.

In closing, Mr. President, I want to thank Senator BYRD for his excellent addition to our amendment. Senator BYRD has been the leader in the Senate in focusing, also, on the horrendous problem of youth drinking and the need to clamp down on young people buying alcohol. Senator BYRD's addition requires that States be encouraged to coordinate their enforcement of the tobacco ID check with enforcement of laws that prohibit underage drinking.

Mr. President, this is a significant improvement to our original proposal. I commend my distinguished senior colleague from West Virginia for providing this language. As I said to Senator BYRD, if we tighten down on these ID checks, if we provide the funding so that when Melissa—Melissa is 16 and she looks older than Amy who is age 25—goes in to buy tobacco we will also attack underage drinking. A lot of times they may be buying beer or wine along with tobacco. As long as an ID check is made, it will stop underage drinking as well as smoking. So I agree with Senator BYRD that the States should coordinate their enforcement of tobacco ID checks with enforcement of laws that prohibit underage drinking.

Mr. President, again, I have an amendment here that incorporates that language from Senator BYRD. I thank my colleague, Senator CHAFEE, for his cosponsorship.

Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. HARKIN], for himself, Mr. CHAFEE, Mr. LAUTENBERG, Mr. BYRD, and Mr. REED, proposes an amendment numbered 968.

Mr. HARKIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

Mr. HELMS. I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will continue reading the amendment.

The bill clerk read as follows:

At the end of title VII, insert the following:

SEC. . TOBACCO ASSESSMENTS.

Section 106 of the Agricultural Act of 1949 (7 U.S.C. 1445) is amended—

(1) in subsection (g)(1), by striking ''Effective'' and inserting ''Except as provided in subsection (h), effective''; and

(2) by adding at the end the following:

''(h) MARKETING ASSESSMENT FOR CERTAIN 1997 AND 1998 CROPS.—

''(1) IN GENERAL.—Effective only for the 1997 crop of tobacco (other than Flue-cured tobacco) and the 1998 crop of Flue-cured tobacco for which price support is made available under this Act, each purchaser of such tobacco, and each importer of the same kind of tobacco, shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

''(A) in the case of a purchaser of domestic tobacco, 2.1 percent of the national price support level for each such crop; and

''(B) in the case of an importer of tobacco, 2.1 percent of the national support price for the same kind of tobacco;

as provided for in this section.

''(2) COLLECTION AND ENFORCEMENT.—The purchaser and importer assessments under paragraph (1) shall be—

''(A) collected in the same manner as provided for in section 106A(d)(2) or 106B(d)(3), as applicable; and

''(B) enforced in the same manner as provided in section 106A(h) or 106B(j), as applicable.

''(3) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.

Notwithstanding any other provision of this Act, $964,261,000 is provided for salaries and expenses of the Food and Drug Administration. In carrying out their responsibilities under the Food and Drug Administration's youth tobacco use prevention initiative, States are encouraged to coordinate their enforcement efforts with enforcement of laws that prohibit underage drinking''.

Mr. KENNEDY. Mr. President, I strongly support the Harkin amendment to the Agriculture appropriations bill. The illegal sale of tobacco products to teenagers is a serious national problem. Each year, it is estimated that a half a billion cigarettes are sold to Americans under the age of 18.

The Harkin amendment is an important test of the genuineness of the Senate's commitment to reducing teenage smoking by fully funding the enforcement of the FDA tobacco regulations. These FDA rules prohibit the sale of tobacco to minors, and require retailers to check the photo identification of consumers who purchase tobacco products if they appear to be 27 years old or younger. Of the $34 million, $24 million will go to the States for enforcement.

The Harkin amendment also represents an important test of the Senate's resolve to support FDA regulation of tobacco. Three months ago, a federal court in Greensboro, NC upheld FDA's authority to issue the youth access regulations. But rather than strengthening the FDA's hand by providing the agency with the necessary funds to enforce the rules, the current bill shamefully weakens the FDA's authority appropriating only $5 million for enforcement, or just one-seventh of the President's request for $34 million.

Some argue that the Senate should wait until the so-called global tobacco settlement is enacted into law before funding the regulations, despite the fact that serious concerns have been raised that the settlement doesn't adequately protect the public health. Even if some version of the settlement is approved, it will not be in time for the current budget cycle. In addition, 33 of the State attorneys general who negotiated the settlement support the $34 million funding level.

Each day we delay in funding the FDA regulations, 3,000 new smokers between the ages of 12 and 17 will take up smoking—or 1 million a year.

According to a spring 1996 survey conducted by the University of Michigan Institute for Social Research, the prevalence of youth tobacco use in America has been on the increase over the last 5 years. It rose by nearly 50 percent among 8th and 10th graders, and by nearly 20 percent among high school seniors between 1991 and 1996.

When children are hooked on cigarette smoking at a young age, it is especially hard for them to quit. Ninety percent of current adult smokers began to smoke before they reached the age of 18. Ninety-five percent of teenage smokers say they intend to quit in the near future—but only a quarter of them will actually do so within the first 8 years of beginning to smoke.

Tobacco companies have known this fact for years—and used it cynically to their advantage. Many experts believe that if the industry cannot persuade children to take up smoking, the industry will collapse within a generation.

That's why ''Big Tobacco'' targets children with billions of dollars in advertising and promotional giveaways, promising popularity, excitement, and success for those who take up smoking.

Because of these marketing practices, the Centers for Disease Control and Prevention estimate that 5 million of today's children will die prematurely from smoking-caused illnesses.

In addition, the Center on Addiction and Substance Abuse at Columbia University has found that smoking is a gateway to the use of illegal drugs. Children between the ages of 12 and 17 who smoke are 12 times more likely to use heroin and 19 times more likely to use cocaine than nonsmokers. The younger a person begins to use tobacco, the higher the likelihood of regular drug use as adults.

By providing the full $34 million that President Clinton requested to implement photo I.D. checks for the purchase of tobacco products by anyone under the age of 27, the Senate can make an important difference in reducing tobacco use among the Nation's youth.

The additional Federal funds in the Harkin amendment to enforce the FDA tobacco regulations are clearly needed, and I urge the Senate to approve the amendment.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

AMENDMENT NO. 969 TO AMENDMENT NO. 968

(Purpose: To impose an assessment on ethanol manufacturers)

Mr. HELMS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER (Mr. HAGEL). The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS], for himself, and Mr. FAIRCLOTH, proposes an amendment numbered 969 to amendment numbered 968.

Strike all after the first word and insert the following:

ASSESSMENT FOR ETHANOL PRODUCERS.

(a) IN GENERAL.—For fiscal year 1998, the rate of tax otherwise imposed on a gallon of ethanol under the Internal Revenue Code of 1986 shall be increased by 3 cents and such rate increase shall not be considered in any determination under section 9503(f)(3) of the Internal Revenue Code of 1986.

(b) ESTABLISHMENT OF TRUST FUND.—

(1) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 (relating to trust fund code) is amended by adding at the end the following new section:

"SEC. 9512. TRUST FUND FOR ANTI-SMOKING ACTIVITIES.

''(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Trust Fund for Anti-Smoking Activities' (hereafter referred to in this section as the 'Trust Fund'), consisting of such amounts as may be appropriated or transferred to the Trust Fund as provided in this section or section 9602(b).

''(b) TRANSFERS TO TRUST FUND.—The Secretary shall transfer to the Trust Fund an amount equivalent to the net increase in revenues received in the Treasury attributable to section (a) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1998, as estimated by the Secretary.

''(c) DISTRIBUTION OF AMOUNTS IN TRUST FUND.—Amounts in the Trust Fund shall be available, as provided by appropriation Acts, to the Secretary of Health and Human Services for anti-smoking programs through the Substance Abuse and Mental Health Administration.''.

(2) CONFORMING AMENDMENT.—The table of sections for such subchapter A is amended by adding at the end the following new item:

''SEC. 9512. TRUST FUND FOR ANTI-SMOKING ACTIVITIES.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply fuel removed after September 30, 1997.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

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

Mr. HELMS. Mr. President, I ask for the yeas and nays on the underlying amendment.

The PRESIDING OFFICER. It would take unanimous consent to have the vote on underlying amendment.

Is there objection?

Mr. HARKIN. I object.

The PRESIDING OFFICER. Objection is heard.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

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

Mr. BYRD. Mr. President, I am pleased to cosponsor the HARKIN amendment to fund the Food and Drug Administration's youth smoking prevention initiative at $34 million for fiscal year 1998. This is a worthwhile amendment which has my support. I applaud the efforts of Mr. HARKIN to provide funding for this important initiative. Tobacco use among minors is illegal, and we should make every effort to prevent it.

I am particularly pleased that the amendment by Mr. HARKIN has been strengthened at my urging to encourage States to couple their youth smoking prevention efforts with State laws that prohibit underage drinking. These issues go hand in hand in preventing our youth from using destructive substances.

Alcohol is the drug of choice among teens as well as a lot of adults, I am sorry to say, and the consequences are devastating. According to statistics compiled by the National Center on Addiction and Substance Abuse, among children between the ages of 16 and 17, 69.3 percent have at one point in their lifetime experimented with alcohol. In the last month, approximately 8 percent of the Nation's eighth graders have been drunk.

Think of that, eighth graders. Approximately 8 percent of the Nation's eighth graders have been drunk. What's the matter with the parents? I wonder what the parents are doing letting their children in the eighth grade drink. I wouldn't consider myself much of a parent if I let my children drink. If they do that, I blame myself. But the fact is that 8 percent of the Nation's eighth graders have been drunk. It is pretty hard to believe. That would not have happened in my day going to school.

In 1995, there were 2,206 alcohol-related fatalities of children between the ages of 15 and 20. According to the National Center on Addiction and Substance Abuse at Columbia University, 37.5 percent of the young people who have consumed alcohol have also used some illicit drug, while only 5 percent of young people who have never consumed alcohol have used some illicit drug; 26.7 percent of those who have consumed alcohol have tried marijuana, while of those who have never consumed alcohol only 1.2 percent have tried marijuana. And 5 percent of youths who have partaken of alcohol have tried cocaine, while of those who do not drink alcohol only one-tenth of 1 percent have tried cocaine.

So it is not just that alcohol is a real starter not only for more alcohol but for illicit drugs, for marijuana, for cocaine.

Every State has a law prohibiting the sale of alcohol to individuals under the age of 21. How is it then that two out of every three teenagers who drink report that they can buy their own alcoholic beverages? Again, what is wrong with the parents? The parents are sleeping on the job. Two out of every three teenagers who drink report that they can buy their own alcoholic beverages. In my case, they would buy a good basting as well. My parents, they would not have put up with that, not with me, nor would other parents back in those days. We are living in a time, of course, when anything goes.

Our children are besieged with media messages that create the impression that alcohol can help to solve life's problems, lead to popularity, and enhance athletic skills. Do you want to be a good athlete? Drink. Drink beer. Do you want to be popular with the girls? Drink beer. Do you want to be popular with the boys? Drink beer. The media messages help to leave that impression. These messages, coupled with insufficient enforcement of laws prohibiting the consumption of alcohol by minors, give our Nation's youth the impression that it is OK for them to drink. This impression has deadly consequences. In the three leading causes of death for 15- to 24-year-olds—accidents, homicides and suicides—alcohol is a factor. Alcohol is involved in the three leading causes of death for 15- to 24-year-olds.

Efforts to curb the sale of alcohol to minors have high payoffs in helping to prevent children from drinking and driving death or injury. So I urge my colleagues to join me in support of the Harkin amendment to actively address two areas that so seriously harm the physical and mental health of our Nation's children. We have seen a great drive on in recent years by our Nation to curb the use of tobacco. All that is very well and good. I am not against that at all. But who has the nerve to raise the finger against alcohol? Who has the nerve to say, ''Don't drink, period.'' ''Don't drink, period.''

I congratulate my colleague, and I thank him for allowing me to join in the support of his amendment and for allowing me to add the language of my proposal that deals with drinking.

Mr. HARKIN. Will the Senator yield?

Mr. BYRD. I will yield provided, Mr. President, I do not lose the floor. I have to do this——

Mr. HARKIN. I understand.

Mr. BYRD. Yes.

Mr. HARKIN. I just wanted to thank the Senator from West Virginia for his addition to this amendment. The Senator from West Virginia, as I mentioned earlier, is the leading voice in this Chamber about the dangers of alcohol and alcohol addiction, especially drinking under age. It has become, like tobacco, the scourge of our Nation, especially, as the Senator said, beer drinking among teenagers in college, and that is just a gateway to harder alcohol and other drugs.

The Senator from West Virginia has done us a great service because most of the data that we have seen indicate that the teenagers who illegally buy tobacco also illegally buy alcohol.

Sometimes we tend to get blinders on around here; we don't see other things, and I would admit freely and openly that I had been focusing on the teenage smoking and had not thought about the other aspects of the teenager who walks in to buy the tobacco. And you can bet your bottom dollar, I say to my friend from West Virginia, that if this

girl here—as I said earlier, which one of these is underage—you really cannot tell—Melissa or Amy. This one looks the youngest. She has a pair of overalls on. This one looks older. But it turns out this one is 16 and this one is 25.

And you bet your bottom dollar, I ask the Senator from West Virginia, if this one, who is 16, walks in and is successful in buying cigarettes, then the next thing might be, well, as long as she got by with that, how about a six-pack of beer, too.

Mr. BYRD. Sure. Why not?

Mr. HARKIN. Why not? So the Senator is right on the mark. As long as you ID them, you better make sure they don't get the alcohol, too.

So I thank the Senator from West Virginia for helping us take the blinders off to see this has broader implications than just tobacco. This can help us cut down a lot on teenage drinking, and I thank my friend.

Mr. BYRD. Absolutely. And I say this not in defense of smoking, but the young lady or the young man who buys alcohol, or who buys tobacco is not likely to go out and take a smoke and wrap his car around the telephone pole killing himself or possibly some other teenagers or striking an automobile and killing a lady and her daughter who are out grocery shopping.

Mr. HARKIN. The Senator is right on the mark.

Mr. BYRD. I thank the Senator.

Mr. HARKIN. I thank the Senator.

Mr. BYRD. Mr. President, I promised the distinguished Senator from North Carolina, [Mr. HELMS], if he would have no objection in my calling off the quorum, I would ask for a quorum when I completed my statement.

Mr. CHAFEE. Mr. President, I ask the distinguished Senator from North Carolina whether——

Mr. BYRD. Mr. President, I yield for that purpose, for the purpose——

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. BYRD. The Senator is asking a question of the Senator from North Carolina.

Mr. HELMS. I will if the Senator will ask for the yeas and nays on the second-degree amendment.

Mr. CHAFEE. I do not want to get involved in the second-degree amendment. I just want to deliver a few pearls of wisdom in connection——

Mr. HELMS. Mr. President, I object.

Mr. CHAFEE. With the underlying amendment.

The PRESIDING OFFICER. The Senator from West Virginia has the floor.

Mr. BYRD. I promised the Senator from North Carolina, the State whose motto is ''To Be Rather Than To Seem,'' that I would suggest the absence of a quorum when I had finished. I will keep my promise. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

Mr. HARKIN. I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk continued to call the roll.

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

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

Mr. HELMS. Mr. President, I ask unanimous consent the following, and I believe it has been agreed to on the other side. One, that the yeas and nays be deemed to have been ordered on the second-degree amendment, the perfecting amendment; two, that the yeas and nays will be deemed to have been ordered on the underlying amendment; and then, at the appropriate time, that the vote to proceed, first on the second-degree perfecting amendment, and, if that fails, then there be an up-or-down vote on the underlying amendment—meaning that there will be roll-call votes, up or down, on both amendments.

AMENDMENT NO. 969, AS MODIFIED

First of all, I send to the desk a modification, before this is acted on.

The PRESIDING OFFICER. The amendment is so modified.

The amendment (No. 969), as modified, is as follows:

Strike all after the first word and insert the following:

ASSESSMENT FOR ETHANOL PRODUCERS.

(a) IN GENERAL.—For fiscal year 1998, the rate of tax otherwise imposed on a gallon of ethanol under the Internal Revenue Code of 1986 shall be increased by 3 cents and such rate increase shall not be considered in any determination under section 9503(f)(3) of the Internal Revenue Code of 1986.

(b) ESTABLISHMENT OF TRUST FUND.—

(1) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 (relating to trust fund code) is amended by adding at the end the following new section:

''SEC. 9512. TRUST FUND FOR ANTI-SMOKING ACTIVITIES.

''(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Trust Fund for Anti-Smoking Activities' (hereafter referred to in this section as the 'Trust Fund'), consisting of such amounts as may be appropriated or transferred to the Trust Fund as provided in this section or section 9602(b).

''(b) TRANSFERS TO TRUST FUND.—The Secretary shall transfer to the Trust Fund an amount equivalent to the net increase in revenues received in the Treasury attributable to section (a) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1998, as estimated by the Secretary.

''(c) DISTRIBUTION OF AMOUNTS IN TRUST FUND.—Amounts in the Trust Fund shall be available, as provided by appropriation Acts, to the Secretary of Health and Human Services for anti-smoking programs through the Substance Abuse and Mental Health Administration.''. The Secretary is directed to encourage States, in carrying out their responsibilities under the youth tobacco use prevention initiative, to coordinate their enforcement efforts with enforcement of laws that prohibit underage drinking.

(2) CONFORMING AMENDMENT.—The table of sections for such subchapter A is amended by adding at the end the following new item:

''Sec. 9512. Trust Fund for Anti-Smoking Activities.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply fuel removed after September 30, 1997.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, reserving right to object.

The PRESIDING OFFICER. There is an objection?

Mr. BYRD. Reserving the right to object, and I will object. I certainly have no objection to having the yeas and nays, but I prefer to do it in the constitutional route, have them ordered by one-fifth of the Senators who are present. For years we have objected to ordering the yeas and nays by unanimous consent.

Mr. HELMS. Very well.

Mr. BYRD. So I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HELMS. I object to the same thing, but I tried to hasten it a little bit.

I ask for the yeas and nays on the second-degree amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. The second-degree amendment, as modified, of course.

The PRESIDING OFFICER. It has already been modified.

Mr. HARKIN. We ask for the yeas and nays.

The PRESIDING OFFICER. Is there objection to ordering the yeas and nays on the first amendment?

Mr. BYRD. No objection.

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

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HARKIN. Parliamentary inquiry. I just want to know where we stand. We have now ordered the yeas and nays on both the underlying amendment and on the perfecting amendment, is that correct?

The PRESIDING OFFICER. That is correct.

Mr. HARKIN. As I further understand——

Mr. HELMS. As modified.

Mr. HARKIN. As I understand it——

Mr. HELMS. No, I mean the second-degree perfecting amendment, as modified.

Mr. HARKIN. I understand. As I further understand, the Senator from North Carolina asked consent that we have an up-or-down vote on his amendment, his perfecting amendment, and then an up-or-down vote on the underlying amendment.

Mr. HELMS. If the perfecting amendment is defeated.

Mr. HARKIN. If the perfecting amendment is defeated. Is that correct?

The PRESIDING OFFICER. That amendment was objected to.

Mr. COCHRAN. Reserving the right to object, this is a new request, as I understand it.

Parliamentary inquiry. Would this Senator have the right, for example, when Senators have indicated that they do not care to debate the issue any further, to move to table the underlying amendment and get the yeas and nays and have a vote on the motion to table the underlying amendment?

The PRESIDING OFFICER. Not if this agreement were entered into.

Mr. COCHRAN. Further inquiring of the Chair, there have been two unanimous-consent requests granted, or there have been the yeas and nays ordered on two amendments.

The PRESIDING OFFICER. That is correct.

Mr. COCHRAN. But now there is a request pending that there be an up-or-down vote on both amendments; is that a correct understanding of the request?

The PRESIDING OFFICER. Is the Senator from Iowa making that request?

Mr. HARKIN. Mr. President, let this Senator be clear. This Senator, in good faith, just went over to my friend from North Carolina and asked if we could get past this impasse in the following manner: Could we agree to have the yeas and nays on this Senator's underlying amendment, then to let the Senator from North Carolina modify his amendment and then ask for the yeas and nays on that amendment, and further, we agreed and shook hands that we would then have a vote on his amendment up or down, and then if he failed, then we would have a vote up or down on my amendment. I believe that was what the agreement was.

Mr. HELMS. Mr. President, let me be sure I understand the Senator. The first vote would be on the perfecting amendment, is that it?

Mr. HARKIN. That is correct. It would be an up-or-down vote on the perfecting amendment.

Mr. HELMS. I have no objection to that.

Mr. COCHRAN. And that is the amendment of the Senator from North Carolina, is that correct?

Mr. HELMS. Yes, the perfecting amendment, as modified.

Mr. HARKIN. And then if that amendment failed, then there would be an up-or-down vote on the underlying amendment, and that is what we are asking the Senate to do, to carry out that agreement that we made.

The PRESIDING OFFICER. Is there objection?

Mr. MCCONNELL. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. MCCONNELL. Then I gather the Senator from Iowa is making the point that a motion to table the underlying amendment would not be in order.

Mr. HARKIN. That is correct.

Mr. MCCONNELL. Under this request.

Mr. HARKIN. That is correct.

Mr. MCCONNELL. That is an agreement we have already entered into?

The PRESIDING OFFICER. Not yet.

Mr. FORD. Reserving the right to object, Mr. President.

The PRESIDING OFFICER. Senator from Kentucky.

Mr. FORD. I think I am getting to the point here where I don't like this agreement, and, I say with all respect, of what we are trying to do. One, if this agreement is accepted, then as I understand it—and I am not as good at the rules as I used to be or should be—but this precludes a tabling motion on the underlying amendment if we agree to this.

The PRESIDING OFFICER. That is correct.

Mr. FORD. And, second, if we agree to this and the second-degree amendment is defeated, then I am precluded from offering another amendment in the second degree.

The PRESIDING OFFICER. That is correct.

Mr. FORD. Then I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. I suggest the absence of a quorum. We are going to be here for a long time.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

CONDEMNING THE GOVERNMENT OF CANADA

The Senate continued with the consideration of the resolution.

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to Senate resolution 109. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 81, nays 19, as follows:

The result was announced—yeas 81, nays 19, as follows:

[Rollcall Vote No. 195 Leg.]

YEAS—81

Abraham	Cochran	Glenn
Akaka	Collins	Gorton
Allard	Conrad	Grams
Ashcroft	Coverdell	Grassley
Baucus	Craig	Gregg
Bennett	D'Amato	Hagel
Bond	Daschle	Harkin
Boxer	DeWine	Hatch
Brownback	Domenici	Helms
Bryan	Dorgan	Hollings
Bumpers	Enzi	Hutchinson
Burns	Faircloth	Hutchison
Byrd	Feingold	Inhofe
Campbell	Feinstein	Inouye
Cleland	Ford	Jeffords
Coats	Frist	Johnson
Kempthorne	Murray	Smith (NH)
Kohl	Nickles	Smith (OR)
Levin	Reed	Snowe
Lieberman	Reid	Specter
Lott	Robb	Stevens
Lugar	Roberts	Thomas
Mack	Rockefeller	Thompson
McConnell	Roth	Thurmond
Mikulski	Santorum	Torricelli
Moseley-Braun	Sessions	Warner
Murkowski	Shelby	Wyden

NAYS—19

Biden	Gramm	Leahy
Bingaman	Kennedy	McCain
Breaux	Kerrey	Moynihan
Chafee	Kerry	Sarbanes
Dodd	Kyl	Wellstone
Durbin	Landrieu	
Graham	Lautenberg	

The resolution (S. Res. 109) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 109

Whereas, Canadian fishing vessels blockaded the M/V MALASPINA, a U.S. passenger vessel operated by the Alaska Marine Highway System, preventing that vessel from exercising its right to innocent passage from 8:00 a.m. on Saturday, July 19, 1997 until 9:00 p.m. Monday, July 21, 1997;

Whereas the Alaska Marine Highway System is part of the United States National Highway System and blocking this critical link between Alaska and the contiguous States is similar in impact to a blockade of a major North American highway or air-travel route;

Whereas the M/V MALASPINA was carrying over 300 passengers, mail sent through the U.S. Postal Service, quantities of fresh perishable foodstuff bound for communities without any other road connections to the contiguous States, and the official traveling exhibit of the Vietnam War Memorial;

Whereas international law, as reflected in Article 17 of the United Nations Convention on the Law of the Sea, guarantees the right of innocent passage through the territorial sea of Canada of the ships of all States;

Whereas the Government of Canada failed to enforce an injunction issued by a Canadian court requiring the M/V MALASPINA to be allowed to continue its passage, and the M/V MALASPINA departed only after the blockaders agreed to let it depart;

Whereas, during the past three years U.S. vessels have periodically been harassed or treated in ways inconsistent with international law by citizens of Canada and by the Government of Canada in an inappropriate response to concerns in Canada about the harvest of Pacific salmon in waters under the sole jurisdiction of the United States;

Whereas Canada has failed to match the good faith efforts of the United States in attempting to resolve differences under the Pacific Salmon Treaty, in particular, by rejecting continued attempts to reach agreement and withdrawing from negotiations when an agreement seemed imminent just before the Canadian national election of June, 1997;

Whereas neither the Government of Canada nor its citizens have been deterred from additional actions against vessels of the United States by the diplomatic responses of the United States to past incidents such as the imposition of an illegal transit fee on American fishing vessels in June, 1994: Now, therefore, be it

Resolved by the Senate, That it is the sense of the Senate that—

(1) The failure of the Government of Canada to protect U.S. citizens exercising their right of innocent passage through the territorial sea of Canada from illegal actions and harassment should be condemned;

(2) The President of the United States should immediately take steps to protect the interests of the United States and should not tolerate threats to those interests from the action or inaction of a foreign government or its citizens;

(3) The President should provide assistance, including financial assistance, to States and citizens of the United States seeking damages in Canada that have resulted from illegal or harassing actions by the Government of Canada or its citizens; and

(4) The President should use all necessary and appropriate means to compel the Government of Canada to prevent any further illegal or harassing actions against the United States, its citizens or their interests, which may include—

(A) using U.S. assets and personnel to protect U.S. citizens exercising their right of innocent passage through the territorial sea of Canada from illegal actions or harassment until such time as the President determines that the Government of Canada has adopted a long-term policy that ensures such protection;

(B) prohibiting the import of selected Canadian products until such time as the President determines that Canada has adopted a long-term policy that protects U.S. citizens exercising their right of innocent passage through the territorial sea of Canada from illegal actions or harassment;

(C) directing that no Canadian vessel may anchor or otherwise take shelter in U.S. waters off Alaska or other States without formal clearance from U.S. Customs, except in emergency situations;

(D) directing that no fish or shellfish taken in sport fisheries in the Province of British Columbia may enter the United States; and

(E) enforcing U.S. law with respect to all vessels in waters of the Dixon Entrance claimed by the United States, including the area in which jurisdiction is disputed.

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

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

The motion to lay on the table was agreed to.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

AMENDMENT NO. 965

The PRESIDING OFFICER. There are 2 minutes, equally divided, on the motion to table amendment No. 965, the Durbin Amendment.

Mr. COCHRAN. Mr. President, I understand that we have 2 minutes, equally divided, on the motion to table the Durbin Amendment. I made the motion to table. The Durbin Amendment seeks to do away with crop insurance payments for tobacco farmers and any disaster assistance payments that might fall due under the law. I moved to table it. It carried with it a second degree amendment by the Senator from Kentucky [Mr. FORD], which limits crop insurance payments to farms 400 acres or smaller.

So, as you may see, unless we table the DURBIN amendment, you are going to cause a lot of disruptions in agriculture for two reasons. I hope that the Senate will vote to table this amendment. This is an agriculture appropriations bill. Both of these amendments would change the law, not funding levels. Let's stick to the purpose of our bill and please vote to table the Durbin amendment.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. DURBIN. Mr. President, this amendment eliminates the Federal subsidy for tobacco. How many times have we faced that question?

Senators, the Federal Government says that tobacco is dangerous. Why do the taxpayers continue to subsidize it? We subsidize it in the form of crop insurance.

Senator GREGG and I are offering this amendment to eliminate once and for all crop insurance for tobacco. Some Senators have said that is unfair. Every crop gets insured. Right? Wrong. Sixty-seven crops are presently ensured. Sixteen hundred are not.

The list goes on and on and on. I am about to drop them.

What is this about? It is about a crop that is perfectly legal and perfectly lethal. Tobacco is the No. 1 preventable cause of death in America today.

Let's get our public health policy and our subsidies straight.

So, to vote against the crop insurance for tobacco, the appropriate vote is ''no'' on the motion to table and ''no'' on more subsidies.

The PRESIDING OFFICER. All time has expired.

The question is on agreeing to the motion of the Senator from Mississippi to lay on the table the amendment of the Senator from Illinois. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

The result was announced—yeas 53, nays 47, as follows:

The result was announced—yeas 53, nays 47, as follows:

[Rollcall Vote No. 196 Leg.]

YEAS—53

Akaka	Enzi	Leahy
Allard	Faircloth	Lott
Ashcroft	Feingold	McConnell
Baucus	Ford	Mikulski
Biden	Frist	Moynihan
Bond	Graham	Murkowski
Breaux	Grams	Nickles
Bryan	Grassley	Robb
Burns	Hagel	Roberts
Campbell	Helms	Roth
Cleland	Hollings	Sarbanes
Cochran	Inhofe	Sessions
Conrad	Inouye	Shelby
Coverdell	Jeffords	Stevens
Craig	Kempthorne	Thompson
Daschle	Kerrey	Thurmond
Domenici	Kohl	Warner
Dorgan	Landrieu	

NAYS—47

Abraham	Collins	Gregg
Bennett	D'Amato	Harkin
Bingaman	DeWine	Hatch
Boxer	Dodd	Hutchinson
Brownback	Durbin	Hutchison
Bumpers	Feinstein	Johnson
Byrd	Glenn	Kennedy
Chafee	Gorton	Kerry
Coats	Gramm	Kyl
Lautenberg	Murray	Snowe
Levin	Reed	Specter
Lieberman	Reid	Thomas
Lugar	Rockefeller	Torricelli
Mack	Santorum	Wellstone
McCain	Smith (NH)	Wyden
Moseley-Braun	Smith (OR)	

The motion to lay on the table the amendment (No. 965) was agreed to.

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

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Mississippi.

Mr. COCHRAN. Mr. President, what is the pending business before the Senate?

AMENDMENT NO. 969, AS MODIFIED

The PRESIDING OFFICER. The pending business is the Helms amendment No. 969.

Mr. COCHRAN. Mr. President, the issue here was joined with the offering of the amendment by the distinguished Senator from Iowa. It is an amendment related to the Food and Drug Administration's funds for an antismoking regulatory program that has been developed and put out by the Food and Drug Administration. The issue is whether or not there is sufficient funds in the FDA account to help pay the cost of this regulatory program.

Some Senators may not be aware of the fact that we have increased in this legislation the proposed funding for FDA by over $20 million. As a matter of fact, I think the total is around $30 million—$24 million for the FDA account for this next fiscal year. This is in comparison with this current year's funding level. So there are funds available to carry out the additional food safety initiatives that the Food and Drug Administration has proposed. There is a specified $4.9 million available, the same amount as last year, for the FDA's smoking regulatory program, or antismoking regulatory program.

One thing that has to be kept in mind, I think, to try to understand, get a perspective on this issue is that litigation is underway. There was a lawsuit filed in North Carolina. Some of the regulatory initiatives of the FDA were upheld and some are on appeal.

Mr. President, the other aspect of this issue is that there has been a negotiated settlement among attorneys general and the tobacco industry that involves the commitment of the tobacco industry to make certain payments to help pay health costs and Food and Drug Administration activities in connection with the use of tobacco and trying to convince people that smoking tobacco is bad for you.

This bill does not in any way try to adversely affect or take away from any initiative of that kind. We did say, when we were discussing this legislation in the subcommittee and at the full committee, that we assumed some funds could be made available from the tobacco industry to help pay costs that might not be fully funded in this legislation, costs of the Food and Drug Administration. So we see nothing wrong

with making that assumption in our bill. The Harkin amendment imposes an assessment on tobacco companies that would cause funds then to be created that could then be given to the FDA for additional program costs.

The Senator from North Carolina has offered a second-degree amendment changing the source of the funding from the assessment to an ethanol assessment, so that the funds would come from the ethanol program, in effect, for the antismoking program of FDA. And so there is where we stand now.

The yeas and nays have been ordered on the Helms amendment. The yeas and nays have been ordered on the Harkin amendment. And so that is the situation as I understand it. There was a suggestion that one way to deal with this is to put it before the Senate in the form of a motion to table the Harkin amendment.

Now, I could make that motion, but I do not want to make that motion and cut off the right of Senators who want to speak on this issue. And I understand from the Senator from Iowa that he might want to speak further on it. The Senator from Rhode Island is a cosponsor of the Harkin amendment and he wanted to speak. So I am reluctant to make that motion. But it would be my hope that we could resolve the issue in that way. If that is not satisfactory to the Senate, the Senate can work its will. But that is the suggestion that I have for dealing with the issue, of wrapping it all up in one vote, if the motion to table is approved. If the motion to table is not approved, then we have a vote on the Helms amendment and we have a vote on the Harkin amendment. So that is my suggestion for how we can wrap it all up.

Mr. HARKIN. If the Senator will yield.

Mr. COCHRAN. I am just one Senator. I am trying to help get this bill passed and get this issue resolved, and I hope that that can be embraced by the proponents of both sides.

Mr. HARKIN. Will the Senator yield for a question?

Mr. COCHRAN. I yield the floor.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Iowa.

Mr. HARKIN. Mr. President, first of all, I say to my friend from Mississippi that the amendment I offered is an entirely separate matter the proposed tobacco settlement that is being worked out with the attorneys general and the tobacco companies. In fact, I submitted for the RECORD earlier a copy of a letter from 33 attorneys general involved in the tobacco settlement supporting full funding for FDA's tobacco initiative. I have also a letter here from Michael Moore, who is the attorney general of the State of Mississippi who is the lead attorney general in the negotiations. He stated here, ''I would like to express my strong support for your amendment.'' Dated July 21. That would be 2 days ago.

And he said, ''There has been some confusion regarding your amendment and whether it would interfere or conflict with the proposed settlement with the tobacco industry.'' He went on to say that he supported it.

So this has nothing to do with the proposed tobacco settlement whatsoever. What this has to do with is the part of the proposed FDA rule that was upheld by the court in Greensboro, NC. The court upheld the authority of FDA to regulate tobacco sales to minors. The FDA promulgated the rule. It was upheld by the courts.

Now, the administration has requested $34 million to implement the rule. It needs this amount to carry out the rules upheld by the court. However, in the Agriculture appropriations bill there is only $4.9 million to implement it. So we cannot reach out to all 50 States to get this rule implemented to cut down on sales of tobacco to young people. And due to the involvement, I might say the good involvement, of the Senator from West Virginia, a provision was added to our amendment that says that in carrying out the responsibilities under the Food and Drug Administration initiative, States are encouraged to coordinate enforcement efforts with the enforcement of laws that prohibit under-age drinking. That is, I might add, a very worthwhile addition to this amendment. So I hope Senators are not confused. This has nothing to do with the tobacco settlement whatsoever. This has everything to do with whether or not we are going to have enforcement of the FDA rule to prevent sales of tobacco to kids.

I would also point out there is some talk that somehow this FDA initiative is duplicative of the SAMHSA regulations. I am informed that it is not. This is because SAMHSA is not an enforcement program but FDA is. SAMHSA provides no incentives for retailers to stop illegal sales to kids. FDA will educate retailers about their responsibility and penalize retailers if they repeatedly sell to kids. And so SAMHSA is a lot different than FDA's tobacco initiative.

Now, why does the FDA need the full $34 million? Well, basically, the Court provided FDA with full authority to regulate cigarettes and smokeless tobacco products and with full authority to continue implementing provisions of the FDA initiative that sets a minimum age of 18 for buying tobacco and requires retailers to check the photo ID of consumers seeking to purchase tobacco.

Given that there are more than a half a million retailers in this country, it will be a big task to educate retailers about their responsibilities. Funds are also needed to conduct periodic compliance checks. So the $34 million is not that much money given the task at hand. The Court did strike down parts of the FDA rule, but resources are needed to enforce the minimum age and ID check rules that were fully upheld by the Court.

Mr. President, $34 million is a very small investment when you realize that tobacco use drains more than $50 billion from our health care system each year. So this is a very small amount of money.

Now, Mr. President, I have a parliamentary inquiry. Might I inquire of the Chair, what is the business before the Senate? I make a parliamentary inquiry.

The PRESIDING OFFICER. The question before the Senate is the Helms amendment. I believe that is 969.

Mr. STEVENS addressed the Chair.

Mr. HARKIN. Mr. President, I still have the floor.

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. HARKIN. Well, Mr. President, I think that we are all very clear on this. Now, I had in good faith with the Senator from North Carolina made an agreement earlier that I would be permitted the yeas and nays on my amendment, which required unanimous consent at that point, that the Senator would then be allowed to modify his amendment, which he did, and then we asked for the yeas and nays on the amendment of the Senator from North Carolina.

We could then have a vote on his amendment and then have a vote on my underlying amendment—in other words, a vote first on the amendment of the Senator from North Carolina. If that prevailed, well, that would be the end of it. If it went down, then there would be an up-or-down vote on my amendment. And the Senator can correct me if I am wrong, but I believe that was the agreement and we shook hands on it.

Mr. BUMPERS. Mr. President, will the Senator from Iowa yield for a question?

Mr. HARKIN. I yield only for a question.

Mr. BUMPERS. I think it might be helpful if we engaged in a few questions and answers to understand precisely what this amendment is. I have not been sure all along I understood it.

There is presently a Federal law which prohibits the sale of cigarettes to anybody under 18 years of age, is that correct?

Mr. HARKIN. Yes, that is true.

Mr. BUMPERS. And does the Federal Government provide any funds to the States for enforcement of that law at present?

Mr. HARKIN. I understand that that is, indeed, what the FDA initiative is for, is to provide funds to the States to implement it and to carry it out.

Mr. BUMPERS. The question is, do we provide any money for them at this moment for the enforcement of this law?

Mr. HARKIN. This Senator is not aware of any. However, I would not unequivocally state there is not.

Mr. BUMPERS. I understand there is $4.9 million available for that purpose, is that correct?

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. HARKIN. The Senator from Arkansas is correct with respect to the $4.9 million. As I understand it, the $4.9 million is what is expected to be spent this year for the first step in this initiative, this FDA initiative to cut down on tobacco sales to minors under the age of 18. The $4.9 million is the first step in that process.

Mr. BUMPERS. Now, the administration has asked for an additional $34 million?

Mr. HARKIN. No, they have asked for $34 million. That includes the $4.9 million.

Mr. BUMPERS. That includes the present 4-plus million.

Mr. HARKIN. Yes. It raises the 4.9 up to 34.

Mr. BUMPERS. This money will be distributed to the States to assist them in the enforcement of this law?

Mr. HARKIN. Yes.

Mr. BUMPERS. Now, if we do not provide—we have imposed, in effect, a law that we are requesting the States to enforce. We passed a law saying to the States, you can't allow sales of cigarettes to anybody under 18, and we have not given them any money to enforce it. How does that play with the law we passed here either last year or the year before on mandates to the States with no money?

Mr. HARKIN. I am sorry.

Mr. BUMPERS. The Senator will recall the distinguished Senator from Idaho, [Mr. KEMPTHORNE], led the fight here to provide that the Federal Government in the future must pay the States for any mandates we impose on them and for which we do not provide any money. I am asking the Senator, why doesn't this come under the category of a violation, as long as we required them to enforce the ''18-year-old'' prohibition, but we haven't given them any money? Why is that not a violation of the law we passed here prohibiting mandates on local jurisdictions without money?

Mr. HARKIN. As I understand it, what the Senator is suggesting is that this money is to help the Federal Government meet its obligations of ensuring that we do not mandate States to do things which we do not fund.

Mr. BUMPERS. Well, essentially that is right, but what I am saying is at present we do not give the States but I think maybe $4-plus million, which is not nearly enough.

Mr. HARKIN. If I might respond, that $4.9 million only covers 10 States. We want to cover 50 States. Thus the need for the $34 million.

Mr. BUMPERS. Let me ask the Senator this question, changing gears just a little bit. Could the Senator tell us, is there a figure available as to what it would take to effectively enforce this law in all 50 States?

Mr. HARKIN. I am told that figure is $34 million. And that is what they are requesting. They are requesting $34 million to expand it from 10 States to 50 States.

Mr. BUMPERS. Under the rule of thumb, I come from a State that has 1 percent of the Nation's population. When I was Governor of that State we used to always assume that under all the formulas, welfare and otherwise, we would get 1 percent, because we have 1 percent of the population. In this case, if we had $34 million and we put it out on that basis, Arkansas would get $340,000.

I don't think that would be enough to even get the water hot, in enforcing this law.

Mr. HARKIN. If I may respond again to the Senator, I think there is a bit of confusion here. It is my understanding that the FDA rule does not impose a mandate on States. It imposes an obligation on retailers who sell tobacco or tobacco products not to sell them to anyone under the age of 18. In fact, the rule says that anyone under the age of 27 must provide a valid photo ID to prove their age is over the age of 18. The money that we are seeking here is to go out to the States and local communities to help them, and to help retailers, enforce and comply with the FDA rule.

The FDA rule does not apply to a State. It applies to retailers, and not to a State.

Mr. BUMPERS. Let me ask the Senator this question. If the amendment of the Senator fails and there is no money going to the States and the States simply take the position that they are not going to enforce this rule because they don't have the money to do it, then there will be no enforcement?

Mr. HARKIN. That is true.

Mr. BUMPERS. And there would be no way for the Feds to make them enforce it?

Mr. HARKIN. The Senator is absolutely correct, there is no way we could make them enforce it.

Mr. BUMPERS. If we develop a formula along the lines I mentioned a moment ago, where say my State of Arkansas would get 1 percent, what if we were to say to the Federal Government: We don't like the rule and we are not going to enforce it. Keep your $340,000. Would the Federal Government have any recourse against the State of Arkansas?

Mr. HARKIN. No, because the States will contract with FDA to help carry out the FDA rule. But there is no mandate that the States have to enforce the FDA rule. We are seeking, with this amount of money, $34 million, a way of implementing the rule through the use of State and local governments to help enforce this rule. But there is no mandate that they have to do so; absolutely none whatsoever.

Mr. BUMPERS. I thank the Senator.

Mr. STEVENS addressed the Chair.

Mr. FORD. Could I get in here just a minute?

The PRESIDING OFFICER (Mr. ALLARD). Does the Senator from Iowa yield to the Senator from Alaska, who is asking to be recognized?

Mr. HARKIN. I will yield for a question.

Mr. FORD. May I ask the Senator a question?

The PRESIDING OFFICER. The Senator from Iowa controls the times.

Mr. HARKIN. I yield for a question from the Senator from Kentucky.

Mr. FORD. You are talking about funding a regulation and not a statutory provision, isn't that correct?

Mr. HARKIN. That is true.

Mr. FORD. Isn't it true, under SAMHSA and the so-called Synar amendment, that the enforcement is there and there is about $1 billion in this particular area as block grants? Isn't that true?

Mr. HARKIN. I respond to the Senator this way, and we had this discussion earlier. The Synar regulation of SAMHSA is not an enforcement program. FDA is. SAMHSA provides no incentives for retailers to stop illegal sales to kids. Through its tobacco initiative, FDA will educate retailers about their responsibility, and can assess penalties and penalize retailers if they repeatedly sell to kids. SAMHSA does not provide enforcement power or enforcement money.

Mr. FORD. Under SAMHSA, as I understand it, the States are required to certify to SAMHSA that they are carrying out these laws and one of the requirements under SAMHSA, in the so-called Synar amendment, is sting operations. So the enforcement is there from the States certifying to SAMHSA that they are complying with the law. And $1 billion is there, as I recall, for the enforcement because, if you don't enforce it and you don't certify it, then you lose your block grants. And that is pretty tough enforcement, in my opinion.

Mr. HARKIN. I might respond to my friend from Kentucky, that, under the Synar amendment it is true that SAMHSA—SAMHSA imposes an—

Mr. FORD. That's Japanese.

Mr. HARKIN. Sets targets for the States to cut illegal sales to minors.

Mr. FORD. That is correct.

Mr. HARKIN. If they do not do so, then the State could lose block grant funding—

Mr. FORD. That is correct.

Mr. HARKIN. If they do not reduce smoking.

Mr. FORD. That is correct.

Mr. HARKIN. But here is the catch. The tobacco industry was successful in pulling the teeth from this provision. Synar has no teeth because there are no hard targets. It is discretionary whether any State will lose its block grant. That is why SAMHSA is not an enforcement program, no one is going to lose their block grants, because there are no teeth in the targets. If States miss their targets, they are not going to lose their block grants. To my knowledge, no State has.

Mr. FORD. I say to my good friend—

Mr. HARKIN. I yield further without losing my right to the floor.

Mr. FORD. Under the Synar amendment, the States have passed laws to comply with SAMHSA. And, under that

compliance they are required to enforce the law. And they are to so certify. They are to so certify to HHS that they are doing it. And part of that requirement is the so-called sting operations, that you wouldn't notify an operation that you are going to inspect them.

So, this to me is double jeopardy on the States. You are taking SAMHSA that can take away their block grants and you have FDA, that you are trying to give money to, to enforce something that you already have the enforcement mechanism to do.

We may disagree on this, but $1 billion is a lot of money. It is not an unfunded mandate.

Mr. HARKIN. I would reply to the Senator from Kentucky again in this way. SAMHSA does in fact provide that States should or must enforce this and reduce smoking by passing laws that would do that, to take action to do that. However, there are absolutely no teeth at all in this SAMHSA provision because, if States don't do it, there are essentially no effective penalties that apply.

Mr. FORD. Senator, losing their block grant is a penalty.

Mr. HARKIN. A State could conceivably lose its block grant but there are no hard targets that hold the states accountable to enforce laws that cut teenage smoking.

Mr. FORD. They passed a law saying what you have to do.

Mr. HARKIN. But there are no teeth saying if you don't meet the requirements of law that you lose their block grants. There are no teeth in it.

Mr. FORD. It reminds me of the military, the teeth and the tail. I believe the teeth here have been pulled.

Mr. HARKIN. The teeth have been pulled out of SAMHSA. But nonetheless, I say to the Senator from Kentucky, that SAMHSA applies to the States. The States do their thing. What the FDA initiative goes to are the retailers. The FDA rule goes directly to retailers. And what this money is used for is to go out and contract with State and local jurisdictions to enforce the rules to prevent teen smoking and to help retailers understand what they have to do. And the FDA can absolutely set up penalties for retailers who do not comply, who are repeat offenders in selling tobacco to underage kids. That is not the case under the SAMHSA rules. I am sorry.

Mr. FORD. Mr. President, without the Senator losing his right to the floor, I would like to ask him another question.

Mr. HARKIN. I will yield for a question.

Mr. FORD. How can States regulate the purchase of cigarettes without dealing with retailers? There is no way. Because that is where the tobacco is sold. So, therefore, they do deal with retailers. Under the SAMHSA rule they have, based on their law in their State, under that statute, to comply with SAMHSA. And you have funded it by $1 billion and that is a block grant to the States.

Mr. HARKIN. Mr. President, again, let's be clear what we are talking about when we are talking about SAMHSA. SAMHSA and the States can pass a law and they can deal with retailers. But there are no hard targets in SAMHSA to say: Here is what you have to do or you will certainly lose your block grant. The State can pass all kinds of laws but, if the State laws don't meet a target, then SAMHSA has no way of going to the State and saying, ''Look, you didn't meet the requirements of the law and therefore we will take away your mental health and substance abuse block grants.''

If there were, in the Synar amendment, a provision that said that, if a State, for example, cannot show that by year one they have taken this step and this step and this step, and that they have met the target—if in that case they then would lose their block grants, I would then agree with the Senator from Kentucky.

That is not the case in the Synar amendment. It is a lot of nice words, but it doesn't really get to the heart of it, because there are no effective penalties, there is no real trigger, there is no hard target that, if a State doesn't do something, they then will lose their block grant.

On the other hand, the proposed FDA rule upheld by the courts goes to the retailers, and FDA can—not must—but can contract with States and contract with local jurisdictions for enforcement of the FDA rules. FDA will also provide information, resources, support and help through outreach. A lot of times the small businesses don't really know what they have to do, and outreach can help them carry out this rule requiring the photo ID under age 27.

So I don't want to get this FDA initiative confused with SAMHSA at all. This is something entirely different. I don't know if the Senator from Alaska wanted me to yield for a question.

Mr. STEVENS. The Senator from Alaska would like to have the floor, Mr. President.

Mr. HARKIN. Mr. President, as I was saying earlier before I yielded to the Senator from Arkansas, I was talking about the situation that we had agreed to, that I thought I agreed to. I might just also say that the Helms amendment provides no funds to reduce tobacco smoking in any way. It creates a 3-cent tax on each gallon of ethanol. It puts it in a trust fund to be used for programs within the Substance Abuse and Mental Health Services Administration, but it doesn't allow the money to be spent unless funding is included in some appropriations bill. So it really doesn't provide an alternative source of funding. It just sets up a trust fund that you take money out of ethanol and put in there. But it really doesn't do anything.

As I understood it, I had agreed with the Senator from North Carolina that I would not object to a unanimous consent request to have the yeas and nays on my amendment, which was required at that point in time; then he would modify his amendment; and then we would have the yeas and nays on his amendment; and if we could have an up-or-down vote on his amendment, which I thought was fair, and if we could have an up-or-down vote on my amendment, which I thought would be fair.

Now I understand that that may not be the case; that now there may be a motion made to table the underlying amendment without a vote happening on the Helms amendment. I think there should be a vote on the Helms amendment to see whether or not people want to take the money out of ethanol and put it into a trust fund which doesn't go anywhere, or whether Senators would rather raise the assessment, as the amendment by Senator CHAFEE and I, and others, does: to raise the marketing assessment now from 1 percent to 2.1 percent, remove the half a percent that farmers have to pay now, make tobacco companies pay the full 2.1 percent, in order to offset the $34 million needed to fund the FDA's youth tobacco initiative.

That really is the essence of the two amendments, and I believe we ought to have a vote on the two amendments. So, therefore, Mr. President, I move to table the Helms amendment, and I ask for the yeas and nays.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Mr. President, the pending amendment is the amendment offered by the Senator from North Carolina to raise a tax. The underlying amendment is an amendment to raise a fee, and then it turns around and spends the fee. I view my job as chairman of the Appropriations Committee—I beg your pardon, did he make a motion to table?

The PRESIDING OFFICER. If the Senator will suspend for just a moment, apparently we have a motion to table, which is a nondebatable motion.

Mr. STEVENS. I am sorry. I apologize. I did not hear that motion. When was the motion made?

The PRESIDING OFFICER. It apparently was made just prior to the Senator from Iowa taking his seat.

Mr. STEVENS. Parliamentary inquiry. Is it in order to table the underlying amendment now?

The PRESIDING OFFICER. Not at this point in time.

Mr. STEVENS. I regret that, and I apologize to the Chair.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the Helms amendment No. 969, as modified. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 76, nays 24, as follows:

[Rollcall Vote No. 197 Leg.]

YEAS—76

Abraham	Dorgan	Lugar
Akaka	Durbin	Mack
Allard	Enzi	McCain
Ashcroft	Feingold	Mikulski
Baucus	Feinstein	Moseley-Braun
Biden	Glenn	Moynihan
Bingaman	Gorton	Murray
Bond	Graham	Reed
Boxer	Grams	Reid
Breaux	Grassley	Robb
Brownback	Hagel	Roberts
Bryan	Harkin	Rockefeller
Bumpers	Hatch	Santorum
Burns	Inouye	Sarbanes
Byrd	Jeffords	Sessions
Chafee	Johnson	Shelby
Cleland	Kempthorne	Smith (NH)
Coats	Kennedy	Smith (OR)
Collins	Kerrey	Snowe
Conrad	Kerry	Specter
Coverdell	Kohl	Thomas
Craig	Landrieu	Torricelli
Daschle	Lautenberg	Wellstone
DeWine	Leahy	Wyden
Dodd	Levin	
Domenici	Lieberman	

NAYS—24

Bennett	Gregg	McConnell
Campbell	Helms	Murkowski
Cochran	Hollings	Nickles
D'Amato	Hutchinson	Roth
Faircloth	Hutchison	Stevens
Ford	Inhofe	Thompson
Frist	Kyl	Thurmond
Gramm	Lott	Warner

The motion to lay on the table the amendment (No. 969), as modified, was agreed to.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

AMENDMENT NO. 968

Mr. STEVENS. Mr. President, I want to appeal to the Senate on this bill. It is my hope that we can finish this bill tonight and move on to State, Justice, Commerce bill tomorrow and finish it before we recess for this week. We still will have two more to do or three more to do next week, in terms of appropriations bills. Our goal has been to try and finish all that we can before the recess.

Mr. President, this amendment that is pending, the Harkin amendment, as I understand it, would require that this bill be referred to Ways and Means when it goes to the House. I do not believe that we should be handling this amendment on this bill. The Senator knows that has been my feeling. I am grateful to the Senator for bringing it to the floor rather than having a prolonged discussion of it in the Appropriations Committee. But it is my hope that the Senate will understand this motion I am about to make and support it, so that we can keep the momentum we have for our appropriations bills and finish this bill tonight. I do not think the bill will be able to be finished tonight unless we do get this motion of mine agreed to.

Mr. HARKIN. Mr. President, will the Senator yield for a question?

Mr. STEVENS. Mr. President, I move to table the Harkin amendment.

Mr. HARKIN. Will the Senator yield for a question?

Mr. STEVENS. Mr. President, I move to table the Harkin amendment and I will yield in a minute.

The PRESIDING OFFICER. The Senator from Alaska has the floor.

Mr. STEVENS. Mr. President, I move to table the Harkin amendment, and I ask unanimous consent that I be able to yield to the Senator from Iowa, and I also ask unanimous consent that my motion then be set aside so that the two leaders can arrange the balance of the program for this evening. There are Senators who have problems, as I understand it. The two leaders will address that. I have made the motion to table, right?

The PRESIDING OFFICER. The motion has been made to table.

Is there objection to the request?

Mr. HARKIN. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The question is on the motion to table.

Mr. STEVENS. I made a motion to table, and I asked unanimous consent that I be able to listen to the Senator from Iowa.

Mr. HARKIN. I can't hear anything. What is the pending business?

The PRESIDING OFFICER. The pending question is the motion to table the Harkin amendment.

Mr. HARKIN. Mr. President, I asked the Senator to yield for a question.

The PRESIDING OFFICER. The Senator didn't choose to do that. He moved to table.

Mr. STEVENS. What is the question, Senator?

Mr. HARKIN. The Senator from Alaska stated that this amendment would mean that the bill would be referred to the Ways and Means Committee of the House. However, the amendment that Senator CHAFEE and I offered is on an assessment that was passed by the Agriculture Committee in 1990, not the Ways and Means Committee. The Ways and Means Committee never had any jurisdiction over this.

I am somewhat perplexed as to why this would then go to the Ways and Means Committee, since it was the Agriculture Committee that passed the assessment in 1990.

Mr. STEVENS. I just want to say that my information was that that committee of the House has taken one of our bills previously.

I do ask for the yeas and nays and renew my request that the leaders be recognized.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. 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.

The Senate will please come to order.

The majority leader is now recognized on the leader time.

Mr. LOTT. Mr. President, we have a unanimous consent request that we have been working on for the past few minutes with the members of the Appropriations Committee and the leadership on both sides of the aisle. This will give the Members some clear understanding of what they can expect for the balance of the evening and first thing in the morning.

I ask unanimous consent that the vote on the motion to table the Harkin amendment occur at 6:30 p.m. this evening and, between now and 6:30, Senator BRYAN be recognized to offer an amendment regarding market promotion and there be 30 minutes for debate to be equally divided in the usual form and the vote occur in relation to that amendment following the motion to table at 6:30 and no amendments be in order to the Bryan amendment.

The PRESIDING OFFICER. Is there objection?

Mr. WELLSTONE. Reserving the right to object. I ask that you might include in the request that I be recognized to offer an amendment tonight—it won't be voted on tonight—after the votes on tabling the Harkin and Bryan amendments.

Mr. LOTT. Will the Senator repeat the question?

Mr. WELLSTONE. I was asking whether or not you would modify the request that I be able to offer an amendment after we have those 2 votes tonight. It won't be voted on tonight, I say to colleagues.

Mr. LOTT. Mr. President, I had hoped to do that. I would be willing—well, if I could get an agreement to what I have asked, and then I would like to propound a second unanimous consent request.

The PRESIDING OFFICER. Is there objection?

Mr. BURNS. Mr. President, reserving the right to object, and I don't think I will. I have not seen the Bryan amendment and I think in your unanimous consent you stated that there could be no second-degree amendments, is that correct?

Mr. LOTT. The Bryan amendment is available and we do have 30 minutes reserved for debate equally divided, and I don't believe—under the request we asked for, no second-degree amendments would be in order.

Mr. BURNS. I lift the objection. That will be fine.

Mr. HARKIN. Reserving the right to object.

The PRESIDING OFFICER. Objection is still heard.

Mr. HARKIN. Reserving the right to object, I ask the majority leader, because there is some, I think, misunderstanding here about going to the Ways and Means Committee, which I don't believe is correct, since customs fees are normally within the jurisdiction of the Ways and Means Committee in any event. There are in this bill more provisions that deal with authorization in

the agricultural area. I have a letter from Senator LUGAR here saying that he supports our amendment, and he finds it fully consistent with his views. So this amendment would not be referred to the Ways and Means Committee of the House. There is other language in the bill that is in the authorizing level of the Agriculture Committee. This assessment was created in the reconciliation bill of 1990, under the jurisdiction of the Agriculture Committee. It is not a customs fee. I was wondering whether we could have a few more minutes to discuss this issue so we can clear it up.

Mr. LOTT. Mr. President, we are working very feverishly trying to accommodate a number of Senators that have very important meetings and matters they need to go to. We will have 35 more minutes here in which discussions or clarifications can be worked out, I hope, or at least an understanding of what is going on. I personally am not aware of what jurisdictions are involved. We are just trying to get a time schedule here that would accommodate everybody. I am sure that the Senators will continue discussing this issue in the meantime.

Mr. HARKIN. As I understand the UC, there was to be a vote on the Harkin amendment at 6:35.

Mr. LOTT. That's correct. Between now and 6:30, Senator BRYAN will offer his amendment, with 30 minutes of debate. During that time, you can continue to talk.

Mr. HARKIN. Can we have 5 minutes to discuss my amendment before the vote, from 6:30 to 6:35?

Mr. LOTT. Mr. President, I modify my unanimous consent request that between 6:30 and 6:35 we have 5 minutes of debate, 2½ on each side.

The PRESIDING OFFICER. Is there objection to the request, as modified?

Hearing no objection, it is so ordered.

Mr. LOTT. Mr. President, I will propound another unanimous-consent request.

Mr. President, I ask unanimous consent that after these two votes, a Grams amendment with regard to compact language be in order, followed by a Wellstone amendment, followed by the managers' amendment, with the vote or votes on those amendments and final passage to occur in the morning at 9:30.

The PRESIDING OFFICER. Is there objection?

Mr. WELLSTONE. Reserving the right to object, Mr. President. I had said to the minority leader that I know colleagues have a schedule tonight and are willing to do the amendment. I wanted to have at least 5 minutes tomorrow to summarize this amendment before people vote. That would be 10 minutes—in other words, 5 minutes equally divided.

Mr. LOTT. I modify my unanimous consent request that there be 10 minutes, equally divided, before the votes in the morning on the Grams amendment, if necessary, and the Wellstone amendment, if necessary, and then final passage.

The PRESIDING OFFICER. Is there objection to the unanimous consent request, as modified?

Mr. DASCHLE. Reserving the right to object, is it my understanding that the compact amendment deals with the dairy matter? It is my understanding that, if it does deal with the dairy matter, there are Senators on our side that would object to any time agreement. So we will have to work out additional time agreements in regard to the Grams amendment before we can agree on this particular—

Mr. LOTT. I didn't ask for any time agreements on the Grams amendment or the Wellstone amendment, thinking that Senators could have a full time opportunity tonight to discuss their amendments, without time limit. The only time limit would be that we would come in at 9:30 and have 10 minutes on Wellstone, equally divided, and then go to final passage.

Mr. DASCHLE. Unfortunately, the Grams amendment reopens the question of the dairy compact, as described to me. That is an extraordinarily controversial issue involving the Northeast as well as the Midwest. I am told that Northeastern Senators would not agree to any time agreement so long as this amendment is pending.

Mr. LOTT. So that we can get the train underway, we have one UC agreed to. Let's have the debate and we will have the votes at 6:30 and, in the meantime, we will see if we can work out the final agreement that would get us to final votes tonight.

I have to say that because we don't have this agreement, then we have no conclusion about whether or not there would be additional votes after 6:30. We will try to clarify that when we get through with those votes, sometime shortly before 7.

Mr. BIDEN. Mr. President, I wish to comment on my vote on tobacco farmers' eligibility for Federal crop insurance. I begin by noting that no substance rivals tobacco in its negative impact on our Nation's health: It is estimated that tobacco use is responsible for the premature deaths of 400,000 people annually.

Caught up in the battle between elected and public health officials and tobacco companies are the tobacco farmers, whose honest labor is spent raising this dangerous but unfortunately often lucrative crop. It is contradictory at best—and irrational at worst—for the American taxpayers to on the one hand pay for the medical costs associated with tobacco use, and on the other, pay to subsidize tobacco production through reduced-rate crop insurance. For this reason, I oppose continuing to provide tobacco farmers with taxpayer-subsidized crop insurance.

I do, however, believe that tobacco growers ought to be given reasonable warning that they stand to lose their Federal insurance, enabling them to find comparable coverage in the private insurance market. To me, it is simply an issue of fairness. I was troubled by the immediacy of the Durbin amendment's provisions, and, though I supported its objective, voted against it for this reason.

AMENDMENT NO. 970

(Purpose: To limit funding for the market access program)

Mr. BRYAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Nevada [Mr. BRYAN], for himself, Mr. KERRY, Mr. GREGG, Mr. GRAMS, and Mr. REID, proposes an amendment numbered 970.

Mr. BRYAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

Beginning on page 63, strike line 24 and all that follows through page 64, line 5, and insert the following:

SEC. 718. None of the funds made available by this Act may be used to provide assistance under, or to pay the salaries of personnel who carry out, a market promotion or market access program pursuant to section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623)—

(1) that provides assistance to the United States Mink Export Development Council or any mink industry trade association;

(2) to the extent that the aggregate amount of funds and value of commodities under the program exceeds $70,000,000; or

(3) that provides assistance to a foreign person (as defined in section 9 of the Agricultural Foreign Investment Disclosure Act of 1978 (7 U.S.C. 3508)).

Mr. BRYAN. Mr. President, as I understand the unanimous consent, it is 30 minutes equally divided, if I might inquire of the Chair.

The PRESIDING OFFICER. The Senator is correct.

Mr. BRYAN. I yield myself 7½ minutes.

Mr. President, the amendment I am offering today, along with Senator KERRY, Senator GREGG, and Senator GRAMS, addresses a continuing misuse of taxpayer dollars by the now infamous Market Access Program, which has previously been known as the Market Promotion Program, and before that the Targeted Export Assistance Program.

As most Senators know, I have worked to eliminate this unjustifiable program for more than 5 years. But the resilient program keeps coming back to life under different names and without the consent of the full Senate. When efforts to eliminate the program have been blocked, I have tried to reform the program and end its subsidies to large corporate and foreign interests. Twice now the Senate has voted to reduce funding for this program to a level of $70 million annually, and twice the funding has been restored off the Senate floor.

Today, I am asking the Senate to join me once again to put an end to this program's abuses. It is inexcusable to allow this program to continue to funnel Americans hard-earned tax dollars to foreign companies to subsidize their advertising budgets. When the Market Access Program was created more than 10 years ago it was called the Targeted Export Assistance Program and was intended to be used by trade organizations to counter unfair trading practices by foreign competitors to disadvantage U.S. exports, and reduce funds from the Department of Agriculture's Commodity Credit Corporation to promote U.S. goods in foreign markets. I don't think that anyone would disagree that expanding foreign markets for U.S. products is an important part of the overall competitive trade strategy. However, as this program evolved over the past 10 years the program was no longer limited to exporters facing unfair competition. Even as this body labored to cut back on Federal expenditures, scarce U.S. tax dollars continued to flow to major U.S. corporations as well as to foreign companies.

Make no mistake. We are talking about more than $1.5 billion given away to corporate entities over the past decade. Unlike the Promotion Assistance Program provided through the Department of Commerce, these are grants. So they are never repaid.

From 1986 to 1993, nearly $100 million of Market Promotion Program funds went to foreign companies. From 1993 to 1995, the program gave roughly $10 million to $12 million each year to foreign corporations.

Many of my colleagues will recall that I joined with the distinguished ranking member of this subcommittee, Senator BUMPERS, to try to end this blatant waste of taxpayer dollars, and the Senate backed us in our efforts. During consideration of the 1996 farm bill, the Senate voted 59 to 37 in favor of my amendment to prevent Market Access Program funds from flowing to foreign companies. The amendment provided that only ''small business,'' as defined by the Small Business Administration, and Kapra Vaultsted Cooperatives, would provide for assistance through programs.

In addition, funds for the program which were at that time set at $110 million were capped at $70 million. So the Senate has been on record to limit the amount of money in this program at $70 million and to eliminate money from this program going to foreign companies.

I make it clear. My preference would be to eliminate the entire program because I believe this is corporate welfare in its worst form. That has not been the will of the Senate. But twice the Senate has been on record capping this program and preventing money from going to foreign companies.

In reviewing the action of the Foreign Agriculture Service since the 1996 farm bill changes took effect, it is clear however, that the Foreign Agriculture Service has not carried out the intent of the Senate in spite of the Senate's action to bar the distribution of Market Access Program funds to foreign companies. Companies based in the United Kingdom, Australia, and Saudi Arabia received more than $475,000 in fiscal year 1996 through this same program.

There is a partial list of foreign companies that received funds after the Senate added in the 1996 agriculture bill a prohibition against money going to foreign companies. They did it by an ingenious but somewhat convoluted definition of what constitutes a foreign company.

The purpose of this amendment is simply to do what the Senate has gone on record to do twice before, and that is to cap the amount of money going into the program at $70 million and to prevent money from going to foreign companies.

I ask my colleagues to be supportive of this amendment.

If I might cite an example. The Alaska Seafood Marketing Institute has received $55 million through this program since 1987. Supporters of this corporate giveaway would no doubt point out the importance of supporting Alaskan industry in foreign markets. But the Alaskan Seafood Marketing Institute gave at least $724,000 to USDA-listed foreign corporations in 1996 alone.

So I must say it boggles the mind to imagine how much money has gone to these same companies since the program began in 1986.

The National Peanut Council in 1996 distributed $50,000 to Internut Germany, $60,000 to Felix Polska, and $30,000 to the Basamh Trading Company of Saudi Arabia. All three of these companies were openly listed as foreign on the USDA list in past years. Yet, they continue to receive funds from the Market Access Program.

The PRESIDING OFFICER (Ms. COLLINS). The Senator has used 7½ minutes.

Mr. BRYAN. I thank the Chair.

I reserve remainder of my time.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. COCHRAN. Madam President, I yield myself such time as I may consume.

One part of the amendment of the distinguished Senator from Nevada suggests that foreign corporations should not be eligible for funds under this provision of our bill.

Our bill does not contain any language relating to this program because we are not limiting the spending of funds that are directed by the legislative language in the farm bill. The last farm bill that was passed directs that funds be made available by the Department of Agriculture for this program in the amount of $90 million. Our bill does not limit the use of those funds. It does not any further restrict the use of those funds.

The amendment the Senator has offered will change existing legislative language. I want to read the amendment.

Funds made available to carry out this section shall not be used to provide direct assistance to any foreign for-profit corporation, or the corporation's use in promoting foreign-produced products. It shall not be used to provide direct assistance to any for-profit corporation that is not recognized as a small business concern described in section 3(a) of the Small Business Act, ''excluding a cooperative . . . an association described in the first section of the act,'' et cetera—''. . . a nonprofit trade association.''

So the whole point is that this program has been reformed, reformed, and reformed. The Senator from Nevada just cannot be pleased that this program continues to be authorized and funded and funded. Our committee is simply letting the funds be used, as directed by law, by the Department of Agriculture.

So what he is suggesting is cut the funds that are directed by law to be spent by the Department of Agriculture on this program, and to further restrict them with additional legislative language.

What amount of reform is going to be enough? I mean it gets to the point where I suggest we are nit-picking this program now. Once upon a time there were charts in here with McDonald's hamburger signs saying that they were benefiting from this program, and we were appropriating money that was being used by huge corporations to increase their sales. All the program was ever designed to do was to combat unfair trade practices overseas in foreign markets where we were trying to compete for our share of the market in the sale of agriculture commodities and food products. We were giving the Department of Agriculture money. It was called the Targeted Export Assistance Program first. Then it was the Market Promotion Program. Now it is the Market Access Program. We can't even get the right name so that it is acceptable. So the Senator continues to make changes.

I think we ought to just say this program is working. It is increasing sales of U.S. farm-produced commodities in overseas markets. There is a limited amount of money available. It is prescribed by law.

Everyone here had a chance to debate the farm bill. We had a chance to debate all of the limiting language that any Senator wanted to offer. And that was done. It is over with. It is not being abused anymore, if it ever was. It is not being subjected to any kind of abuse that I know anything about.

So my suggestion to the Senate is to table this amendment and get on with the consideration of the rest of the bill. It is not necessary to adopt it to seek any reforms that need to be made.

So I am hoping the Senate will reject the amendment and vote for the motion to table.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. BRYAN. I yield myself another 4 minutes, and I would certainly provide whatever time the distinguished ranking member would like to speak if he chooses to comment on this.

Madam President, let me just point out that this program ought to be eliminated. The Senate has been resistant. But the Senate has gone on record twice as having said the program ought to be limited to $70 million. The present level would be $90 million.

So this amendment seeks to in effect do what the Senate twice has gone on record as trying to accomplish.

Second, my colleagues will recall that the other part of the amendment that we offered was passed by a vote of 59 to 31, which, I believe, was to eliminate money going to foreign companies.

The bureaucracy is extraordinarily creative and ingenious. So companies that have historically since the advent of this program back in the 1980's were designated as foreign companies miraculously under a new definition after the Congress—this is the current law—went on record as saying not to allow this money to go to foreign companies. They have redefined ''foreign companies'' as ''nonforeign'' or ''domestic companies'' for purposes of this legislation.

So one of the reforms that we thought that we got enacted in the last Congress—that is, to eliminate the flow of money to companies like this to Saudi Arabia, to France, to the Netherlands, to Germany, to Canada, the United Kingdom, and other companies. We thought we had closed that door. But the Foreign Agriculture Service had redefined what constitutes a foreign company.

So what this amendment tries to do is to reinstate the intent of the Senate as passed by an overwhelming margin, and is currently the law to prohibit the flow of money in this program, the taxpayer dollars to foreign companies.

I hope my colleagues will be supportive of this amendment as they have on two previous occasions.

I yield the floor but reserve the remainder of my time.

Mr. COCHRAN. Madam President, I know of no other Senators who are seeking recognition on this issue.

Might I inquire how much time remains under the order on the amendment?

The PRESIDING OFFICER. The Senator from Mississippi has 10 minutes, and the Senator from Nevada has 5 minutes remaining.

Mr. COCHRAN. Madam President, I yield myself the additional 10 minutes.

I was just handed a chart that shows how much money comparatively is being spent on export or market promotion by the European Union as compared with how much we are spending in the United States of taxpayer funds for the same purpose.

I do not have one of these big charts on an easel, and I don't know if everybody can see this, but this big colored part of the chart here is how much is spent by the European Union, and it is $10.11 billion. This is this year. You cannot see anything on the other side except white, but if you look very, very carefully, you can see just a little bit of a line here and it is $0.15 billion. And the Senator is trying to cut that further.

Now, think about it. The European Union is spending more money promoting the sale of wine than we are spending as a nation in our Federal programs on all of our United States-produced commodities and foodstuffs that are being sold in the overseas markets. Think about it. And this program is available only to trade associations, cooperatives and small businesses. Think about it.

Now, this is getting ridiculous. We have changed this program every time it has come up, or changes have been attempted every time it has come up. It has been reformed and modified and refocused. We are trying to give the Department of Agriculture some funds to use in situations where our exporters are being denied access to markets or are being unfairly treated in some way by barriers that are being erected to prevent the sale of United States-produced agriculture foodstuffs and commodities.

Whose side are we on, for goodness sakes? Think about this. We are being asked to cut the program more and to limit it more so it is tied down tighter than you can imagine.

Finally, I think those who ask for access to these funds, these market access program funds are going to finally give up. It is going to be so much red-tape, so many new rules and regulations, that it is going to take a whole firm of lawyers to figure out how to get some of these funds to use if you need them.

I am hoping that the Senate will say OK, enough is enough. In the farm bill of last year—year before last—language was used to try to define as carefully as could be the authority for using these funds, and the amount of money was not given any discretion at all in terms of the appropriations process. It was directed in the farm bill that $90 million be spent or made available to the Department of Agriculture to spend under these tightly constricted and restrained definitions. Now the Senator is saying the appropriations bill, because it does not limit the expenditure of these funds that are directed, ought to be amended so that it will, and that there ought to be further limitations on the spending. I say I think enough is enough. We have reformed the program.

There is a coalition of exporters that has written me a letter again saying that the Senate, they understand, may have to consider another amendment to further reduce or eliminate funding for the Market Access Program. A similar amendment was defeated last year, they point out in this letter. The program has been substantially reformed and reduced; it is targeted toward farmer-owned cooperatives, small businesses and trade associations; it is administered on a cost-share basis with farmers and ranchers and other participants; they are required to contribute as much as 50 percent toward the program costs; on and on and on.

Here is a list of all of those who are a part of this coalition, double-spaced columns here, a whole page of U.S. agriculture producers and growers trying to sell our share in the world market. Exports have become so important to U.S. agriculture. There are markets out there that are growing and expanding. There are opportunities for us. They create jobs here in the United States for our U.S. citizens. Vote for America for a change. Vote against this amendment.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. My friend and colleague from Mississippi propounded, I think, a very fair question. Whose side are you on? Those who support the Bryan amendment are on the side of the American taxpayer. I believe that whether you come from a farm State or nonfarm State, when you are told that your hard-earned tax dollars go to foreign companies, that is offensive. I think it is not only offensive, it is without justification.

How can we call upon the American people, in effect, to subsidize foreign companies with their own tax dollars. It is my view that this program is corporate welfare. It is also my view that this program ought to be eliminated. But that is not the issue today. The issue today is whether you favor cutting off money, taxpayer dollars, to foreign companies such as these that are illustrated here from Saudi Arabia, from France, the Netherlands, Germany, and Canada. We tried to do that. We tried to do that. But the bureaucrats have come up with some convoluted definition of what constitutes a foreign company that now makes it possible for foreign companies to receive these moneys notwithstanding the overwhelming vote of the Senate to express its displeasure.

I could not resist a comment when my friend from Mississippi talked about the reforms that have taken place. This is a program that is in need of elimination. But I will say to you that the General Accounting Office as recently as March of this year had this to say about this Market Access Program, and I quote:

> Adequate assurance does not exist to demonstrate that Market Access Program funds are supporting additional promotional activities rather than simply replacing company industry funds.

So, in effect, what is occurring here is a big scam, and the American taxpayer is the victim. Companies that receive these subsidies simply reduce the amount of money of their own corporate funds for their advertising budget and have it supplemented at the expense of the taxpayer. That neither encourages nor helps agricultural exports

nor helps American agriculture, but it certainly dips deep into the taxpayer pocket, as it has for many, many years.

This is the time to eliminate one of the fundamental abuses. That is money going to foreign companies. We thought we had done that in the last Congress. This definition in this amendment tightens that loophole that apparently the bureaucrats have been able to find and would put a cap which the Senate has previously voted on at $70 million.

I will yield the floor and the remainder of my time.

Mr. KERRY. Madam President, I am pleased once again to join with my friend, the distinguished Senator from Nevada, as a cosponsor of his amendment to reduce funding for the Market Access Program [MAP]. I urge my colleagues to support this effort to scale back funding for the Market Access Program by $20 million for fiscal year 1998.

I would like to eliminate totally the Market Access Program, formerly known as the Market Promotion Program. This is a subsidy program which has been roundly criticized by research institutes across the political and economic spectrum—the National Taxpayers' Union, the Progressive Policy Institute, Citizens Against Government Waste, the Cato Institute, and others.

The MAP Program makes possible some of the most obvious cases of corporate welfare to which we can point in the Federal budget today. But, as my friend from Nevada knows, we have tried year after year to terminate this program which has funneled more than $1 billion of taxpayer money into the advertising budgets of some major American corporations. Unfortunately, our efforts to eliminate this program have been unsuccessful, but we have proscribed some of the more egregious uses of MAP funds.

For example, American taxpayers no longer will be subsidizing the advertising expenses of the mink industry to promote fashion shows abroad. My amendment to the MAP passed the Senate last year and I am pleased that the distinguished chairman and ranking member of the Agriculture Subcommittee have agreed to continue this prohibition another year. In addition, last year, the distinguished Senator from Arkansas, Senator BUMPERS, and Senator BRYAN successfully led the fight to limit this program to small businesses and agricultural cooperatives. That was another giant step in the right direction—taxpayers should not be subsidizing the foreign advertising accounts of McDonald's, Gallo Wines, M&Ms, Tyson's and all the other corporate giants that have received MAP funds in the past.

American taxpayers also should not be asked to subsidize foreign firms. And this program has benefited foreign companies. From 1986–1993, $92 million of MPP funds went to foreign-based firms. Senator BRYAN successfully passed an amendment that will keep MAP funds from going to foreign corporations. Yet, as we heard while he described his amendment today, more than 40 foreign companies received funding from the MAP last year. This is outrageous, and makes obvious the necessity for the distinguished Senator's amendment.

At a time when we are asked to cut back on education funding, on Medicare, on environmental programs, how can we justify paying the advertising expenses of foreign agricultural companies?

Our work to eliminate corporate welfare from this program certainly is not finished. As long as foreign-owned companies with subsidiaries in the United States are still able to receive subsidies to advertise their products in their own countries, I will be back in this Chamber arguing against this program. I am hopeful that the Senate will pass this amendment today, because it will take us a long way toward the goal of removing the nonsensical from this program by eliminating funding for foreign-owned subsidiaries and for large corporations.

I think most Americans are not even aware that this kind of egregious subsidy is taking place, and when I discuss this program with people in my state, they express astonishment and dismay. They know it is inappropriate and unnecessary, and measured against the other choices we are making here, it is plainly and simply wrong.

I commend my distinguished colleague from Nevada, Senator BRYAN, for his continuing leadership fighting inappropriate Federal subsidies, and the MAP in particular. He and I have joined forces in this effort on so many occasions, fighting against the wool and mohair subsidy, fighting the mink subsidy, fighting wasteful subsidies in the MAP Program. I urge all my colleagues to vote for this amendment to reduce funding for the Market Access Program.

Mr. COCHRAN. Madam President, I urge that the amendment be defeated. I am prepared to yield back the remainder of my time.

I ask unanimous consent that there be printed in the RECORD a copy of a letter to me from the Coalition to Promote U.S. Agricultural Exports that I referred to in my remarks.

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

COALITION TO PROMOTE
U.S. AGRICULTURAL EXPORTS,
Washington, DC, July 22, 1997.

DEAR SENATOR: It is our understanding the Senate may consider the FY 1998 agriculture appropriations bill as early as today. Accordingly, we want to take this opportunity to urge your strong opposition to any amendment which may further reduce or eliminate funding for USDA's Market Access Program (MAP). A similar amendment was defeated last year by a 55–42 vote.

MAP has been substantially reformed and refocused. It is now specifically targeted towards farmer-owned cooperatives, small businesses and trade associations. Further, it is administered on a cost-share basis with farmers and ranchers, and other participants, required to contribute as much as 50 percent or more toward the program's cost. In addition to encouraging U.S. agricultural exports, it has helped create and maintain needed jobs throughout the economy. Over one million Americans have jobs which depend on U.S. agricultural exports.

The program is also a key part of the new 7-year farm bill (FAIR ACT of 1996), which gradually reduces direct income support to farmers over 7 years and eliminates acreage reduction programs, while providing greater planting flexibility. As a result, farm income is more dependent than ever on maintaining and expanding exports, which now account for as much as one-third or more of domestic production. The export market, however, continues to be extremely competitive with the European Union and other countries heavily outspending the U.S. when it comes to market development and promotion efforts. Recently, the European Union announced a major new initiative aimed at Japan—the largest single market for U.S. agriculture. This underscores the continued need for MAP and similar programs.

Enclosed for your use are additional fact sheets, including a table highlighting the value of agricultural exports and number of export-related jobs by state.

Again, we appreciate your leadership and support on this important issue.

Sincerely,

COALITION MEMBERSHIP—1997

Ag Processing, Inc.
Alaska Seafood Marketing Institute
American Farm Bureau Federation
American Forest & Paper Association
American Hardwood Export Council
American Meat Institute
American Plywood Association
American Seed Trade Association
American Sheep Industry Association
American Soybean Association
Blue Diamond Growers
California Agricultural Export Council
California Canning Peach Association
California Kiwifruit Commission
California Pistachio Commission
California Prune Board
California Table Grape Commission
California Tomato Board
California Walnut Commission
Cherry Marketing Institute, Inc.
Chocolate Manufacturers Association
CoBank
Diamond Walnut Growers
Eastern Agricultural and Food Export Council Corp.
Farmland Industries
Florida Citrus Mutual
Florida Citrus Packers
Florida Department of Citrus
Ginseng Board of Wisconsin
Hop Growers of America
International American Supermarkets Corp.
International Dairy Foods Association
Kentucky Distillers Association
Mid-America International Agri-Trade Council
National Association of State Departments of Agriculture
National Cattlemen's Beef Association
National Confectioners Association
National Corn Growers Association
National Cotton Council
National Council of Farmer Cooperatives
National Dry Bean Council
National Grange
National Hay Association
National Grape Cooperative Association, Inc.
National Milk Producers Federation
National Peanut Council of America
National Pork Producers Council
National Potato Council
National Renderers Association

National Sunflower Association
NORPAC Foods, Inc.
Northwest Horticultural Council
Pet Food Institute
Produce Marketing Association
Protein Grain Products International
Sioux Honey Association
Southern Forest Products Association
Southern U.S. Trade Association
Sun-Diamond Growers of California
Sun Maid Raisin Growers of California
Sunkist Growers
Sunsweet Prune Growers
The Catfish Institute
The Farm Credit Council
The Popcorn Institute
Tree Fruit Reserve
Tree Top, Inc.
Tri Valley Growers
United Egg Association
United Egg Producers
United Fresh Fruit and Vegetable Association
USA Dry Pea & Lentil Council
USA Poultry & Egg Export Council
USA Rice Federation
U.S. Apple Association
U.S. Feed Grains Council
U.S. Livestock Genetics Export, Inc.
U.S. Meat Export Federation
U.S. Wheat Associates
Vinifera Wine Growers Association
Vodka Producers of America
Washington Apple Commission
Western Pistachio Association
Western U.S. Agricultural Trade Association
Wine Institute

Mr. COCHRAN. I yield back the remainder of my time. I move to table the Bryan amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

AMENDMENT NO. 968

The PRESIDING OFFICER. The question now is on agreeing to the motion to table the Harkin amendment. There is 5 minutes of debate remaining.

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

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

Mr. FORD. Madam President, am I correct that 5 minutes is now running on the debate on the Harkin amendment with 2½ minutes equally divided?

The PRESIDING OFFICER. It is not yet running.

Mr. FORD. May I be recognized since there is no pending business?

The PRESIDING OFFICER. The Senator is recognized.

Mr. FORD. I thank the Chair. And I might get a few more minutes here.

The motion to table the Harkin amendment is significant because the Senator from Iowa talked about the goals; there were no goals under the SAMHSA amendment or what we refer to as the Synar amendment.

The PRESIDING OFFICER. The Senator may proceed.

Mr. FORD. I thank my neighbor. I have in my hand the explanation and rationale for the budget request of FDA as it relates to tobacco. There is not a goal in here. There is not a goal in here. So if SAMHSA does not have a goal, then FDA does not have one. So if the teeth are not in the SAMHSA amendment, there are no teeth in the FDA amendment that the Senator from Iowa said there were.

So it is a little bit confusing to me for him to say that FDA has a goal and they have teeth, and yet when you look at the explanation of the program, the rationale for the budget request, there is no goal in here, none whatsoever. None whatsoever. We hear a lot about health, but the enforcement is there. The enforcement under SAMHSA is there. The ability to take from the States is there—that is enforcement—to carry out and comply with the law.

Now, this is double jeopardy. We have SAMHSA on one side telling the States what to do. They passed a law. Now we are trying to give FDA $34 million, taken directly from the farmers' pocket—whether you want to agree with that or not—and say FDA is going to get involved, also. It just does not seem fair. Then the $34 million that we have, that the Senator is asking for, is the budget request of the administration prior to the court case which threw out several of these items and, therefore, $34 million would not be needed anyhow.

So, I say to my colleagues, tobacco is something that everybody wants to shoot at. But what we forget about is the farmer. He is sitting there. He does not set a price on anything. What will you give me? So they say the manufacturers will pay all of it. They just reduce the price of tobacco, and the farmer pays for it. He pays for the warehouse; he pays for the grading; he pays the deficit reduction charge. All these are paid by the farmer before he gets the check. So now we find ourselves saying FDA has rules to go by. There are no rules. The Senator from Iowa gave me this piece of paper, and there are no criteria in here that say the States have to do anything, if they want to give them money to enforce it. Well, it is already there, and the States have already passed the laws.

So, Madam President, I will yield the floor and I still have the opportunity to get 2½ minutes, I understand. I thank the Chair.

The PRESIDING OFFICER. There are now 5 minutes equally divided on the Harkin amendment.

Mr. HARKIN. Madam President, I understand we have 2½ minutes. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. HARKIN. I just listened to my friend from Kentucky—and he is my friend, I mean that in all sincerity—talking about this amendment not being fair. Madam President, what is not fair is this: Kids all over America walking into gas stations, small retail outlets, not being asked to show an ID, buying cigarettes and getting hooked, getting hooked on tobacco. That is what is not fair. That is what is not fair, and that is what this amendment seeks to prevent.

The FDA promulgated a rule. The tobacco companies took them to court. The court in Greensboro, NC, upheld that part of the FDA rule that says FDA can set a minimum age for tobacco purchases and require that retail establishments have to card anyone who appears to be under 27. The Court said FDA can promulgate that rule. The rule is in place.

What our amendment does is provide some money to the States and local jurisdictions to enforce the rules and also money to help the private establishments meet their obligations not to sell to minors and to have an ID check on young people so they do not buy tobacco when they are under the age of 18. That is what is fair. States need the funds.

This funding for FDA's youth tobacco initiative is supported by 33 attorneys general from around the country who have been part of this tobacco settlement that they are working on. The attorney general of Mississippi, Mike Moore, wrote me a letter supporting this amendment saying it would not interfere or conflict with the proposed tobacco settlement.

Lastly, this offset is totally within the jurisdiction of the Agriculture Committee. It is supported by both Chairman LUGAR and by me, the ranking member. This amendment will not go to the Ways and Means Committee. It is under Agriculture's jurisdiction. It was in the 1990 reconciliation bill and it is today.

Mr. LUGAR. Mr. President, I strongly support Senator HARKIN's amendment to increase the tobacco deficit-reduction assessment and devote the proceeds to enforcement of the Food and Drug Administration's rules to deter underage smoking.

Senator HARKIN has discussed this amendment with me and I find it fully consistent with my own views on the urgency of preventing smoking. The increased assessment will still contribute to future deficit reduction because it will assist us in preventing smoking. When a young person makes the mistake of beginning to smoke, serious health risks are created for the individual. The problems do not end here, however. A decision to smoke is also a decision to increase potential future health care costs. Many of these costs are borne by the Federal and State governments. People who do not begin smoking will be less a burden on the Nation's health care system and on the Nation's treasury.

The primary benefit of the amendment, however, will be on the lives of individual young people. If they do not begin smoking in youth, they are unlikely to start once they attain greater maturity. Preventing smoking at an especially vulnerable age is a national priority and I commend Senator HARKIN for advancing it in this amendment.

Mr. HARKIN. Madam President, I yield the remainder of my time to the Senator from Rhode Island, and thank him for his support.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Madam President, I stand in strong support of the Harkin amendment. We know today 90 percent of the adults who are smoking started when they were children. We know, if current trends continue, 5 million kids today under 18 years old will die because of smoking related diseases. We know all this, yet we are doing nothing effective to stop the use of tobacco products by children under 18 years of age.

The Harkin amendment would actually provide resources to ensure that the FDA regulations are enforced. That, to me, is the most critical test. I believe we should support this amendment wholeheartedly.

I yield the floor.

Mr. HARKIN. Madam President, how much time do we have?

The PRESIDING OFFICER. The time of the Senator has expired. There are 2½ minutes available on the other side.

The Senator from Alaska.

Mr. STEVENS. Madam President, I have made this motion to table. We have an extraordinary procedure, having the right to debate before it is voted upon, but, in fairness, I thought that should be the case.

Let me state to the Chair and the Senate, we have checked with the Ways and Means Committee. The tax counsel for that committee has informed my staff that this provision will require a review by the Ways and Means Committee. What it is, it is a revenue-raising measure. This is an appropriations bill, a bill to spend money. It is not a bill for legislation. Until just a couple of years ago, we had a point of order about legislation on appropriations bills. That is no longer a valid technique for us to control the bill. The only way we can control a bill and keep amendments like this off is to have a motion to table.

I urge the Senate to come back to our senses concerning legislation on appropriations bills, particularly legislation that raises money. The House is the place where revenue-raising measures start, under the Constitution. They have every right to take this bill to their committee. I do not disagree with the purpose that the Senator from Iowa seeks to fulfill with this money. But if he wants to do it, he should go to the legislative committees and have the tax committees raise the money, and then we will help him spend it. Our job is to spend money, not to raise money.

This is a wrong provision on this bill. It is going to delay. We are not through tonight. I don't think we are through with this amendment unless we table it.

Beyond that, if it passes, it is going to go over and this bill will go to the Ways and Means Committee, and the Ways and Means Committee will send it back to the Senate. That is no way to handle appropriations bills.

I have tried my best as Appropriations Committee chairman to move these bills, to move them through, to be absolutely fair in consideration of provisions that could be in an appropriations bill. The Senator has part of his amendment which provides money to spend to FDA. We don't have that money. So what he does, he also puts in a provision to raise revenue. We do not have that right in an appropriations bill. The Senate doesn't have that right. Revenue-raising measures must start in the House of Representatives.

I urge the Senate to read the Constitution, read it again, and table this amendment. Because that is the only way to handle amendments like this, is to table them, now, under our procedure. I believe we should not vote on this in a substantive way. We should table it and leave it to the tax-raising committees to raise the revenue. We should handle spending.

Has my time expired?

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the motion to table. The yeas and nays have been ordered.

The clerk will call the roll.

The bill clerk called the roll.

The result was announced, yeas 52, nays 48, as follows:

[Rollcall Vote No. 198 Leg.]

YEAS—52

Abraham	Frist	Moynihan
Allard	Gorton	Murkowski
Ashcroft	Gramm	Nickles
Breaux	Grams	Reid
Brownback	Hagel	Robb
Bryan	Hatch	Roberts
Burns	Helms	Roth
Campbell	Hollings	Santorum
Cleland	Hutchinson	Sessions
Coats	Inhofe	Shelby
Cochran	Inouye	Smith (NH)
Coverdell	Kempthorne	Stevens
Craig	Kyl	Thomas
Daschle	Landrieu	Thompson
Domenici	Lott	Thurmond
Enzi	McCain	Warner
Faircloth	McConnell	
Ford	Moseley-Braun	

NAYS—48

Akaka	Durbin	Leahy
Baucus	Feingold	Levin
Bennett	Feinstein	Lieberman
Biden	Glenn	Lugar
Bingaman	Graham	Mack
Bond	Grassley	Mikulski
Boxer	Gregg	Murray
Bumpers	Harkin	Reed
Byrd	Hutchison	Rockefeller
Chafee	Jeffords	Sarbanes
Collins	Johnson	Smith (OR)
Conrad	Kennedy	Snowe
D'Amato	Kerrey	Specter
DeWine	Kerry	Torricelli
Dodd	Kohl	Wellstone
Dorgan	Lautenberg	Wyden

The motion to lay on the table the amendment (No. 968) was agreed to.

Mr. COCHRAN. Madam President, I move to reconsider the vote by which the motion was agreed to.

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

The motion to lay on the table was agreed to.

VOTE ON MOTION TO TABLE AMENDMENT NO. 970

The PRESIDING OFFICER. The question now occurs on agreeing to the motion to lay on the table the amendment offered by the Senator from Nevada, amendment No. 970. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. FORD. I announce that the Senator from Delaware [Mr. BIDEN] is necessarily absent.

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

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

[Rollcall Vote No. 199 Leg.]

YEAS—59

Akaka	Feinstein	Lott
Baucus	Ford	Mack
Bennett	Frist	McConnell
Bond	Gorton	Moseley-Braun
Boxer	Graham	Murkowski
Breaux	Gramm	Murray
Burns	Grassley	Roberts
Campbell	Hagel	Santorum
Chafee	Harkin	Sarbanes
Cleland	Hatch	Sessions
Cochran	Helms	Shelby
Collins	Hutchison	Smith (OR)
Conrad	Inhofe	Snowe
Coverdell	Inouye	Specter
Craig	Jeffords	Stevens
Daschle	Kempthorne	Thomas
Domenici	Kerrey	Thurmond
Dorgan	Landrieu	Warner
Durbin	Leahy	Wyden
Enzi	Levin	

NAYS—40

Abraham	Glenn	Mikulski
Allard	Grams	Moynihan
Ashcroft	Gregg	Nickles
Bingaman	Hollings	Reed
Brownback	Hutchinson	Reid
Bryan	Johnson	Robb
Bumpers	Kennedy	Rockefeller
Byrd	Kerry	Roth
Coats	Kohl	Smith (NH)
D'Amato	Kyl	Thompson
DeWine	Lautenberg	Torricelli
Dodd	Lieberman	Wellstone
Faircloth	Lugar	
Feingold	McCain	

NOT VOTING—1

Biden

The motion to lay on the table the amendment (No. 970) was agreed to.

Mr. COCHRAN. I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER (Mr. BROWNBACK). The majority leader.

Mr. LOTT. Mr. President, I have another unanimous-consent request we would like to make on the amendments that are pending and how we can get to a conclusion. Then we can advise the Members that there would be no more votes tonight if we can get this agreement worked out. I think we have talked to all the interested Senators, and we should get this agreed to.

I ask unanimous consent that the following be the only remaining amendments in order and they be limited to relevant second-degrees and votes ordered with respect to those amendments be stacked to occur beginning at 10 a.m. on Thursday, with 2 minutes for debate between each stacked vote, equally divided. Those amendments are

as follows and subject to time restraints where noted: Grams, dairy compact amendment; Wellstone, school breakfast, 1 hour equally divided; a managers' amendment; the Bingaman amendment with regard to CRP; the Robb amendment with regard to farmers' civil rights; and the Johnson amendment regarding livestock packers.

I further ask unanimous consent that following the disposition of the above-listed amendments, the bill be advanced to third reading and, if the Senate has received H.R. 2160, the Senate proceed to the House companion bill, all after the enacting clause be stricken, the text of S. 1033, as amended, be inserted, and the bill be advanced to third reading, and the Senate proceed to vote on passage of the Agriculture appropriations bill, and following the passage the Senate insist on its amendment and request a conference with the House, and the Chair be authorized to appoint conferees on the part of the Senate.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, reserving the right to object, two questions of the majority leader. When we had this discussion about how to proceed, I had asked for 10 minutes to be equally divided before the vote because I think the amendment is an important one. Colleagues will not be here tonight.

Mr. LOTT. Mr. President, the Senator is correct. That was the agreement. So we need to modify the agreement that there would be 10 minutes equally divided before the Wellstone amendment would be voted on tomorrow morning.

Mr. WELLSTONE. I thank the majority leader.

The second question was, my understanding is I will proceed next, or is there——

Mr. LOTT. The request we have here is that the Grams amendment would go first, because I think we have that worked out where it will be just a very brief period of time, and we would go right to your amendment after that with a time limit of 1 hour equally divided.

Mr. WELLSTONE. Reserving the right to object, the Grams amendment has been worked out? We are not going to have a long time on that; is that correct? Is that what you are saying?

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. Any other objection?

Mr. MCCAIN. Reserving the right to object, I have been waiting all day to make a brief statement of 3 or 4 minutes. I would like to have the opportunity.

Mr. LOTT. Is it regarding the legislation?

Mr. MCCAIN. Regarding the bill.

Mr. LOTT. Did the Senator from Minnesota have a question that I did not respond to?

Mr. WELLSTONE. No. I thank the leader.

Mr. LOTT. I thank the Senator from Minnesota for his cooperation and his understanding that these things are very difficult and sometimes we all get a little carried away in our comments. I appreciate his cooperation on this. He will have time to make his case and he will have 10 minutes in the morning. I thank him for his cooperation.

Mr. President, in furtherance of this reservation, Mr. President, I—how long does the Senator need?

Mr. MCCAIN. Four minutes.

Mr. LOTT. I also ask unanimous consent that the Senator from Arizona have 4 minutes before we begin on the amendments we have lined up.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Reserving the right to object, Mr. President. I might ask the majority leader, I understand from in the UC request that, after all these amendments are disposed of, we go to the third reading of the bill, and that there would be a vote on final passage.

Mr. LOTT. That's right.

Mr. HARKIN. After that, the UC also says that the House bill would then come in and be substituted for the Senate bill and then proceed to a third reading of the House bill at that point in time. However, it is my understanding that when the House bill is substituted for the Senate bill, it is also open for amendment at that point in time; is that not correct?

Mr. LOTT. This is the normal language that we use in this type of consent, getting the final passage. It is the normal procedure and the normal language. I guess, in theory, it is subject to amendment.

Mr. HARKIN. Yes. I would like to inform the distinguished majority leader that when this point happens, I intend to offer an amendment on the House bill. It would be subject to the Senate bill at that point in time.

Mr. LOTT. It would be what? Subject to what?

Mr. HARKIN. When the House bill takes the place of the Senate bill, when you strike all after the enacting clause and put in the House bill, at that point the House bill is then open for amendment. It is my intention to offer an amendment to the House bill at that point in time.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MCCAIN. 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. MCCAIN. Mr. President, while the leaders are discussing this issue, I will make my brief statement at this time so that we can proceed with the business of the Senate.

Mr. President, once again, the hard work of Chairman COCHRAN and Senator BUMPERS is readily apparent in this bill and report. I congratulate them for their efforts.

This is the eighth appropriations bill to come before the Senate in these 2 weeks. And I must say that this bill and report, so far, take the cake for earmarks and set-asides for Members' special interests.

Most of these earmarks are in the report language and do not, therefore, have the full force of law. But I have no doubt that the Department of Agriculture will feel compelled to spend the funds appropriated to them in accordance with these earmarks.

These earmarks are the usual collection of add-ons for universities and laboratories, prohibitions on closing facilities or cutting personnel levels, special exemptions for certain areas, and the like. There is little on this list that would surprise any of my colleagues.

There is, however, a new type of earmark that I do not recall seeing in other appropriations bills. I am referring to the practice of earmarking funds to provide additional personnel at specific locations. For example, in the report:

$250,000 is earmarked for a hydrologist to work for the Agricultural Research Service on south Florida Everglades restoration;

$500,000 is earmarked for additional scientists to do research on parasitic mites and Africanized honeybees at the Bee Laboratory in Texas;

Language specifies funding at fiscal year 1997 levels for the peanut research unit of the Agricultural Research Service in Oklahoma to retain two scientists at the facility;

Language specifies funding at fiscal year 1997 levels to maintain the potato breeder and small grains geneticist positions at the Agricultural Research Service facility in Aberdeen, ID—the report notes that the current potato breeder is getting ready to retire;

An additional $250,000 is earmarked for an animal physiologist position at the Fort Keough Laboratory in Montana;

$1.05 million is added for additional staffing at the Rice Germplasm Laboratory in Arkansas;

$250,000 is added for additional scientific staffing at the Small Fruits Research Laboratory in Mississippi;

$250,000 is added to establish a small grains pathologist research position for the Agricultural Research Service in Raleigh, NC;

Language acknowledges the importance of the horticulturist position specializing in grape production at the Agricultural Research Service station in Prosser, WA;

$200,000 is added for 21 additional full-time inspectors at agriculture quarantine inspection facilities at Hawaii's airports;

$200,000 is added for the cattle tick inspection program to ensure current staffing levels are maintained along the border with Mexico; and

Language recommends continued staffing and operations at the cooperative services office in Hilo, HI.

Mr. President, I am amazed again. We have found a new way of earmarking. I congratulate the appropriators for doing so. I have never before seen earmarking funds for the hiring of a specialist at a particular job. So I want to again say we have broken a new frontier here and one that I am sure will be emulated by others in the appropriations bills to come.

Mr. President, I won't delay the Senate further. I ask unanimous consent that a listing of the provisions that I find objectionable in the agriculture appropriations bill be printed in the RECORD at this time.

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

OBJECTIONABLE PROVISIONS IN S. 1033 FISCAL YEAR 1998 AGRICULTURE APPROPRIATIONS BILL

BILL LANGUAGE

$24.5 million earmarked for water and waste disposal systems for the Colonias along the U.S.-Mexico border.

$15 million for water systems for rural and native villages in Alaska.

Section 725 exempts the Martin Luther King area of Pawley's Island, South Carolina, from the population eligibility ceiling for housing loans and grants.

Section 726 prohibits closing or relocating the FDA Division of Drug Analysis in St. Louis, Missouri, or closing or consolidating FDA's laboratory in Baltimore, Maryland.

REPORT LANGUAGE

Agricultural Research Service:

Earmarks and directive language for research programs—$250,000 for apple-specific E. coli research at the Eastern Regional Research Center, Wyndmoor, Pennsylvania.

$250,000 for research at the ARS Pasture Center in Logan, Utah.

$500,000 for fusarium head blight research at the Cereal Rust Laboratory in St. Paul, Minnesota.

$500,000 for research on karnal bunt at Manhattan, Kansas.

$1.25 million for Everglades Initiative, of which $1 million is for research on biocontrol of melaleuca and other exotic pests at Fort Lauderdale, Florida, and $250,000 is for a hydrologist to work on south Florida Everglades restoration.

$1 million each for Texas and Arkansas entities to perform dietary research, and $250,000 for each of five other centers proposing to do dietary research.

$250,000 each for laboratories in Colorado, Maryland, and California to do critical plant genetics research.

$50,000 each to 4 entities in Hawaii, California, and Oregon for clonal repositories and introduction stations.

Additional earmarks for clonal repositories and introduction stations at College Station, Texas ($100,000), Ames, Iowa ($200,000), and Pullman, Washington ($250,000).

Continues funding for ARS laboratories and worksites in North Dakota, Washington, Maine, and California which had been proposed for closure.

Increase of $250,000 for Appalachian Soil and Water Conservation Laboratory.

$750,000 for ARS to assist Alaska in support of arctic germplasm.

$250,000 to initiate a program for the National Center for Cool and Cold Water Aquaculture at the Interior Department's Leetown Science Center, where the national aquaculture center will be collocated.

$250,000 for high-yield cotton germplasm research at Stoneville, Mississippi.

$198,000 for center of excellence in endophyte/grass research to be operated cooperatively by the University of Missouri and the University of Arkansas.

$250,000 to support research on infectious diseases in warmwater fish at the Fish Disease and Parasite Research Laboratory at Auburn, Alabama.

$500,000 increase for the National Aquaculture Research Center in Arkansas.

4 separate earmarks for the Hawaii Institute of Tropical Agriculture and Human Resources—$298,000 to develop a program to control the papaya ringspot virus; another $298,000 to establish nematode resistance in commercial pineapple cultivars; $275,100 to develop efficacious and nontoxic methods to control tephritid fruit flies; and funding at FY 1997 levels for environmentally safe methods of controlling pests prominent in small scale farms in tropical and subtropical agricultural systems.

$250,000 for grain legume genetics research at Washington State University.

$950,000 for Hawaii Agriculture Research Center (formerly called the Hawaii Sugar Planters' Association Experiment Station) to maintain competitiveness of U.S. sugarcane producers.

$500,000 increase for additional scientists to do research on parasitic mites and Africanized honeybees at the ARS Bee Laboratory in Weslaco, Texas.

$388,000 to continue hops research in the Pacific Northwest.

$500,000 for integrated crop and livestock production systems research at ARS Dairy Forage Center in Wisconsin.

Funding at FY 1997 levels for kenaf research and product development efforts at Mississippi State University.

$14.58 million for methyl bromide replacement research, directed to ''facilities and universities that have expertise or ongoing programs in this area.''

Funding at FY 1997 levels for the National Center for Agricultural Law Research and Information at the Leflar School of Law in Fayetteville, Arkansas.

Funding at FY 1997 levels for the National Sedimentation Laboratory.

$500,000 increase for the National Warmwater Aquaculture Research Center in Mississippi.

$1 million increase for University of Mississippi pharmaceutical research.

Funding at FY 1997 levels for Northwest Nursery Crops Research Center in Oregon.

Funding at FY 1997 levels for two scientists for the peanut research unit in Oklahoma

Funding for FY 1997 levels for pear thrip control research at University of Vermont

Funding at FY 1997 level to maintain the potato breeder position at Aberdeen, Idaho, after the current person retires

Numerous earmarks at the FY 1997 funding levels for continued research on a variety of projects at the following locations [page 26–27 of report]:

$370,700 for Albany, California
$245,700 for Fresno/Parlier, California
$144,100 for Gainsville, Florida
$1.6 million for Hilo, Hawaii
$160,700 for Aberdeen, Idaho
$1.2 million for Peoria, Illinois
$350 million for Ames, Iowa
$250,000 for Manhattan, Kansas
$400,000 for New Orleans, Louisiana
$1.5 million for Beltsville, Maryland
$393,000 for East Lansing, Michigan
$147,000 for St. Paul, Minnesota
$491,500 for Stoneville, Mississippi
$393,200 for Columbia, Missouri
$208,400 for Clay Center, Nebraska
$143,100 for Lincoln, Nebraska
$50,000 for Ithaca, New York
$877,200 for Raleigh, North Carolina
$210,100 for Wooster, Ohio
$150,000 for Stillwater, Oklahoma
$930,800 for Corvallis, Oregon
$691,500 for Wyndmoor, Pennsylvania
$350,000 for Pullman, Washington
$919,800 for Washington, D.C.

$300,000 increase for Southeast Poultry Research Laboratory in Georgia

$250,000 increase for an animal physiologist position at the Fort Keough Laboratory in Montana

$1.05 million increase for additional staffing at the Rice Germplasm Laboratory in Arkansas

Funding at FY 1997 levels for Geisinger Health Systems Geriatric Nutrition Center in Pennsylvania to develop programs to assist the rural elderly population in nutrition

$250,000 increase for additional scientific staffing at Small Fruits Research Laboratory in Mississippi

Funding at FY 1997 level to maintain small grains geneticist position at Aberdeen, Idaho, ARS station

$250,000 increase to establish a small grains pathologist research position in Raleigh, North Carolina

At least $180,000 to continue program at National Center for Physical Acoustics to develop automated methods of monitoring pest populations

$144,100 for subterranean termite research in Hawaii

$600,000 for sugarcane biotechnology research at Southern Regional Research Center in Louisiana, with direction to collaborate with American Sugar Cane League to coordinate research

$1.6 million for aquaculture productivity research and requirements and sources of nutrients for marine shrimp projects in Hawaii

EARMARKS FOR UNREQUESTED BUILDING PROJECTS

$7.9 million for two projects in Mississippi (planning and design for a Biocontrol and Insect Rearing Laboratory in Stoneville, and National Center for Natural Products in Oxford)

$606,000 for a pest quarantine and integrated pest management facility in Montana

$5 million for Human Nutrition Research Center in North Dakota

$4.8 million for the U.S. Vegetable Laboratory in South Carolina

$600,000 for a Poisonous Plant Laboratory in Utah

$6 million for a National Center for Cool and Cold Water Aquaculture in West Virginia

SUPPORTIVE LANGUAGE

Notes importance of barley stripe rust research at Pullman, Washington, laboratory

Impressed with results of work at the Midsouth research unit on biological controls of cotton insect pests

Supports expansion of catfish research at Mississippi Center for Food Safety and Postharvest Technology

Urges ARS to continue cotton textile processing research at New Orleans, Louisiana

Expects ARS to provide adequate funding for ginning research at laboratories in New Mexico, Mississippi, and Texas

Acknowledges the importance of the horticulturist position specializing in grape production at the ARS station in Prosser, Washington, and urges that more resources be placed on grape production research

Urges ARS to continue needed research for meadowfoam at Oregon State University and the ARS facility at Peoria, Illinois

Urges continued funding for Poisonous Plant Laboratory at Logan, Utah

Urges continued research at the Idaho ARS station on potato late blight

Expects ARS to continue to support the South Central Family Farm Research Center in Arkansas

Expects no less than FY 1997 funding level for agroforestry research at the University of Missouri

Expects funding at FY 1997 levels for research in Iowa and Mississippi on soybean production and processing

Expects ARS to provide increased emphasis on viticulture research for that U.S. can remain competitive in the international marketplace for wine

Should continue and expand research at the Midsouth Research Center on water quality and pesticide application

Cooperative State Research, Education, and Extension Service:

EARMARKS

$47.5 million for 121 special research grants:

—Only $10 million of this amount was requested for 7 projects, and the committee eliminated funding for one requested project and reduced funding for another requested project.

—The entire $47.5 million is earmarked for particular states.

$7.7 million for unrequested administrative costs in connection with 13 research programs in specific states [pages 33–37 of report], including:

—$200,000 for the Center for Human Nutrition in Baltimore, Maryland

—$844,000 for the Geographic Information System program in Georgia, Chesapeake Bay, Arkansas, North Dakota, Washington, and Wisconsin

—$200,000 for the mariculture program at University of North Carolina at Wilmington

$5.8 million for 10 unrequested special grants for extension activities in specific states [page 40 of report]

$400,000 of pest management funds for potato late blight activities in Maine

$2.6 million for unrequested rural health programs in Mississippi and Louisiana

Animal and Plant Health Inspection Service:

EARMARKS AND DIRECTIVE LANGUAGE

$200,000 increase for 21 additional full-time inspectors at agriculture quarantine inspection facilities in Hawaii's airports

$200,000 increase in the cattle tick inspection program to ensure current staffing levels for U.S.-Mexico border control

Directs that vacancies at Gulfport APHIS office be filled once the Southeast Regional Office is transferred to the eastern hub

Funding at FY 1997 levels to continue cattail management and blackbird control efforts in North and South Dakota and Louisiana

$150,000 increase for the beaver damage control assistance program for the Delta National Forest and other areas in Mississippi

Funding at FY 1997 levels for Hawaii Agriculture Research Center for research into rodent control in sugarcane and macadamia nut crops

Funding at FY 1997 levels for depredation efforts on fish-eating birds in the mid-South

Funding at FY 1997 levels for Jack H. Berryman Institute of Wildlife Damage Management in Utah

$115,000 increase for coyote control program in West Virginia

Directs use of available funds to control spread of raccoon rabies in the Northeast

$455,000 increase for the Texas Oral Rabies Vaccination Program

Funding at FY 1997 levels for imported fire ant research at University of Arkansas at Monticello

$50,000 increase to initiate a demonstration project on kudzu as a noxious weed

$1 million increase for construction of a bison quarantine facility in Montana to hold and test bison leaving Yellowstone National Park

SUPPORTIVE LANGUAGE

—Supports plans by APHIS to assist producers who have suffered losses due to karnal bunt

—Expects APHIS to maintain animal damage control office in Vermont at FY 1997 levels

—Expects APHIS to use reserve funds for management of western grasshopper and Mormon cricket populations

—Expects APHIS to continue funding eradication of orbanche ramosa in Texas

Agricultural Marketing Service:

EARMARKS

$1.05 million increase for marketing assistance to Alaska

Supportive language:

—Expects AMS to continue to asses existing inventories of canned pink salmon, pouched pink salmon, and salmon nuggets made from chum salmon and determine whether there is a surplus in FY 1998; encourages Agriculture Department to purchase surplus salmon

National Resources Conservation Service:

EARMARKS

$250,000 for agricultural development and resource conservation in native Hawaiian communities serviced by the Molokai Agriculture Community Committee

$250,000 for Great Lakes Basin Program for soil and erosion sediment control

$3.5 million increase for technical assistance in Franklin County, Mississippi

$4.75 million for continued work on Chesapeake Bay

Funding at FY 1997 levels for Mississippi Delta water resources study to move into next phase

Funding at FY 1997 levels for Golden Meadow, Louisiana, Plant Materials Center, in collaboration with Crowley, Louisiana, Rice Research Station, for development and commercialization of artificial seed for smooth cord grass to prevent coastal erosion

$40,000 to continue development of techniques to address loess hills erosion problem in Iowa

$120,000 increase for a poultry litter composting project utilizing sawdust in West Virginia

$300,000 to carry out a long-range grazing lands initiative to reduce current erosion in West Virginia

Directs Agriculture Department to work with Hawaii Department of Agriculture in securing environmentally safe biological controls for alien weed pests introduced into Hawaii and to provide funding

$200,000 increase to develop a feasibility study for a watershed project in Waianae, Hawaii, to alleviate and prevent flood disasters

$500,000 for West Virginia Department of Agriculture to continue operation and testing of concepts, such as the Micgas methane gas process, at the poultry waste energy recovery project in Moorefield, West Virginia, and to study the feasibility of resource recovery at Franklin, West Virginia, to reduce poultry-related pollution in the South Branch of the Potomac River

SUPPORTIVE LANGUAGE

Expects NRCS to continue support of groundwater activities in eastern Arkansas and programs related to Boeuf-Tensas and Bayou Meto

Expects continuation of planning and design activities for the Kuhn Bayou, Arkansas project

Supports and encourages Agriculture Department to provide technical assistance and funding to assist Great Lakes watershed initiative

Supports work of GIS Center for Advanced Spacial Technology in Arkansas in developing digital soil maps, and supports continuation of the National Digital Orthophotography Program, and urges NRCS to maintain its strong relationship with the center

Notes the economic potential of expanding aquaculture in West Virginia and supports development of water treatment practices for wastewater from aquaculture

Supports needed financial assistance to complete the Indian Creek Watershed project in Mississippi

Urges NRCS to provide additional support to initiate work on Poinsett Channel main ditch no. 1 in Arkansas

Expects NRCS to find necessary resources to complete innovative community-based comprehensive resource management plans for West Virginia communities devastated by floods

Encourages the Agriculture Department to raise the priority of developing greater capacity water storage systems and improving the efficiency of water delivery systems in Hawaii and Maui

Encourages Agriculture Department to give consideration to emergency watershed needs in 41 of the 52 counties in the State of Mississippi, and 3 counties in Oregon, Pennsylvania, and New York [page 70 of report] when allocating watershed and flood prevention funds to states

Is aware of need for a pilot flood plain project for the Tygart River basin in West Virginia

Encourages Agriculture Department to finish 5 river projects in Vermont, 1 project in North Dakota, and 1 project in Mississippi [page 71 report]

Encourages NRCS to assist FEMA in flood response and water management activities in Devils Lake basin in North Dakota

Rural Community Advancement Program:

EARMARKS

Directs Agriculture Department to assist in financing Alaska Village Electric Cooperative work to alleviate environmental problems of leaking fuel lines and tanks

SUPPORTIVE LANGUAGE

Encourages Agriculture Department to give the utmost consideration to a grant application from the Native Village Health Clinic in Nelson Lagoon, Alaska, for community facility funding

Encourages Agriculture Department to give consideration to rural business enterprise grant applications from 11 entities listed in the report [page 76 of report]

Encourages Agriculture Department to consider applications from 7 cities in Pennsylvania, Mississippi, and Alaska for water and waste disposal loans and grants [page 77 of report]

Rural Business Cooperative Service:

EARMARKS AND DIRECTIVE LANGUAGE

Directs RBCS to develop and implement a pilot project to financing new or expanded diversified agricultural operations in Hawaii because of the closure of sugarcane plantations

$250,000 for an agribusiness and cooperative development program at Mississippi State University

Recommends continued staffing and operations of the cooperative services office in Hilo, Hawaii, to address the demand for cooperatives for the expanding diversified agricultural sector

SUPPORTIVE LANGUAGE

Encourages RBCS to work with Union County, Pennsylvania, to explore options to facilitate construction of the Union County Business Park

Encourages RBCS to consider cooperative development grants to New Mexico State University for rural economic development

through tourism and to America's Agricultural Heritage Partnership in Iowa

Rural Utilities Service:

Encourages Agriculture Department to give consideration to the following applications for distance learning and medical link program funds:

University of Colorado Health Science Center telemedicine project

Demonstration project with Maui Community College

Hawaii Community Hospital system

Nutrition education activities of the University of Hawaii's Tropical Agriculture and Human Resources College

Vermont Department of Education proposal to provide high schools in rural areas with two-way audio/video connections

UNANIMOUS-CONSENT AGREEMENT

Mr. LOTT. Mr. President, I want to renew my unanimous-consent request, with the modifications that we think are appropriate at this time. So I will begin again.

I ask unanimous consent that the following be the only remaining amendments in order, and limited to relevant second-degree amendment and votes ordered with respect to those amendments be stacked to occur beginning at 10 a.m. on Thursday, with 2 minutes for debate between each stacked vote, equally divided, except that there will be 10 minutes prior to the Wellstone amendment.

Those amendments are as follows and subject to time restraints where noted:

Grams, on dairy compact; Wellstone, on school breakfast; a manager's package; a Bingaman amendment on CRP; Robb, concerning farmers' civil rights, and a Johnson amendment with regard to livestock packers.

I further ask that following disposition of the amendments, the Senate then proceed to vote on S. 1033 and, following passage, the bill remain at the desk.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. LOTT. Therefore, there will be no further rollcall votes this evening. The next rollcall votes will be a series of votes completing action on the Agriculture appropriations bill occurring at 10 a.m.

I yield the floor.

Mr. BUMPERS. Mr. President, I ask unanimous consent that I be permitted to proceed for 3 minutes.

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

Mr. BUMPERS. Mr. President, I am sorry the Senator from Arizona, Mr. MCCAIN, left the floor. He listed a number of what he called earmarks, and the implication was that any money in this bill earmarked for specific kinds of research or specific kinds of personnel in a particular State was—he didn't say it in these words, but that it was pork and that earmarks are automatically bad. I could not disagree more. Every earmark the Senator from Arizona mentioned tonight, listed tonight in the bill, he was absolutely correct about it. Every one of them were for research projects.

I said in my opening statement this morning that it is a tragedy that in this country we have become complacent about our food supplies, and, yet, we are adding 2 million people a year in this Nation alone to feed, and almost 100 million people a year worldwide to feed. And at the same time in this Nation, as we add 2 million people to feed, we are also taking between 2 million and 3 million acres of arable land out of cultivation for airports, urban sprawl, housing, you name it.

Now, it is quite obvious to me that when you spend about $1.2 billion for research—I don't know precisely how much is in this bill, but when you consider the fact that we spend $13 billion a year on medical research, which I applaud, $13 billion a year for NASA, all of which I applaud—except space station, of course—and $36 billion to $40 billion—I believe $40 billion we approved the other day to make things explode in the Defense authorization bill, without so much as a whimper from one person in this body—about $40 billion in research and development.

I am not saying it is all bad. All I am saying is here is poor old agriculture which is going to be charged with the responsibility—and is charged with the responsibility—of providing a good, safe, reliable food supply for this country. The American housewife spends 10 cents of every dollar for food, the lowest of any nation on Earth. And to suggest that somehow or other these items in here simply because they earmarked are bad and a waste of money—I can tell you, for example, that the new poultry and meat inspection system which is being implemented right now as the ultimate in providing safe food for us to eat is the result of a very small appropriation to a consortium of the University of Arkansas, Kansas State, and Iowa State—one of the best bargains we ever got. And every dime of it was earmarked to start that program several years ago.

Mr. President, I am about to get exercised. And I could go on with all the earmarks that have provided great research for this country that we have all benefited from.

I know there is some pork in this bill, as there is in every bill. But I can tell you just because someone says it is for the State of Mississippi or the State of Arkansas doesn't mean it is bad. The truth of matter is we have reaped tremendous benefits from some of these earmarks.

I yield the floor.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. LOTT. Mr. President, I must say that I agree with the Senator from Arkansas on the last part of his comments.

THE INTERNATIONAL DOLPHIN CONSERVATION PROGRAM ACT —MOTION TO PROCEED

Mr. LOTT. Mr. President, I have a motion that I need to file. I believe that there is a Senator who will want to object on this.

Mr. President, I ask unanimous consent that the Senate now turn to the consideration of Calendar 109, S. 39, regarding the International Dolphin Conservation Program.

The PRESIDING OFFICER. Is there objection?

Mr. BUMPERS. Yes. With some reluctance, Mr. President, I must object.

The PRESIDING OFFICER. Objection is heard.

CLOTURE MOTION

Mr. LOTT. Mr. President, in light of the objection, I now move to proceed to S. 39, and I send a cloture motion to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on the motion to proceed to Calendar No. 109, S. 39, the International Dolphin Conservation Program Act:

Trent Lott, Fred Thompson, Larry Craig, Don Nickles, Chuck Grassley, Christopher Bond, Pete Domenici, Alfonse D'Amato, Thad Cochran, James Jeffords, Bill Frist, Olympia Snowe, Rick Santorum, Lauch Faircloth, Daniel Coats, and Ted Stevens.

Mr. LOTT. Mr. President, for the information of all Senators, this cloture vote will occur on Friday at a time to be determined by the majority leader after consultation with the Democratic leader.

I understand that there is a good likelihood that a compromise agreement has been worked out on this. If it has, that would be what I really want to do.

I am pushing this issue at the request of the President of the United States. I think it is a good conservation policy.

But if an agreement has been worked out between the differing sides, that would be our preference. If that is the case we would vitiate, of course, the cloture, and not have a vote.

But as it now would stand we would have the opportunity for this vote on Friday.

So I ask unanimous consent that the mandatory quorum under rule XXII be waived.

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

Mr. LOTT. It will be the intention of the leadership to schedule this vote to occur on Friday.

I now withdraw the motion to proceed.

The PRESIDING OFFICER. The motion to proceed is withdrawn.

Mr. LOTT. I yield the floor.

I believe we are ready to proceed with the order.

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1998

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. Under the previous agreement, the Senator from Minnesota is recognized.

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

AMENDMENT NO. 971

(Purpose: To require the Director of the Office of Management and Budget to conduct, complete, and transmit to Congress a comprehensive economic evaluation of the direct and indirect effects of the Northeast Interstate Dairy Compact)

Mr. GRAMS. Mr. President, tonight I am pleased that an amendment by Senator FEINGOLD and I, which we intended to offer, has now been accepted in modified form.

Because this issue is so important to my State, I wanted to take some time to briefly review why I offered the amendment and why this amendment is requiring a study of the Northeast Dairy Compact.

My amendment is straightforward and is noncontroversial. It simply requires the Secretary of Agriculture to study and report the economic impacts of the Northeast Interstate Dairy Compact.

The focus of this amendment is to examine the impact of the Northeast Interstate Dairy Compact on food nutrition programs and on the entire Nation's dairy industry.

This amendment will help protect senior citizens, children, and the most needy among us.

This amendment helps all who rely on food stamps, the School Lunch Program, the Summer Food Service Program, the Child and Adult Care Food Program, the Special Milk Program, the School Breakfast Program, and the Special Supplemental Nutrition Program for Women, Infants, and Children, as well as dairy producers in 44 States.

Joining me in offering this amendment are Senators FEINGOLD, THOMAS, KOHL, LEVIN, WELLSTONE, DEWINE, and CRAIG.

As many of my colleagues may know, on July 1, 1997, the Compact became effective in a six-State region in New England giving producers there an arbitrary, fixed price for their milk—nearly $17 per hundredweight.

Unfortunately, few of us know exactly what this will mean for consumers in that region, particularly the poor; for the cost of delivering food nutrition assistance by Federal, State, and local governments; and for dairy producers in 44 other States, including my producers in Minnesota, who receive far, far less for their milk than their New England counterparts.

We are not sure of the Compact's impact, in large part, because there has been so little light shed on it. It became law attached in a conference committee. The Compact has always seemed to travel under a cloud with no justification for its existence.

For example, in the 103d Congress, the Senate Judiciary Committee held a business meeting to consider the Compact—without the benefit of a single hearing—and reported the Compact to the floor. The Senate never considered it.

A House Judiciary subcommittee held one hearing on the proposal, but eventually sent it to full Committee without recommendation because the vote was evenly divided for and against the Compact. The bill died in Committee.

In fact, at the House hearing, the administration's testimony was ''we believe this is a matter that warrants further review and consideration''. Hardly a ringing endorsement.

In the 104th Congress, the Compact was the subject of not a single hearing in either the Judiciary Committee or the Agriculture Committee of the Senate. Nor was it the topic of a single hearing in counterpart Committees in the House.

Despite this, the Compact wound up in the Senate's version of the farm bill. In response, a majority of this body voted to strip it out. The House never included the Compact in its version of the farm bill. Yet, somehow the Compact found its way back into the farm bill during conference, and survived buried in a conference report most of us supported overall.

Subsequent to the authority for the Compact becoming law, the Secretary of Agriculture decided to go ahead with implementation of the Compact despite the fact that the President's own Council of Economic Advisors recommended against it.

As a matter of fact, it was reported that the former head of the President's Council of Economic Advisors, Mr. Joseph Stiglitz, lashed out at the * * * Compact, noting it was a cost to U.S. consumers and lowered real benefits paid out via food stamps by 10 percent.

I wish I could share with my colleagues the Council of Economic Advisor's actual recommendation against the Compact. Unfortunately, however, when I wrote to the current Chairman of the Council, Ms. Janet Yellen, for that information, my request was denied.

I also took the time to show up at an Agriculture Appropriations Subcommittee hearing to submit the request to Secretary Glickman who was testifying at the time. A month or two later, I received from the Secretary yet another denial of my request for this information.

Adding insult to injury, when the Compact was being challenged in court, it seemed for a while that the Department of Agriculture was going to have a tough time just beating back that challenge even though the Federal court hearing the case was applying the lowest possible threshold—the rationale basis test—in scrutinizing the Compact.

As my colleagues are aware, the rationable basis test applied by courts only requires that there be just a little bit of logic in a government action—it just has to make some kind of sense.

Yet, on the Secretary's first attempt to explain the Compact, the judge in a frustrated tone, stated that the Secretary of Agriculture's concerns—about the Compact—expressed in four paragraphs, overshadow the four reasons, expressed in two sentences, that the Secretary gave—in favor of the Compact.

In short, the Secretary could not even supply a meager rational reason for the Compact's existence.

Shortly after that pronouncement from the court, the Secretary of Agriculture asked Judge Friedman for a second shot at rationalizing the Compact.

However, the amended brief supporting the Compact did not address the economic impacts of the Compact or even the Secretary's own concerns. But, since the court only required some kind of reasoning—any kind of reasoning—the Compact survived in court.

Mr. President, it is plain to see from all this that the cloud covering the Compact has still not lifted. The Compact and its exact economic effects are very uncertain, at best, and this should rightly concern Members from the Compact region as well as those of us in the other 44 States.

In his August 9, 1996, statement, Secretary Glickman himself stated:

> I am concerned about the potential effects of the Compact in several respects and intend, therefore, to monitor closely its implementation.

Secretary Glickman also continued:

> I expect that the Compact Commission will implement the Compact in a way that does not burden other regions of the country, consistent with the provisions of the FAIR Act and the Compact. I will monitor whether the Compact has any adverse effects on the income of dairy producers outside the Compact region.

Further, the Secretary announced, and again I quote:

> Perhaps most significantly, I am deeply concerned about and will closely monitor the effect of the Compact on consumers, especially low-income families, within the Compact region.
>
> I expect that the Commission will pay close attention to monitor the effects of its decisions on consumers before and after it takes any action.

He went on to say, and again I am quoting:

> I also expect the commission and the Compact States to provide assistance to offset any increased burden on low-income families in the Compact region. I am also concerned about the effect of the Compact on the Department of Agriculture's nutrition programs, and I expect the commission to exercise its authority to reimburse participants in a special supplemental nutrition program for WIC and to fulfill its obligation to reimburse the CCC, as provided in the Compact and in the FAIR Act.

Mr. President, despite the concerns expressed by the Secretary of Agriculture regarding the compact, we still

have no way of knowing whether the compact is in fact having an adverse effect on consumers, especially the poor, and, if it is, to what extent.

We have no way of knowing whether the compact is increasing the cost of food nutrition programs, adversely affecting taxpayers who foot the bill. We also have no way of knowing whether the compact has an adverse effect on the dairy producers of 44 other States in this country or whether the CCC will pick up bigger tabs because of the compact. The only information we have today are newspaper articles from the compact region reporting that retail milk prices have climbed 20 to 26 cents per gallon since the compact was implemented, and retailers and consumer groups are blaming the compact.

We are also hearing word that milk production in the compact region is on the rise in response to the fixed prices New England dairy producers are receiving. I am told that one large processor in the compact region is not accepting any additional milk at one of its plants and is instead shipping five to seven loads a day of excess milk to the Midwest where it is sold for around $7 to $8 per hundredweight for processing.

If these reports are correct, New England lawmakers should be extremely concerned about their consumers, especially the poorest among them. My colleagues from the other 44 States, especially those States that produce dry powdered milk or cheese, should be equally concerned about producers in their home States having to compete with $7 and $8 milk coming out of New England. But the fact is none of us know for sure what is happening out there due to the compact because the cloud lingers, and, therefore, all I am asking from my colleagues is a little bit of sunshine.

It seems to me that last Congress we bought this rig sight unseen without even so much as kicking the tires. Under those circumstances, I don't think it is unreasonable to now ask that we take a look under the hood. If the folks who sold us the compact are right, then there is nothing to hide. At this juncture, I believe that a study of the compact is not only appropriate but it is very necessary.

Mr. President, in the August 9, 1996, statement of Secretary Glickman, which I mentioned earlier, the Secretary also stated:

> I also encourage Congress to exercise its oversight function and to monitor the implementation of the compact.

Mr. President, I think the Secretary has offered us some very sound advice. This is the best way to provide that necessary oversight. If the compact is compromising our efforts to help the disadvantaged, the senior citizens and children through nutrition programs or disadvantaging dairy producers in 44 States, I want to be one of the first to learn that information and then to do something about it.

So, Mr. President, I understand again that this amendment I offer with Senator FEINGOLD is accepted, and I thank all of those who have helped us work on this and support it.

Also, Mr. President, I ask unanimous consent that I add Senator ABRAHAM to the list of cosponsors of this amendment as well.

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

Mr. GRAMS. I thank the Chair. I thank you for the time and I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. Is the Senator's amendment offered for a vote?

Mr. GRAMS. Mr. President, I understand that the amendment has been accepted.

The PRESIDING OFFICER. The amendment would need to be offered and a voice vote taken.

Mr. GRAMS. Mr. President, my understanding is that the amendment has been accepted and no recall vote is needed.

The PRESIDING OFFICER. The Senator needs to send the amendment to the desk.

The clerk will report the amendment.

The assistant legislative clerk read as follows:

> The Senator from Minnesota [Mr. GRAMS], for himself, Mr. FEINGOLD, Mr. KOHL, Mr. LEVIN, Mr. WELLSTONE, and Mr. CRAIG, proposes an amendment numbered 971.

Mr. GRAMS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

> On page 66, between lines 12 and 13, insert the following:
>
> **SEC. 728. STUDY OF NORTHEAST INTERSTATE DAIRY COMPACT.**
>
> (a) DEFINITIONS.—In this section:
>
> (1) CHILD, SENIOR, AND LOW-INCOME NUTRITION PROGRAMS.—The term ''child, senior, and low-income nutrition programs'' includes—
>
> (A) the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);
>
> (B) the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.);
>
> (C) the summer food service program for children established under section 13 of that Act (42 U.S.C. 1761);
>
> (D) the child and adult care food program established under section 17 of that Act (42 U.S.C. 1766);
>
> (E) the special milk program established under section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772);
>
> (F) the school breakfast program established under section 4 of that Act (42 U.S.C. 1773);
>
> (G) the special supplemental nutrition program for women, infants, and children authorized under section 17 of that Act (42 U.S.C. 1786); and
>
> (H) the nutrition programs and projects carried out under part C of title III of the Older Americans Act of 1965 (42 U.S.C. 3030e et seq.).
>
> (2) COMPACT.—The term ''Compact'' means the Northeast Interstate Dairy Compact.
>
> (3) NORTHEAST INTERSTATE DAIRY COMPACT.—The term ''Northeast Interstate Dairy Compact'' means the Northeast Interstate Dairy Compact referred to in section 147 of the Agricultural Market Transition Act (7 U.S.C. 7256).
>
> (4) DIRECTOR.—The term ''Director'' means the Director of the Office of Management and Budget.
>
> (b) EVALUATION.—Not later than December 31, 1997, the Director shall conduct, complete, and transmit to Congress a comprehensive economic evaluation of the direct and indirect effects of the Northeast Interstate Dairy Compact, and other factors which affect the price of fluid milk.
>
> (c) COMPONENTS.—In conducting the evaluation, the Director shall consider, among other factors, the effects of implementation of the rules and regulations of the Northeast Interstate Dairy Compact Commission, such as rules and regulations relating to over-order Class I pricing and pooling provisions. This evaluation shall consider such effects prior to implementation of the Compact and that would have occurred in the absence of the implementation of the Compact. The evaluation shall include an analysis of the impacts on—
>
> (1) child, senior, and low-income nutrition programs including impacts on schools and institutions participating in the programs, on program recipients and other factors;
>
> (2) the wholesale and retail cost of fluid milk;
>
> (3) the level of milk production, the number of cows, the number of dairy farms, and milk utilization in the Compact region, including—
>
> (A) changes in the level of milk production, the number of cows, and the number of dairy farms in the Compact region relative to trends in the level of milk production and trends in the number of cows and dairy farms prior to implementation of the Compact;
>
> (B) changes in the disposition of bulk and packaged milk for Class I, II, or III use produced in the Compact region to areas outside the region relative to the milk disposition to areas outside the region—
>
> (C) changes in—
>
> (i) the share of milk production for Class I use of the total milk production in the Compact region; and
>
> (ii) the share of milk production for Class II and Class III use of the total milk production in the Compact region;
>
> (4) dairy farmers and dairy products manufacturers in States and regions outside the Compact region with respect to the impact of changes in milk production, and the impact of any changes in disposition of milk originating in the Compact region, on national milk supply levels and farm level milk prices nationally; and
>
> (5) the cost of carrying out the milk price support program established under section 141 of the Agricultural Market Transition Act (7 U.S.C. 7251).
>
> (d) ADDITIONAL STATES AND COMPACTS.—The Secretary shall evaluate and incorporate into the evaluation required under subsection (b) an evaluation of the economic impact of adding additional States to the Compact for the purpose of increasing prices paid to milk producers.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 971) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. LEAHY addressed the Chair.

The PRESIDING OFFICER. By previous order, the Senator from Minnesota has the floor and has an amendment.

Mr. WELLSTONE. Mr. President, my understanding is that the Senator from—I thought that this amendment was going to be much more brief. That was my understanding. I am anxious to go on with my amendment, but my understanding is that the Senator from Vermont had wanted to speak on this, and out of courtesy to a colleague, I defer to him.

I ask the Senator, does he know how long he will be speaking?

Mr. LEAHY. Mr. President, I tell my good friend from Minnesota that I will speak probably about 1 minute.

Mr. WELLSTONE. More than that.

Mr. LEAHY. It will be very brief.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. LEAHY. Mr. President, I thank Senators who worked very hard in working this matter out. I thank the distinguished chairman of the subcommittee, my good friend, the senior Senator from Mississippi, for his efforts and, of course, the senior Senator from Arkansas [Mr. BUMPERS], for his efforts.

I thank the members of my staff who worked so hard, and my colleague from Vermont, Senator JEFFORDS. And, of course, Senator GRAMS and Senator FEINGOLD, from Wisconsin, who as a Member of the Judiciary Committee, while involved in a very difficult markup today, also spent a great deal of time in trying to work out this matter of great concern to his dairy farmers, as it is the other Senator from Minnesota, Mr. WELLSTONE.

We have worked out an understanding regarding a study of the Northeast Dairy Compact and regarding milk pricing practices as they effect consumers.

The Director of OMB will do a study on dairy, retail store, wholesaler and processor pricing in New England.

Many Senators are very concerned, and I have not found one who is not, that when the price that farmers get for their milk drops that the retail price—the consumer price—often does not drop.

Wholesalers or retail stores appear to be simply making more profits at the expense of farmers.

This is one issue we are very interested in.

Also, the price of milk in New England, in the South, in the Midwest, and in the West is supported by a variety of milk marketing orders. These have a tremendous impact on the price of milk in retail stores, and these marketing orders will continue to exist for years to come.

The Northeast Dairy Compact will exist for only about 18 months—it terminates in 1999, or when the Secretary reforms the milk marketing order system, whichever comes first as provided in the farm bill.

I want to remind everyone that the compact was first approved by each of the six legislative bodies in New England, and signed into law by each of their Governors.

So the impact on retail prices of the milk marketing order system, the impact on prices of wholesaler and retail profits, the impact on prices of the dairy compact, among other factors will be examined by the Director.

The prices farmers get for their milk dropped substantially last November nationwide. They dropped quickly, and have stayed low for months.

It amounted to a 35 cent to 40 cent drop on a per gallon basis. That is a huge drop for farmers. Yet retail stores did not lower their prices to consumers except by a few pennies.

Prices that farmers got stayed low, and prices paid by consumers stayed high.

How did the stores make out during this big price drop to farmers? There has been a major increase in retail store profits for milk.

In some areas of the country there is now a $1.40 per gallon difference between the raw milk price—which farmers get—and the retail price of milk.

Now that stores took advantage of that price drop to lock in huge profit margins for milk are they going to give consumers a break? Of course not.

The Compact Commission did its job. They picked a fair return for farmers that is lower than the average price last year for milk.

Let me repeat that: under the Compact farmers in New England are getting less for their milk than the average price they got for their milk last year.

Because retail stores now have huge built-in profit margins on milk there should be no increases in price under the compact—yet retail stores are not satisfied.

The Wall Street Journal and the New York Times have exposed this retail store overcharging for milk.

The Wall Street Journal pointed out that the value of milk for farmers plunged by 22 percent since October of 1996—but that no comparative decline occurred in the retail price of milk.

Farmers got one-fifth less for their milk, and stores made a bundle. The dairy case is now the most profitable part of a supermarket.

The last time I asked GAO to look at store profits for milk I was amazed at what they discovered.

GAO found then, and its the same now, that when farm prices collapse that retail milk prices to consumers stay high.

The failure of stores to lower prices may have had a significant adverse impact on nutrition programs. Also, I know from newspaper accounts that one chainstore in Maine dropped the price of a gallon of skim milk by one penny after the compact was implemented. Other stores reacted differently even though they enjoyed the benefit of a major price drop which I previously discussed. We need to know if stores unfairly increased prices by taking advantage of the compact even though they did not have to increase prices at all.

I thank my good friend from Minnesota for the courtesy of letting me take this time, and my friend from Minnesota, Mr. GRAMS.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

AMENDMENT NO. 972

(Purpose: To provide funds for outreach and startup for the school breakfast program, with an offset)

Mr. WELLSTONE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. WELLSTONE] proposes an amendment numbered 972.

Mr. WELLSTONE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 28, line 21, strike ''$202,571,000'' and insert ''$197,571,000''.

On page 47, line 6, strike ''$7,769,066,000'' and insert ''$7,774,066,000''.

On page 47, line 13, insert after ''claims'' the following: '': *Provided further,* That not less than $5,000,000 shall be available for outreach and startup in accordance with section 4(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(f))''.

On page 66, between lines 12 and 13, insert the following:

SEC. 728. OUTREACH AND STARTUP FOR THE SCHOOL BREAKFAST PROGRAM.

Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by adding at the end the following:

''(f) OUTREACH AND STARTUP.—

''(1) DEFINITIONS.—In this subsection:

''(A) ELIGIBLE SCHOOL.—The term 'eligible school' means a school—

''(i) attended by children, a significant percentage of whom are members of low-income families;

''(ii)(I) as used with respect to a school breakfast program, that agrees to operate the school breakfast program established or expanded with the assistance provided under this subsection for a period of not less than 3 years; and

''(II) as used with respect to a summer food service program for children, that agrees to operate the summer food service program for children established or expanded with the assistance provided under this subsection for a period of not less than 3 years.

''(B) SERVICE INSTITUTION.—The term 'service institution' means an institution or organization described in paragraph (1)(B) or (7) of section 13(a) of the National School Lunch Act (42 U.S.C. 1761(a)).

''(C) SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.—The term 'summer food service program for children' means a program authorized by section 13 of the National School Lunch Act (42 U.S.C. 1761).

''(2) PAYMENTS.—The Secretary shall make payments on a competitive basis and in the following order of priority (subject to the other provisions of this subsection), to—

''(A) State educational agencies in a substantial number of States for distribution to eligible schools to assist the schools with nonrecurring expenses incurred in—

''(i) initiating a school breakfast program under this section; or

''(ii) expanding a school breakfast program; and

''(B) a substantial number of States for distribution to service institutions to assist the institutions with nonrecurring expenses incurred in—

''(i) initiating a summer food service program for children; or

''(ii) expanding a summer food service program for children.

''(3) PAYMENTS ADDITIONAL.—Payments received under this subsection shall be in addition to payments to which State agencies are entitled under subsection (b) of this section and section 13 of the National School Lunch Act (42 U.S.C. 1761).

''(4) STATE PLAN.—To be eligible to receive a payment under this subsection, a State educational agency shall submit to the Secretary a plan to initiate or expand school breakfast programs conducted in the State, including a description of the manner in which the agency will provide technical assistance and funding to schools in the State to initiate or expand the programs.

''(5) SCHOOL BREAKFAST PROGRAM PREFERENCES.—In making payments under this subsection for any fiscal year to initiate or expand school breakfast programs, the Secretary shall provide a preference to State educational agencies that—

''(A) have in effect a State law that requires the expansion of the programs during the year;

''(B) have significant public or private resources that have been assembled to carry out the expansion of the programs during the year;

''(C) do not have a school breakfast program available to a large number of low-income children in the State; or

''(D) serve an unmet need among low-income children, as determined by the Secretary.

''(6) SUMMER FOOD SERVICE PROGRAM PREFERENCES.—In making payments under this subsection for any fiscal year to initiate or expand summer food service programs for children, the Secretary shall provide a preference to States—

''(A)(i) in which the numbers of children participating in the summer food service program for children represent the lowest percentages of the number of children receiving free or reduced price meals under the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.); or

''(ii) that do not have a summer food service program for children available to a large number of low-income children in the State; and

''(B) that submit to the Secretary a plan to expand the summer food service programs for children conducted in the State, including a description of—

''(i) the manner in which the State will provide technical assistance and funding to service institutions in the State to expand the programs; and

''(ii) significant public or private resources that have been assembled to carry out the expansion of the programs during the year.

''(7) RECOVERY AND REALLOCATION.—The Secretary shall act in a timely manner to recover and reallocate to other States any amounts provided to a State educational agency or State under this subsection that are not used by the agency or State within a reasonable period (as determined by the Secretary).

''(8) ANNUAL APPLICATION.—The Secretary shall allow States to apply on an annual basis for assistance under this subsection.

''(9) GREATEST NEED.—Each State agency and State, in allocating funds within the State, shall give preference for assistance under this subsection to eligible schools and service institutions that demonstrate the greatest need for a school breakfast program or a summer food service program for children, respectively.

''(10) MAINTENANCE OF EFFORT.—Expenditures of funds from State and local sources for the maintenance of the school breakfast program and the summer food service program for children shall not be diminished as a result of payments received under this subsection.''.

Mr. WELLSTONE. Mr. President, I am sorry it is late tonight. I am going to have a chance to summarize this amendment for colleagues tomorrow. Let me just start out with a poster from the Children's Defense Fund: ''Remember Those Hungry Kids In China? Now They Are In Omaha.'' But it could be in any of our States. Currently there are an estimated 5.5 million American kids who don't eat regularly. They don't get enough to eat.

Mr. President, we have to do better. I offer an amendment to the agriculture appropriations bill which would revive the outreach and startup grants program for school breakfasts. They are called outreach grants. It may come as a shock to some of the Members of this body that children, too many children, are going to school hungry and we are not doing anything about it. Let me repeat that. I have brought this amendment to the floor of the Senate before. I now have an amendment on the agriculture appropriations bill. I hope I will win on this amendment. I appeal to my colleagues to please support this amendment, but I will come back with this amendment over and over and over again, until I restore the funding.

This program was eliminated. Let me just repeat what is going on here. There are too many children who go to school who are hungry. We are not doing anything about it. There are too many children who go to school with rotting teeth from non-nutritious foods. There are too many children who go to school with aching, empty stomachs. There are too many children who go to school who are unable to learn because they are malnourished and hungry. And that is not the goodness in our country.

Mr. President, the welfare law of 1996 eliminated—eliminated the school breakfast outreach and startup grants. They were created in 1990 and they were made permanent in 1994. What these outreach grants are all about—and we are talking about $5 million and only $5 million to reestablish this program—these were grants that enabled States and school districts to set up school breakfast programs. Some 45 States have received these funds. Every student who is eligible for a free lunch is eligible for school breakfast as well. However, only about 40 percent of those who are hungry, those who come from very low-income families and are eligible for school lunch program, are able to participate in the school breakfast program as well.

This program, this outreach program which was combined with the public awareness program by the Food Research and Action Committee—and thank God we have FRAC, because they do wonderful work, and other nutrition advocacy groups—was a catalyst. We were able, through this outreach program, to expand the school breakfast program by 26,000 schools to an additional 2.3 million poor children between 1987 and 1994.

I would like my colleagues to listen carefully to this, not only tonight, many are gone but staffs are around, but also tomorrow when I summarize. This program was extremely successful. It was eliminated because of the almost Orwellian argument that the $5 million outreach program should be eliminated because it was effective, because it was providing States and school districts with the information they needed to set up a school breakfast program to help hungry, malnourished children.

I need to repeat that argument. This was completely eliminated. We eliminated an outreach program for poor children in America to make sure that they were able to participate in the school breakfast program because the argument was made it was encouraging school districts to set up school breakfast programs and therefore the Federal Government would have to contribute some money.

Yes, we would. And that would be a good thing. Because today there are 14.3 million children who receive free and reduced-price lunches, but 8 million of them, spread across 27,000 schools, go to school hungry and receive no school breakfasts at all. Mr. President, 8 million children who need the help, 8 million children who could be starting out the day with a nutritious breakfast, do not receive that assistance, in part because we eliminated a $5 million outreach grant program. We eliminated the whole program. My colleagues know that hungry children cannot learn. And they know that if they cannot learn, when they are adults they won't be able to earn. I could not think of anything that is more shortsighted.

Let me just repeat, talking about children and the importance of an equal chance for every child, too many children in our country, 8 million children—maybe more, maybe a few less, what difference does it make?—go to school and there is no school breakfast program. They are eligible. We eliminated the outreach program that would give States and school districts additional information so they could help hungry children, and as a result of that there are too many children who don't do well in school.

Let me go with the next chart, although I will hold this up tomorrow. I would like my colleagues to see this.

There are hungry kids in our country, an estimated 5.5 million American kids don't regularly get enough to eat. That is the Food Research in Action Coalition report, that is the Children's Defense Fund, this comes from the work of Tufts University. I mean, the evidence is there, colleagues. We have too many children who are malnourished. We have too many children that do not have an adequate diet. And we eliminate a $5 million program, an outreach program, because we said it was too effective.

This chart points out the percentage of children from hungry and nonhungry households, and how it relates to health-related problems. Let me point out, the red is percent of nonhungry children, the green is percent of hungry children. Whether you are looking at unwanted weight loss, or fatigue, or frequent colds, or inability to concentrate, or ear infection, dizziness, asthma, allergies, diarrhea, irritability, frequent headaches—over and over and over again—this is from the Food Research Action Council, 1995—it is dramatic: The much larger percentage of children who are hungry children experience all of these specific health related problems.

It is not too much, I say to my colleague from Mississippi, this is not too much to ask for. I don't think, when we voted on the welfare bill, the debate was really on this one $5 million outreach program. It was just one program in a large bill that we eliminated and we should not have. We set it up in 1990. It was very effective between 1990 and 1994; 1995, it was an excellent program, it was a program that provided outreach to 45 States. It meant that some additional school districts knew how to set up a school breakfast program. And, yes, we ended up providing some funding for that. But we should. Where there are children in need, where there are children who could really be helped by a program that would give them a nutritious meal, would give them a nutritious breakfast, we ought to make sure that happens. Otherwise these children don't do as well in school.

I would just say to my colleagues, this is really all about our national vow of equal opportunity for every child. How can anybody here in the U.S. Senate say that we truly have equal opportunity for every single child when we have over 5 million children that do not get enough to eat and we don't even allocate $5 million for an outreach program that would help those children start out the day with a nutritious breakfast? This is wrong. I am just sure of it. This is wrong. We have to be able to do this.

I just want to say, because my colleague is on the floor, Senator COCHRAN from Mississippi, that the Ag Appropriations Subcommittee did not cut this program at all. They didn't eliminate this program. This happened in the overall welfare bill. This was not action of the Appropriations Committee.

I also want to say that Senator COCHRAN has been an advocate for children's nutrition programs. So let me be crystal clear, this is not aimed at some action taken by the Ag Appropriations Committee. But, Mr. President, what we did in the last Congress was profoundly mistaken.

Let me just read for a moment—and there are many different studies I could read from—from the Tufts study. This really went back to 1987, in which Meyer Sampson, et al, examined the effect of the School Breakfast Program on school performance of low-income students in Lawrence, MA.

In any case, what they found out is that from standardized tests to lateness and absences, over and over again, children who participated in the School Breakfast Program were shown to do much better on achievement tests, were shown to get to school on time, were shown to not be absent from school so often.

It is just so clear. Can't we come up with $5 million? Now we have a doctor, Dr. FRIST, who is presiding. This is a medical issue. I am just saying to Dr. FRIST that we have a study here from the Food Research Action Council which points out the correlation between children who are malnourished and some of the health problems—unwanted weight loss, fatigue, frequent colds, inability to concentrate, ear infection, dizziness.

I am saying I don't think any of us realize that in the welfare bill, we eliminated a $5 million—that is all it is—outreach program that was very effective. It was in operation in 45 States, and for the $5 million investment, we help provide school districts with information about how they can set up a school breakfast program.

I am pointing out that there are some 8 million children who are eligible for the School Breakfast Program who don't receive any help, and there are too many children who go to school and don't get a nutritious meal. For $5 million, I say to my colleagues, we could have this outreach program. We never should have eliminated it. We know that when children are hungry, they don't do as well in school. The evidence is irrefutable and irreducible. We know that when children are malnourished and hungry that they don't have the same opportunities as our children do to do well in school. And we know that there is, as reported by the Tufts study, as reported by some of the work of the Food Research Action Council, and I have here about—if I had wanted to, I could have taken several hours to go over this amendment—a variety of different studies that have been done, and over and over and over again, it is the same. This is the Tufts University School of Nutrition, I say to the Presiding Officer, ''The Link Between Nutrition and Cognitive Development in Children.''

Look, if we have children in our country—and the evidence is clear—who go to school and, because their parents are so poor or for other reasons, and they are eligible because they are from low-income families, they don't get that nutritious breakfast, and we know there is a link between nutrition and cognitive development, we know there is a link in early years, we know there is a link in terms of how children do in school, why in the world would we have eliminated an outreach program? That is what we did.

I will tomorrow, in summarizing this amendment, talk about what the offset will be, but I want to be real clear to everybody who is listening tonight—and I will do my very best to talk about this tomorrow again—that it may come as a shock, but the fact of the matter is, there are too many children who are going to school hungry, and we are not doing what we could do to help those children.

It is a fact that there are too many children who go to school with rotting teeth from non-nutritious foods, and we could allocate $5 million for an outreach program which, as I pointed out, multiplies itself over and over and over again, and, in fact, has made a huge difference for some 2.3 million children.

It is a fact that too many children are going to school with aching, empty stomachs, and we are not doing all that we can do to help those children.

It is a fact that there are too many children who, because they do not start out the day with a decent meal, are not able to learn, and I will say it one more time, they are not able to learn, and because they are not able to learn, when they are adults, they are not able to earn.

How shortsighted can it be to not be willing—we had a $270 billion Pentagon budget. We have all sorts of subsidies that go to oil companies, to pharmaceutical companies, to big insurance companies. We find all sorts of places and areas to spend money, and this $5 million outreach program was eliminated.

Mr. President, maybe some people who are watching tonight will have a chance to speak on the floor about something I think is important tomorrow morning. I will have a chance to summarize this amendment. But one more time, I hope that we will restore this. I could read study after study after study, but I don't think I need to; I really don't think I need to. It is just crystal clear: We never should have eliminated a $5 million outreach program that actually led to some 2.2 million more children having the chance to participate in the School Breakfast Program, because this outreach program gave school districts and gave States the information they needed to set up the School Breakfast Program.

Then in the welfare bill, this outreach program was eliminated because the curious argument was made that it was too successful and too many school districts were setting up the School Breakfast Program and, God forbid, we were going to have to spend more money on child nutrition. That is the

argument that was made, not by this committee, but the Ag Committee has jurisdiction over nutrition programs.

I say to my colleague from Mississippi, this is an opportunity for us to do something in a bipartisan way that would really make a difference. This would be a good thing to do. This would be a right thing to do. This would be a small thing to do, but it would have a really large impact.

Mr. President, I reserve the remainder of my time to see whether or not there might be some reaction to my amendment.

Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

Mr. COCHRAN. Mr. President, I appreciate very much the kind remarks of the distinguished Senator from Minnesota in connection with the fact that the program discussed by him, and which is the subject of his amendment, was not in any way reduced in funding by the action of the Agriculture Appropriations Subcommittee or the full Committee on Appropriations. As a matter of fact, we tried very hard to identify needs in the nutrition area, including the school lunch programs, child nutrition programs, food stamps, Women, Infants and Children feeding program, and others. I think Senators will notice that there are substantial increases in funding for WIC, for example, to make sure there is a full participation permitted next year, and that means we had to add $200 million more to that account to help guarantee that no one participating in the WIC Program now would be denied eligibility or participation due to a lack of funding next year.

And in every other way, we tried to look at the evidence before the committee that we had available to us during our hearings to assess the needs and to make available the funds that we thought were necessary to help make sure that all Americans have access to a nutritious diet, that the food supply is safe, and that, in every respect, we continue to make sure that people in our society do not have to go without food.

Having said that, the Senator is correct in that there are still a lot of unmet needs, there are still a lot of problems. We can identify areas of the country that have special needs. I am sympathetic to those needs and assure all Senators that this committee will continue to try to work to alleviate those needs.

The amendment addresses language that was adopted by the Senate and eventually contained in legislation signed by the President that modified a lot of the programs that do provide assistance to individuals. In the welfare reform effort, there were a number of the laws that were modified, some under the jurisdiction of our Agriculture Committee—this was one of them—that were made necessary through the establishment of spending ceilings in certain program areas.

Our committee had the unwelcome task in many cases of identifying programs that could be helpful in some areas of the country but, for various reasons, maybe the States or local school districts, it was thought, could do the things that the Federal Government had previously been trying to do. And this is one area.

Outreach is very important. School districts, local communities, State governments all have resources, all have very dedicated people leading them in elected positions and in every way are available to help deal with problems that the Senator from Minnesota has discussed.

I do not know what the disposition of the legislative committee will be on this amendment, whether it will suggest that it ought to be accepted or resisted. We are consulting with the leaders of the legislative committee, and we understand that they will continue to look at this and maybe tomorrow when we return to consideration of this amendment in the morning when we convene, there may be a better understanding of what the response will be at that time.

But at this point, I am willing to let the Senator continue to discuss his amendment if he likes. He has the right to do that under the order that has been entered, and we will be happy to continue to work with him on this and other issues that he is interested in.

The PRESIDING OFFICER. Who yields time?

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Mr. President, let me thank my colleague, who is always gracious. I think that is one of the reasons he is held in such high regard.

I just point out again that we can have a discussion tomorrow morning or negotiation. And look, from my point of view, you know, I am sometimes grateful for small victories. And if there was a way that this amendment would be accepted, I would be very pleased. Then I would have to fight hard to keep it in the conference committee.

Mr. President, I think that my colleague from Mississippi is absolutely correct in his analysis of what happened by way of going after this outreach grant program for school breakfasts with the argument being, ''Here are the caps and here is what we have got to do to save the money.'' If you want to, call me naive, but I just would like to say that this is a very brutal argument, not by my colleague from Mississippi, but this is a brutal argument that people are making. ''We have got caps. We have got to save the money. Therefore, we eliminate a $5 million outreach program because it has led—that is why we have to eliminate it—it will lead to more school districts setting up a school breakfast program, and, therefore, more children who are in fact malnourished or hungry will be able to get at school a nutritious breakfast.'' That is a brutal argument.

Why in the world are we willing to make these kinds of cuts that target these children when we know darn well that the medical evidence and the educational evidence is so clear that it can make a huge difference whether or not a poor child has a decent breakfast and can start out the schoolday with a decent breakfast?

What do you think the price is that we pay in children that could do well in school, that don't, that drop out? What do you think the price is that we pay for kids that get into trouble with substance abuse, that get into trouble with the law, that there is a higher correlation between high school dropouts and incarceration than cigarette smoking and lung cancer? What is the price we pay for kids dropping out?

Now, an adequate breakfast for a poor child does not, ipso facto, guarantee that child will do well. But why in the world did we eliminate this outreach program? And why can't we restore it?

Mr. President, I am really hoping that tomorrow we will be able to get support for this one. The Tufts University—I believe the Chair knows the Tufts University does some pretty good work, especially when it comes to issues with children and malnutrition.

Current scientific research links nutrition and cognitive development.

Undernutrition along with environmental factors associated with poverty can permanently retard physical growth, brain development, and cognitive functioning.

The longer a child's nutritional, emotional, and education needs go unmet, the greater the likelihood of cognitive impairments.

Iron deficiency anemia, affecting nearly 25 percent of poor children in the United States, is associated with impaired cognitive development. Iron deficiency anemia, which affects 25 percent of poor children in the United States, is associated with impaired cognitive development, and we cannot find $5 million for an outreach program, for a school breakfast program for malnourished children?

Poor children who attend school hungry perform significantly below nonhungry low-income peers on standardized test scores.

There is a study—I am a social scientist. They had an experimental group and control group, and they found out—they took children from the same income category—and they found that those children who attended school not hungry did much better on standardized tests than those children who attended school hungry.

Is anybody here surprised by that finding? Isn't that clear? Those children from poor families who go to school and receive a good breakfast will do better in school, will do better on standardized tests. Does anybody want to argue with that? Well, if you

don't, then how can you eliminate an outreach program that makes sure that those children are able to get that healthy breakfast?

So, Mr. President, we will have more debate on this tomorrow. I thank my colleague, the Senator from Mississippi. I really hope that there will be support for this amendment, that we can find the small amount of money which would make such a huge difference.

In any case, this is one of those amendments I just am going to keep bringing out on the floor because I know that we did the wrong thing. I know that. I think I can argue that. Since I believe in the goodness of people and I believe in the goodness of the Senate, I think there has just got to be a way that we can restore this program because it is not a program; it is kids, it is children. And we can help them.

I yield the floor.

AMENDMENT NO. 971

Mr. FEINGOLD. Mr. President, I am pleased to be a cosponsor of the amendment offered by Senator GRAMS which has been agreed to today and it has been my pleasure to work with the Senator from Minnesota [Mr. GRAMS] and the Senators from Vermont [Mr. LEAHY and Mr. JEFFORDS] to reach an agreement to require the Director of the Office of Management and Budget to study the impacts of the Northeast Interstate Dairy Compact. I appreciate the cooperation of the senior Senator from Mississippi [Mr. COCHRAN] and the senior Senator from Arkansas [Mr. BUMPERS] in reaching agreement on this amendment.

Mr. President, the amendment we have offered today is an extremely reasonable amendment on which all Senators should agree. This amendment simply requires that the Director of the Office of Management and Budget study the economic effects of implementation of the Northeast Interstate Dairy Compact with respect to consumers, dairy farmers outside the compact as well as on vital low income nutrition programs such as the National School Lunch Program, the School Breakfast Program, and the Summer Food Service Program all offer milk to children from low-income families. The congressional oversight provided by this amendment is the responsible thing to do and I am pleased that the managers of the bill and the compact supporters have agreed to have this study conducted.

The Northeast Interstate Dairy Compact was included in the conference report of the Federal Agricultural Improvement and Reform Act of 1996, or farm bill, despite the fact the full Senate decisively struck the compact from the Senate bill by a vote of 50 to 46. The compact was in neither the Senate farm bill nor the House version of the farm bill as passed by both Chambers.

It is unfortunate that the will of the Senate was undermined by the backroom agreements of the conference committee. That conference agreement further undermined the authority of the Congress by improperly delegating to the Secretary of Agriculture the ability to consent to the compact, regardless of the national public interest. This amendment will help us to determine whether the public interest is subverted by the compact.

And the public interest is definitely implicated by the Northeast Interstate Dairy Compact. The compact allows six States to fix milk prices paid to dairy farmers well beyond the minimum price specified under Federal Milk Marketing Orders. The compact also allows those six States to keep out milk produced by farmers from other parts of the country, regardless of how competitively that milk is priced. The compact provides competitive credits, or subsidies, to compact milk processors in order to allow them to sell their milk outside of the compact region. Meanwhile, the compact fails to protect consumers from increased prices and does not have any mechanism in place to protect farmers outside the compact from the actions of dairy farmers in six States who are isolated from the market conditions that non-compact producers face.

Mr. President, up to this point both the concern about, and the promise of, the Northeast Dairy Compact has been conjecture. But now that the compact has gone into effect we will have hard data to examine its economic impacts.

The Northeast Interstate Dairy Compact Commission fixed the price of fluid milk in the compact region at $16.94 per hundredweight on July 1, 1997. That price is a full $3.00 above the price Northeast farmers would have received in July under Federal Milk Marketing Orders. As many of the compact opponents had predicted, the retail price of fluid milk has increased by as much as 26 cents per gallon—a full cost increase pass through to consumers—something the compact proponents said would never happen.

And media in the Northeast report on farmers who are now considering adding more cows to their herds to increase their production and income when in fact, compact proponents suggested that the compact would not increase milk production in the Northeast. These production increases in the compact region come at a time when producers in the 44 other States are facing 6-year low prices due to excess dairy product stocks. At a time when the market is sending the dairy industry the signal to cut back of supplies, the compact farmers are getting the signal to increase production.

Furthermore, anecdotal reports from milk buyers in the Northeast suggest that excess milk production from the Northeast is already being dumped on States outside of the region at prices less than half the price being paid to compact producers. Farmers fear this excess milk will depress prices nationally which are already at devastatingly low levels. Yet compact opponents were assured that no milk would be dumped outside of the compact because the compact was a net milk importer.

Mr. President, given that many of the things compact proponents said could never happen appear to be happening—increased consumer costs, increased milk production, lower priced exports of milk from the compact region—we must take a careful look at the impacts of this compact.

We must scrutinize how the compact affects our vital low-income nutrition programs. The National School Lunch Program serves 25 million children daily and in 1996 served 4.3 billion lunches. The six compact States alone served 170 million school lunches in 1996, nearly all of which were served with milk. Milk is also a component of the School Breakfast Program, the Summer Food Service Program, the Child and Adult Care Food Program and the Special Milk Program, programs all offered in the compact States.

If the cost of milk to consumers is going up in the compact region due to compact milk price, the value of food stamps for poor families may be declining, costs to schools, summer food service institutions and child and adult care facilities are likely increasing as their per meal reimbursement remains flat and the cost of the milk they serve increases, and the food dollars of low-income families are likely not stretching as far as they used to. It is absolutely critical that we determine the impact of the Northeast Interstate Dairy Compact on these vital nutrition programs and I am surprised that compact proponents do not agree.

The amendment that has been accepted today will help determine whether or not the benefit of the compact exceeds the financial cost to dairy producers in other States.

The Northeast dairy compact has been extremely controversial in the U.S. Senate because it takes an entirely regional approach to dairy policy, walling off a few farmers in six States from the conditions faced by tens of thousands of dairy farmers elsewhere. And Mr. President I believe the Northeast dairy compact will ultimately harm Wisconsin's 24,000 dairy farmers. But I also believe it will hurt dairy farmers in the 44 non-compact States such as California, Washington, Oregon, Pennsylvania, Illinois, Idaho, and Indiana, among others.

Milk is produced and marketed in a national, not a regional market. And what happens with respect to milk prices and production levels in one region has national repercussions. Wisconsin's family farmers, with an average herd size of 55 cows, are concerned that increased production in the Northeast spurred on by the high compact milk price, will depress prices throughout the Nation. Farmers who are suffering from the current national $10.74 basic milk price cannot afford to suffer further price declines due to increased milk production from the Northeast. Furthermore, as history has shown increased milk production in one region

in surplus of what is needed for fluid purposes results in surplus production of cheese, butter and similar product. This in turn depresses cheese prices which directly impact prices paid to producers. These concerns are serious and the compact must be carefully evaluated to determine if compact farmers are producing too much milk to the detriment of non-compact farmers.

Mr. President, I am pleased the Senate today has recognized the obligation of this body in ensuring that the compact is carefully monitored and its impacts scrutinized.

Mr. President, I remain strongly opposed to the compact and will continue to work toward its repeal. The compact sets a dangerous precedent in allowing one region to fix prices for its producers to the detriment of non-compact producers. I believe the Northeast dairy compact will harm the 24,000 family dairy farmers in my State of Wisconsin. Hopefully the information that may be gathered by the study required by our amendment will help persuade the Senate that it erred in allowing the inclusion of the amendment in the 1996 Farm bill.

I yield the floor.

PRESCRIPTION DRUG USER FEE

Mr. JEFFORDS. Mr. President, I would like to engage in a brief colloquy with Senator COCHRAN regarding the status of legislation to modernize the Food and Drug Administration and reauthorize the Prescription Drug User Fee Act of 1992 [PDUFA]. The Labor Committee has reported out S. 830 with a strong bipartisan vote of 14–4. This legislation reauthorizes PDUFA for 5 years and brings the Agency's procedures up to date with the tremendous innovation now occurring in the health technology sector. It is my understanding that the bill before us does not reauthorize or extend the PDUFA program and appropriately leaves this action to the Labor Committee and the Congress. The bill before us does anticipate this reauthorization of PDUFA by setting a limit on the amount of fees which may be collected and expended once the reauthorization is enacted—which is a sensible approach. FDA reform and reauthorization of PDUFA go hand-in-hand and I am fully confident that we will have legislation accomplishing both at once on the floor in a timely fashion.

Mr. COCHRAN. Mr. President, my colleague, Senator JEFFORDS, is correct. I would note that the bill before us does not allow the collection of Mammography Standards Act or PDUFA fees in the absence of authorizing legislation from the Labor Committee being approved by the Congress and signed into law. Further, I am well aware of the Senator's efforts to bring a bill reauthorizing PDUFA and modernizing the FDA to the floor and strongly agree that reform of the Agency and PDUFA reauthorization must go forward together. I look forward to debating these issues in the full Senate in the near future.

Mr. DOMENICI. Mr. President, I rise in support of the Department of Agriculture and Related Agencies appropriations bill for fiscal year 1998.

The Senate-reported bill provides $50.0 billion in new budget authority [BA] and $41.6 billion in new outlays to fund most of the programs of the Department of Agriculture and other related agencies. All of the funding in this bill is nondefense spending. This subcommittee received no allocation under the Crime Reduction Trust Fund.

When outlays for prior-year appropriations and other adjustments are taken into account, the Senate-reported bill totals $48.8 billion in BA and $49.2 billion in outlays for fiscal year 1998. Including mandatory savings, the subcommittee is at its 602(b) allocation in BA and slightly below its 602(b) allocation in outlays.

The Senate Agriculture Appropriations Subcommittee 602(b) allocation totals $48.8 billion in budget authority [BA] and $49.4 billion in outlays. Within this amount, $13.8 billion in BA and $14.2 billion in outlays is for nondefense discretionary spending.

For discretionary spending in the bill, and counting—scoring—all the mandatory savings in the bill, the Senate-reported bill is at the subcommittee's 602(b) allocation in BA and $128 million below the allocation in outlays. It is $281 million in BA and $324 million in outlays below the President's budget request for these programs.

I recognize the difficulty of bringing this bill to the floor under its 602(b) allocation. I appreciate the committee's support for a number of ongoing projects and programs important to my home State of New Mexico as it has worked to keep this bill within its budget allocation.

Mr. President, I ask unanimous consent that a table displaying the Senate Budget Committee scoring of the bill be printed in the RECORD.

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

S. 1033, AGRICULTURE APPROPRIATIONS, 1998—SPENDING COMPARISONS, SENATE-REPORTED BILL

[Fiscal year 1998, $ millions]

	Defense	Nondefense	Crime	Mandatory	Total
Senate-reported bill:					
Budget authority		13,791		35,048	48,839
Outlays		14,039		35,205	49,244
Senate 602(b) allocation:					
Budget authority		13,791		35,048	48,839
Outlays		14,167		35,205	49,372
President's request:					
Budget authority		14,072		35,048	49,120
Outlays		14,363		35,205	49,568
House-passed bill:					
Budget authority				35,048	35,048
Outlays		3,909		35,205	39,114
SENATE-REPORTED BILL COMPARED TO:					
Senate 602(b) allocation:					
Budget authority					
Outlays		(128)			(128)
President's request:					
Budget authority		(281)			(281)
Outlays		(324)			(324)
House-passed bill:					
Budget authority		13,791			13,791
Outlays		10,130			10,130

Note.—Details may not add to totals due to rounding. Totals adjusted for consistency with current scorekeeping conventions.

Mr. DOMENICI. I urge the passage of the bill.

ACCESS TO CREDIT

Mr. BENNETT. I would like to take a moment to discuss an issue in which I know my colleague, Senator LUGAR, has a strong interest, that is the need for access to credit by entrepreneurs in the rural areas of this country. I have been concerned about the access to capital for entrepreneurial businesses almost since I first stepped onto the Senate floor after my election in 1992 and I want to make clear that I have pursued a number of different avenues to help create a more liquid credit market in rural areas. Senator LUGAR, you and I are no strangers to under served capital needs of rural businesses. I helped sponsor and pass Senator D'AMATO's Small Business Loan Securitization bill almost 3 years ago in hopes of helping bring more credit to rural businesses.

In past Congresses and in this Congress I have repeatedly approached Senator BOND, the chairman of the Small Business Committee, with regard to the increasing need for rural credit. The Small Business Committee tells me that there will be inadequate funding for rural nonagricultural businesses as included in the SBA 7(a) Program. The Department of Agriculture is concerned that there is inadequate funding for its Business and Industry Program, which lends to rural nonagricultural interests. Additionally, many bankers have voiced their concerns that inadequate credit and liquidity will adversely affect their small business lending and investment programs nationwide.

Mr. LUGAR. I am aware that recent studies by USDA, GAO, the Kansas City Fed, and the Rural Policy Research Institute have all noted the difficulty rural businesses, particularly new businesses, have in obtaining capital. The studies also suggest that a lack of adequate credit for rural businesses is affecting the economic growth of those communities.

Mr. BENNETT. I have read those reports as well and I know that the reasons they cite for these deficiencies include relatively fewer credit suppliers, higher costs due to lower credit demand, a lack of professional lending experience in rural and outlying areas, and a lack of liquidity in many rural lending institutions when compared to urban lending institutions.

The amendment I was prepared to offer today sought to remedy this situation by creating a pilot project, at no cost to the Federal Government, for 1

year. If the pilot had proven unsuccessful, the project would not have been renewed.

This solution would have expanded the authorities of an existing Government Sponsored Enterprise [GSE] to ensure reliable and competitively priced credit from existing lending institutions to rural small businesses nationwide.

It was my belief that this was the most expedient legislative approach to take. I believe that the expansion of Farmer Mac's authority in this area makes sense because it is a logical outgrowth of activities it already conducts, such as securitizing commercial loans, operating through thousands of existing commercial credit outlets, and providing access to national capital markets for rural and nonrural borrowers alike.

I look forward to working with the Agriculture Committee, which has jurisdiction over this issue, over the coming months to remedy this problem and I thank my colleague Senator LUGAR for his willingness to address this important issue.

Mr. LUGAR. I, too, am concerned that rural entrepreneurs do not have the same kind of access to capital markets as do their nonrural counterparts. I am also aware of concerns raised by various groups in regards to my esteemed colleague's amendment. I believe a hearing will offer the opportunity to vet all points of view. It is my intent that the Committee on Agriculture, Nutrition, and Forestry hold a hearing on rural and agricultural credit as soon as possible in the hopes that we can find a timely solution to this problem.

Mr. BENNETT. Mr. President, I have been monitoring the problems associated with rural credit needs for some time. At a time when the credit availability problems of rural small business and rural infrastructure are being highlighted by various experts and studies, the very institutions that provide credit to these concerns are having their funding reduced. Solutions to these problems are being thwarted by petty bickering and turf battles that do little else than prolong the agony for rural residents and deprive them of the benefits they deserve.

I have read with interest the recent reports from the Rural Policy Research Institute [RUPRI], the General Accounting Office [GAO], and the USDA on rural credit needs. I have also reviewed the proceedings of the Kansas City Fed's conference on ''Financing Rural America.'' These documents present no surprises for those of us who represent rural areas. While each study approaches its task in a unique manner, all of these reports are similar in their conclusions. They note that while rural financial markets work reasonably well, not all market segments are equally well served. They all agree that small businesses from rural areas can have a difficult time obtaining financing, have fewer credit options, and may well pay more for their credit than comparable urban enterprises. At a time when small businesses are being recognized for their valuable contributions to our economic growth and stability, small businesses are experiencing increasing credit needs. Unfortunately, USDA's Business and Industry loan program and the Small Business Administration's funding are being limited in fiscal year 1998.

The facts are worrisome. As the RUPRI study points out, many rural areas were bypassed by recent employment growth. Existing rural employment is concentrated in slow-growth or declining industries. Job growth in rural areas, particularly rural areas that are not adjacent to metropolitan areas, is biased toward low-skill, low-wage activities. USDA has stated that ''Rural economies are characterized by a preponderance of small businesses, fewer and smaller local sources of financial capital, less diversification of business and industry, and fewer ties to non-local economic activity.'' This does not bode well for my home State of Utah where 25 of 29 counties are classified as rural by the USDA.

To further illustrate, USDA's Fiscal Year 1998 Business and Industry [B&I] loan program will be straight-lined at fiscal year 97 levels. Based on data provided by USDA, current B&I loan volume is capped at about $740 million; however, USDA has applications pending for yet another $700 million, with preapplications already on file for still another $200 million. These numbers suggest that adequate private capital is not available. Again, using my home State of Utah as an example, there are over $10 million in B&I loans outstanding. However, due to USDA budget limitations, loans for almost $19 million, associated with pending applications and preapplications, will not be made. This will not be helpful to Utah's economic growth and development, especially in rural areas. Unfortunately, this story of unmet rural credit demand can be replicated for almost all of the 50 States represented by this Congress.

All of the above mentioned reports discuss options for addressing the need for rural credit. All of them discuss one or more options associated with GSE funding, which frankly, are the most logical and persuasive alternatives discussed. I, personally, am persuaded that expansion of Farmer Mac authorities is the most effective and the least obtrusive alternative presented to date. It uses existing credit delivery systems and allows lenders to sell their qualifying loans into the secondary market. Other options discussed include expanding the authorities of the Federal Home Loan Bank System, or the Farm Credit System. I am uncomfortable in advocating expansion of a mortgage lender's authorities into commercial lending activity. I am equally uncomfortable with expanding a tax exempt GSE's authorities into direct competition with the private sector. I am open to suggestions and want to consider all options, including merging GSE's or mergers of public and private interests if such options will provide cost-effective and efficient solutions to the problems associated with rural credit availability.

Throughout the discussion of the last several weeks, I have become poignantly aware of the strongly held feelings on this issue. I am concerned that a solution to the problems associated with improving rural credit delivery may be beyond the grasp of rural residents and businessmen if the petty bickering and turf battles are not set aside. I commend my esteemed colleague, Senator LUGAR, who chairs the Committee on Agriculture, Nutrition, and Forestry for his willingness to hold hearings on this issue. I, for one, am open to any and all reasonable options for improving credit delivery in these rural areas. I believe, as many of these reports point out, that improved economic growth will be the result and national GDP will be enhanced.

Mr. KYL. Mr. President, the fiscal year 1998 agriculture spending bill that comes before us today totals $3.2 billion less than was spent on agriculture-related programs last year, and $12.6 billion less than was spent the prior year. That is an actual reduction in spending, from $63.3 billion in fiscal year 1996 to $50.7 billion this year—an astounding 20 percent cut.

Mr. President, the savings are due in large part to the more market-oriented farm policies that Congress approved in 1996—policies that I supported. The Freedom to Farm Act did away with the decades-old policy of providing subsidies to farmers when market prices dropped. It did away with the policy of requiring farmers to plant the same crops every year and instead established a system of fixed, declining payments on the way to a farm policy free of Government intervention.

The substantial savings in farm programs will allow us to target more funding to high-priority domestic programs, like the Women, Infants, and Children [WIC] nutrition program and the Food and Drug Administration's food safety initiative. WIC alone would receive an additional $121 million in the upcoming fiscal year. And without price supports and other subsidies to artificially boost the cost of food, every family's food budget will eventually go farther. WIC recipients will get more for their food dollar. Taxpayers will save. Every family will save.

Given that spending is better prioritized, and given the substantial savings achieved in this bill, I intend to vote for it. Nevertheless, I believe we have the opportunity to do even better. Corporate welfare programs, like the Market Access Program, which subsidizes the advertising budgets of U.S. companies overseas, is still funded by this bill. It should be cut or eliminated. Spending on the tobacco, sugar, and peanut programs could also be reduced. These programs were largely

preserved, notwithstanding other reforms in the 1996 farm bill. We ought to phase them out as well.

There are a variety of special funding earmarks in this bill that could be the subject of the President's new line-item veto authority. The veto could be applied, for example, to almost all of the nearly 100 special research grants earmarked within the Cooperate State Research, Education, and Extension Service budget. The Committee report identifies grants totalling $47.5 million for such activities as maple research, alternative salmon products, goat research, and potato research, to name just a few. Most of these grants were not requested by the President.

It may well be that some of these research activities have merit and should proceed, but I would ask why taxpayers should be obligated, particularly to fund those projects that specifically benefit targeted industries? More money could always be spent to find ways of enhancing productivity, improving flavor or appearance, or increasing resistance to disease or drought. It seems to me, however, that producers—whether they grow potatoes, blueberries, cranberries, or goats—have every reason and incentive to bear the costs of research that leads to better crops or improved sales. That is, after all, a fundamental cost of doing business. At the very least, we ought to ensure that such grants are awarded on a competitive basis after adequate peer review.

Mr. President, there is similar earmarking in the Agricultural Research Service budget—set-asides for improving postharvest technologies for apples, for hops research, and the enhancement of peanut flavor quality. The list goes on and on. I would not be surprised if any of these projects was to be among the first that the President strikes with the line-item veto.

Since a reduction of 20 percent in the overall budget should be recognized, I intend to support the bill. But I will also be inclined to support vetoes of some items in the legislation.

KARNAL BUNT

Mr. President, before I conclude my remarks, I would like to take this opportunity to discuss an ongoing issue that has severely affected the wheat industry in Arizona. Karnal bunt was discovered in Arizona in March 1996. Growers and seed producers have been hard hit since then, and progress has been made only in the area of compensation. USDA continues to hold the wheat-seed industry under a Karnal bunt-spore quarantine, a decision that has devastated this once stable and profitable industry. Though Karnal bunt poses no health threat to humans or animals, USDA refuses to lift the quarantine. Furthermore, the results of tests conducted by the USDA Agriculture Research Service scientists support findings by the University of Arizona that spores from ryegrass can severely bunt wheat. The science in this area is very involved, but what it boils down to is that USDA officials continue to contend that there exist two separate spores for bunting wheat; they refuse to acknowledge the Agriculture Research Service test results. These results show that we are talking about one and the same spore, not two separate spores. Yet ryegrass and wheat continue to be treated differently, one is not quarantined but the other is. Arizona remains the only State under quarantine.

Mr. President, we are talking about an Arizona industry that produced more than 335,000 tons of wheat in 1995 at a value of $46.2 million. The value of the 1996 crop before Karnal bunt was expected to top $80 million. This year, Arizona wheatgrowers planted approximately 20 percent less wheat due to Karnal bunt restrictions. Dr. Bruce Beatty of the University of Arizona estimates losses of more than $100 million, an estimate given in Federal court testimony that has not been challenged by the USDA. Obviously, the wheat industry plays a vital role in the economy of Arizona.

In a June 19 speech made to the International Grains Council, Secretary of Agriculture Dan Glickman stated that ''perhaps the greatest threat to free trade is phony science.'' He continued, ''Unfounded sanitary and phytosanitary objections have the potential to wreck the delicate balance of fairness we are trying to establish.'' Fairness is all Arizona seeks. The USDA policy in addressing the Karnal bunt issue has failed. Science has shown that severe bunting of wheat can occur from spores determined to be ryegrass in nature from Oregon, Alabama, Tennessee, and Georgia. Yet Arizona remains the only State under quarantine. Therefore, I call on the Secretary to lift the quarantine that has wreaked havoc on the Arizona wheat industry.

Mr. DORGAN. Mr. President, I commend Senators COCHRAN and BUMPERS for the excellent bill they crafted to fund many crucial programs affecting American agriculture. They have done a superb job of balancing the competing yet meritorious interests covered in this legislation. It was a pleasure working with them as a new member of the Senate Committee on Appropriations, and I thank them for the generous way in which they responded to my requests to ensure that the needs of North Dakota farmers and ranchers were addressed.

There is one issue which was not addressed in this bill which is of great concern to me. I hope it will be addressed in conference. The buildings and facilities account of the Cooperative State Research, Extension, and Education Service received no funding in this bill. While I understand the chairman's desire not to continue to fund this construction account, I think it is unfair not to fulfill our responsibilities to complete the projects in the pipeline. There are a number of institutions in this category. These institutions have already received partial Federal funding, have met all the program requirements, including their 50-percent State matching requirement, but they cannot be completed unless the conference committee provides the balance of the Federal funding needed to do so.

North Dakota State University [NDSU] falls into this category, and it is a unique case. Since fiscal year 1992, it has received approximately $1.9 million in Federal funds for an animal care research facility. It was not until June 30, 1995, when the House indicated in its report on the fiscal year 1996 Agriculture appropriations bill that it was making an ''in depth review of policies and practices related to this program,'' that there was any indication that the program might be changed. In fact, it was not until September 28, 1995, that we had notice that time might be of importance and that it was the conference committee's intent to terminate the program after fiscal year 1997.

Since North Dakota has a biennial legislature, which did not meet in 1996, it could not meet its 50-percent cost share requirement in 1996. When the legislature met early in 1997, it appropriated the relevant State cost share funds for this facility. Let me repeat, the only reason NDSU did not meet the committee's 1996 requirement is that it could not since our State legislature did not meet.

The animal care facility at North Dakota State University is an extremely important project for the State and the region. Livestock production is a $1 billion industry in our State. It is likely to grow. But livestock disease is always a threat to the industry, especially some of the anabiotic-resistant organisms and viruses we have to deal with today. Work in this proposed facility can help protect incomes in the livestock industry by reducing livestock disease and deaths, contributing to the development of more effective pharmaceuticals and helping to ensure the quality and safety of food products. This facility is absolutely crucial to the future health and growth of agriculture in our region.

Not to provide the balance of the Federal funds necessary to complete this facility, when North Dakota State University and the North Dakota State Legislature acted in good faith, seems unfair to me, and I urge my colleagues on the conference committee to seek an equitable solution to this problem.

Again, I thank the chairman and ranking members, Senators COCHRAN and BUMPERS, and their excellent staffs, especially Becky Davies and Galen Fountain, for all their help on this bill.

ASTHMA INHALERS

Mr. COATS. Mr. President, I rise to highlight my particular support for one provision in the committee report for this bill and express my concern with proposed Food and Drug Administration rulemaking that would adversely effect asthma patients.

First, I'd like to note my own personal interest in the issue. My own children suffer from asthma and I appreciate only too well the impact of this condition on children and their families. As a result, I strongly support efforts to ensure that asthmatics have access to the safest and most effective treatment.

The agency's recent actions, however, suggest that remote, even hypothetical environmental concerns might take precedence over the direct concerns for the lives and health of America's substantial asthmatic population. In March of this year, the agency issued an advance notice of proposed rulemaking setting forth the criteria by which it would ban certain CFC-propelled metered-dose inhalers [MDI's] from sale in this country. The proposal was apparently developed in response to concerns about ozone depletion.

But this ozone depletion is already subject to international treaty provisions of the Montreal protocol that ensure the timely removal of products using CFC's. These medical devices are covered by those provisions, even though they only contribute a fraction of 1 percent of the overall atmospheric chlorine that threatens the ozone. Now the agency proposes to speed up the ban on those products in pursuit of some environmental gain—but at the risk of patients with asthma.

There is currently only one MDI, of approximately 70, that is not propelled by CFC's. Removing any or all of these products too early may threaten the health of some patients, particularly the increasing number of American children with asthma. How will the agency address a situation where a CFC-free product with an active ingredient is not labeled for children when the proposed rule would remove from the market a CFC-propelled product with the same ingredient that is labeled for children? How is the health of those children promoted through such a policy? Why is the agency considering removing otherwise legal products from the market, products proven to be beneficial for children, at a time when it laments the lack of adequately labeled products for children? And further, how are children, health care costs, and the Federal budget benefited by this bureaucratically created monopoly?

If the agency believes that hypothetical environmental concerns can justify speeding up an international treaty that attempts to accommodate the health of these 5 million children with asthma, then I urge them to justify that position before the relevant committees of Congress. In the meantime, I urge the FDA to carefully consider the merits of the rulemaking they are proposing and whether alternative approaches might better serve the health of America's asthmatic children.

AMENDMENT NOS. 973 THROUGH 976, EN BLOC

Mr. COCHRAN. Mr. President, under the previous order, there is permitted the offering of a managers' amendment.

Senator BUMPERS and I have been working to identify requests from Senators for inclusion in this managers' amendment, and we have now prepared a managers' amendment and it includes the following four amendments:

An amendment to be offered by myself and Senator BUMPERS on behalf of Senators DASCHLE, DORGAN, JOHNSON, CONRAD and BAUCUS, regarding the Livestock Indemnity Assistance Program; an amendment proposed by Senators GRAMS and WELLSTONE regarding the planting of wild rice; an amendment proposed by Senator CRAIG regarding inspection and certification of agricultural processing equipment; an amendment proposed by Senator DEWINE on the Orphan Feeding Program in Haiti.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. COCHRAN] proposes amendments numbered 973 through 976, en bloc.

The amendments are as follows:

AMENDMENT NO. 973

At the end of the bill insert the following new section:

''SEC. . From proceeds earned from the sale of grain in the disaster reserve established in the Agricultural Act of 1970, the Secretary may use up to an additional $23 million to implement a livestock indemnity program as established in PL 105–18.''

AMENDMENT NO. 974

(Purpose: To prohibit the use of appropriated funds to administer the provision of contract payments to a producer for contract acreage on which wild rice is planted unless the contract payment is reduced by an acre for each contract acre planted to wild rice)

On page 66, between lines 12 and 13, insert the following:

SEC. 728. PLANTING OF WILD RICE ON CONTRACT ACREAGE.

None of the funds appropriated in this Act may be used to administer the provision of contract payments to a producer under the Agricultural Market Transition Act (7. U.S.C. 7201 et seq.) for contract acreage on which wild rice is planted unless the contract payment is reduced by an acre for each contract acre planted to wild rice.

Mr. GRAMS. This technical amendment, which I offer with Senator WELLSTONE, simply provides that if a producer decides to grow wild rice on acres on which he receives Agricultural Market Transition Act [AMTA] payments, that producer's AMTA payment will be reduced on those acres.

This amendment ensures that wild rice producers, who do not receive any kind of program payment, do not have to compete against producers who unfairly grow wild rice plus collect farm payments on the same acreage. In short, it ensures fairness by prohibiting double dipping and keeps producers on an equal playing field.

USDA once believed that the substance of this amendment could be accomplished through regulation but later indicated that legislation is necessary.

This same amendment was approved during consideration of last year's Agriculture appropriations on a voice vote but was removed during conference with other provisions for reasons unrelated to the substance of the amendment.

I understand the amendment I offer has been approved by the chairman and ranking member of the Senate Agriculture Committee, Senators LUGAR and HARKIN. I want to thank each of them for their assistance in this regard.

I also understand that this amendment has been accepted by the chairman and ranking member of the Agriculture Appropriations Subcommittee, Senators COCHRAN and BUMPERS.

Accordingly, I would ask the chairman to accept this amendment I offer today with Senator WELLSTONE.

AMENDMENT NO. 975

(Purpose: To prohibit the use of appropriated funds to inspect or certify agricultural products unless the Secretary of Agriculture inspects and certifies agricultural processing equipment, and imposes a fee for the inspection and certification, in a manner that is similar to the inspection and certification of agricultural products)

On page 66, between lines 12 and 13, insert the following:

SEC. . INSPECTION AND CERTIFICATION OF AGRICULTURAL PROCESSING EQUIPMENT.

(a) IN GENERAL.—Except as provided in subsection (b), none of the funds made available by this Act or any other Act for any fiscal year may be used to carry out section 203(h) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622(h)) unless the Secretary of Agriculture inspects and certifies agricultural processing equipment, and imposes a fee for the inspection and certification, in a manner that is similar to the inspection and certification of agricultural products under that section, as determined by the Secretary.

(b) RELATIONSHIP TO OTHER LAW.—Subsection (a) shall not affect the authority of the Secretary to carry out the Federal Meat Inspection Act (21 U.S.C. 601 et seq.) or the Poultry Products Inspection Act (21 U.S.C. 451 et seq.).

Mr. CRAIG. Mr. President, I rise today to offer an amendment relative to the inspection of equipment used in the production of agricultural products. For years, FSIS has inspected and certified all equipment used in processing agricultural products. However, FSIS announced on May 2, 1996, its intent to discontinue its prior approval process.

While the FSIS proposal is still pending, no system of prior approval has been developed anywhere at USDA.

Mr. President, the Craig amendment would establish a fee for service system for equipment inspection within AMS, which currently inspects processed agriculture products. Let me stress: The system would be entirely voluntary. Those equipment manufacturers who choose to participate would pay for the service and, if the equipment qualifies, become AMS certified.

This proposal is self-funding and would use the existing trust fund established in section 203(h) of the Agricultural Marketing Act of 1946. By providing a certification process to replace the FSIS system, the amendment would both reduce the risk that unacceptable equipment could be purchased and installed in processing plants and enhance exports of processing equipment.

Mr. President, I appreciate the support of the managers of the bill in adopting this amendment.

AMENDMENT NO. 976

(Purpose: To require the United States Agency for International Development to use at least the same amount of funds made available under title II of Public Law 480 to carry out the orphan feeding program in Haiti during fiscal year 1998 as was used by the Agency to carry out the program during fiscal year 1997)

On page 53, line 3, before the period, insert the following: ''*: Provided further,* That, of the amount of funds made available under title II of said Act, the United States Agency for International Development should use at least the same amount of funds to carry out the orphan feeding program in Haiti during fiscal year 1998 as was used by the Agency to carry out the program during fiscal year 1997''.

Mr. DEWINE. Mr. President, my amendment is simple and to the point. It urges the U.S. Agency for International Development to maintain the same level of resources for orphan feeding programs in Haiti in fiscal year 1998 as it provided in fiscal year 1997.

The total funding level for Public Law 480 title II food programs is projected to stay the same for fiscal year 1998 as was appropriated for fiscal year 1997. Therefore, I believe that keeping the same level of such resources for this particular program should not be contentious, especially when my colleagues understand who the beneficiaries of this program are.

Mr. President, many facilities in Haiti have to care for a truly vast number of orphans—and also for an increasing number of abandoned and neglected children. In the Port-au-Prince area alone, Christian Relief Services provides Public Law 480 title II food assistance to 70 orphanages. The Adventist Development and Relief Agency also supports some 46 orphanages in the southern rural areas. Simply stated, there are numerous orphanages throughout this country which take care of thousands upon thousands of orphaned and abandoned children.

I have traveled to Haiti four times in the last few years and have visited many orphanages. I can give you a first-hand account of some of their heart-breaking stories. The flow of desperate children into these orphanages is constant—and these institutions face an increasing challenge in accommodating all of these needy children.

Take the case of Notre Dame de Victoires, an orphanage run by Sister Veronique. She will not turn down a single child that is dropped off at her facility. She also makes frequent visits to the local hospitals where babies, after being born, are abandoned. This particular orphanage takes care of the sickest of the sick. They get no means of support other than the food administered to them through CRS, which in turn receives its resources through AID.

Mr. President, let me make it clear what this amendment does. The current program guarantees one meal a day to these orphans. My amendment would ensure that these meals keep coming. I am not talking about medical assistance, clothing, or anything else. Just one meal. These orphanages still have to find sources of support for the other meals and other necessary assistance for these children.

According to AID, $238,000 worth of food went indirectly to orphanages in fiscal year 1996. If this figure is accurate, this is less than 1 percent of the total food resources allocated by AID for Haiti. Specifically, in fiscal year 1996 only 506 metric tonnes of food—out of a total of 50,000 metric tonnes provided by AID—went toward feeding children in orphanages. This is just a drop in the bucket of AID resources.

Now, I have urged AID to maintain the current level of resources allocated for feeding orphans in fiscal year 1997 through fiscal year 1998. AID officials assured me that they will do just that. In fact, they spoke to the relevant relief agencies about the situation and confirmed that this could be done.

My original intent was to earmark this program, requiring AID to implement what has been promised. After numerous conversations between my staff and AID, and after their repeated assurances, the amendment I am offering states that AID simply should honor its commitment. This amendment would make AID's commitment not a personal assurance to me, but a commitment to the U.S. Senate. And if this language is kept in conference and signed into law, the commitment will be thus extended to the entire U.S. Congress.

Mr. President, I am not asking for any more money than the orphanages are currently receiving from AID. This is essential for the survival of many thousands of Haitian children living in overcrowded orphanages. I urge my colleagues to vote for this important amendment.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the amendments be considered and agreed to, en bloc, that statements of the Senators accompanying the amendments be printed in the RECORD, and that the motion to reconsider be laid upon the table.

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

The amendments (Nos. 973 through 976), en bloc, were agreed to.

Mr. COCHRAN. Mr. President, that concludes action on the Agriculture appropriations bill that is contemplated for this evening. Under the order that has been entered, there will be consideration of specified amendments tomorrow morning, and then we will vote on passage of the bill.

MORNING BUSINESS

Mr. COCHRAN. At the request of the majority leader, I ask unanimous consent that there now be a period for the transaction of morning business with Senators permitted to speak therein for up to 5 minutes each.

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

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998

Mr. MCCAIN. Mr. President, H.R. 1119, the House-passed version of the National Defense Authorization Act, includes several maritime provisions which are within the jurisdiction of the Senate Committee on Commerce, Science, and Transportation. Of particular interest are section 1021(b) and title XXXVI of that bill. The House National Security Committee, which has jurisdiction over certain maritime matters in that body, has chosen to attach these maritime authorizations to H.R. 1119 rather than include them in a separate bill. If the Senate amends and passes H.R. 1119, the Commerce Committee will not have the opportunity to consider those maritime provisions which are within its jurisdiction.

As both the chairman of the Commerce Committee and a member of the Armed Services Committee, I do not wish to either slow the progress we are making on the National Defense Authorization Act or relinquish the Commerce Committee's right to consider maritime authorizations under its jurisdiction. Therefore, I'd like to take this opportunity to discuss these provisions, and the process for addressing similar jurisdictional issues in the future, with Senator HOLLINGS, ranking member of the Commerce Committee; Senator HUTCHISON, chairman of the Surface Transportation and Merchant Marine Subcommittee; and Senator INOUYE, ranking member of the Surface Transportation and Merchant Marine Subcommittee.

First, I would like to summarize the maritime authorization provisions of H.R. 1119. Section 1021(b) of the bill would amend title 46, United States Code, to facilitate the scrapping of excess National Defense Reserve Fleet [NDRF] vessels that contain hazardous materials and would amend the National Maritime Heritage Act to extend the authorization for this program an additional 2 years to 2001 to account for the delay in scrapping the NDRF vessels. Section 3601 of the bill would authorize appropriations for the Maritime Administration's expenses for operations and training and under the loan guarantee program authorized by title XI of the Merchant Marine Act, 1936, at the levels requested by the President for fiscal year 1998. Section 3602 would repeal the requirement for a

now obsolete annual report by the Maritime Administration on regional shipbuilding costs. Section 3603 would amend the Maritime Security Act of 1996 by clarifying that the noncontiguous domestic trade restrictions of that act do not apply to self-propelled tanker operations of Maritime Security Program [MSP] contractors. Also, section 3603 would relieve foreign-built MSP vessels from the 3-year delay in eligibility for certain cargo preference programs. Section 3604 would amend the Maritime Security Act to allow vessel operators that participate in military sealift readiness agreements with the Department of Defense, but that are not MSP contractors, to temporarily use foreign-flag vessels as replacements for any vessel activated under those agreements. Section 3605 would convey an NDRF vessel to the Artship Foundation in Oakland, CA. Section 3606 would enforce the single-hull tank vessel phase-out schedule of the Oil Pollution Act of 1990 by eliminating a loophole that would otherwise allow single hull tank vessel lives to be extended by reducing their cargo capacity.

These provisions are clearly within the jurisdiction of the Commerce Committee. I ask that the Armed Services Committee not accept them for inclusion in the final National Defense Authorization Act for fiscal year 1998 so that the Commerce Committee may consider these provisions as separate legislation this year. I ask Senators HOLLINGS, HUTCHISON, and INOUYE if they agree with this position.

Mr. HOLLINGS. Mr. President, I agree that these provisions are clearly within the jurisdiction of the Commerce Committee, that the Armed Services Committee should not accept them for inclusion in the final National Defense Authorization Act for fiscal year 1998, and that the Commerce Committee should consider these provisions as separate legislation this year.

Mrs. HUTCHISON. Mr. President, I agree with this proposed course of action. I intend to introduce separate legislation including these provisions so that they may be considered by the Commerce Committee this year.

Mr. INOUYE. Mr. President, I intend to work with Senator HUTCHISON on separate authorizing legislation, and also agree with this proposed course of action.

Mr. MCCAIN. Mr. President, I also intend to work with the members of the Commerce Committee and the Armed Services Committee to ensure full Commerce Committee consideration of maritime issues that may be included in future national defense bills initiated by the other body.

Mr. HOLLINGS. Mr. President, I share the Commerce Committee chairman's interest in working with the Armed Services Committee to ensure that the future inclusion of maritime provisions in House-passed national defense bills does not impair the Commerce Committee's ability to carry out its jurisdictional responsibility over issues affecting the Maritime Administration and the merchant marine.

TRIBUTE TO THE LATE GEN. FRANK S. BESSON, JR.

Mr. THURMOND. Mr. President, though the borders of the United States stretch from the Atlantic to the Pacific, and from the Rio Grande to the ''Great White North,'' the defense of our Nation takes our military personnel around the globe. Point to almost any continent on the globe and you will find American soldiers serving bravely and selflessly, and transporting these men and women to the far corners of the Earth, as well as keeping them supplied with everything from bullets to vehicles, is a challenging but essential task which falls to the Army Materiel Command. Today, I rise to pay tribute to a man who made many innovations in the field of military logistics and who served the U.S. Army in times of peace and war, Gen. Frank S. Besson, Jr.

General Besson passed away more than 10 years ago, but during his life and military career, he distinguished himself in any number of ways and set an excellent example for service to the Nation and devotion to the Army. A 1932 graduate of the U.S. Military Academy, then Second Lieutenant Besson headed north to Boston where he earned a master's degree at the Massachusetts Institute of Technology. His education and training at West Point and MIT paid dividends for the security of the Nation, and helped to pave his way to leadership positions at the highest levels of the U.S. Army. During his career, Frank Besson served with distinction in Persia, Japan, Europe, and in the United States. He was responsible for important innovations in the areas of military pipelines, steel airplane landing mats, steel treadway bridges, and ''roll-on/roll-off'' techniques. Though no sane person welcomed the outbreak of World War II, that conflict proved the viability of Frank Beeson's innovations, and the lives of thousands of GI's were made a little easier thanks to his ideas and efforts. As a matter of fact, it was Frank Besson who ordered studies which led to the adoption of the ''Bailey Bridge,'' a key piece of equipment used during World War II which allowed Allied Forces greater mobility in their march against the Reich.

At age 34, Frank Besson became the youngest brigadier general in the Army Ground Forces. From 1941 to 1945, while we battled the Axis Powers, General Besson was charged with ensuring that Allied supplies reached Soviet forces through the Persian corridor, and as the Deputy Chief Transportation Officer of Army Forces in the Western Pacific, he played an important role in the war against Japan. When the Imperial Japanese surrendered in 1945, General Besson shifted his efforts from working for the defeat of that nation to helping rehabilitate its rail system and working to rebuild Japan.

As the shooting of World War II was replaced by the tense stalemate of the cold war, General Besson continued to serve, this time working to contain the Soviet Union by helping NATO plan and meet its logistical challenges. By the end of the 1950's, General Besson had reached the top of his career field, serving as Chief of Transportation for the U.S. Army, and when the Army Materiel Command was formed in 1962, he took command of this new entity. On May 27, 1964, General Besson again made history by becoming the first Army officer to become a four-star general as the head of a logistical organization during peacetime.

During his career, General Besson earned a long list of awards, commendations, and distinctions, including the Distinguished Service Medal, the Legion of Merit, and the Commander of the Order of the British Empire. There is no question that this was a man who made his mark on military and transportation history, and who dedicated his life to protecting our Nation. While it has been many years since General Besson wore the uniform of the U.S. Army, his accomplishments, leadership, and service have not been forgotten, and as a matter of fact, they are still greatly appreciated by the soldiers of today. In recognition of this unique man's illustrious career, the men and women of the Army Transportation Corps will today induct the late Gen. Frank S. Besson, Jr., into the Transportation Corps Hall of Fame at the U.S. Army Transportation Center and Fort Eustis, VA. This is an honor which is certainly appropriate, and I salute General Besson's distinguished career and add my congratulations to his proud family and friends as they gather to pay homage to this great soldier.

U.S. FOREIGN OIL CONSUMPTION FOR WEEK ENDING JULY 18

Mr. HELMS. Mr. President, the American Petroleum Institute reports that for the week ending July 18, the United States imported 8,145,000 barrels of oil each day, 360,000 barrels more than the 7,785,000 imported each day during the same week a year ago.

Americans relied on foreign oil for 56.3 percent of their needs last week, and there are no signs that the upward spiral will abate. Before the Persian Gulf war, the United States obtained approximately 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? By U.S. producers using 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 8,145,000 barrels a day.

RESOLVING OUR MARITIME DISPUTES WITH CANADA

Mr. BIDEN. Mr. President, today I voted against the resolution offered by Senator MURKOWSKI condemning the Government of Canada for its failure to resolve the blockade of a United States vessel in Canadian waters.

Canada's inaction clearly was wrong. The M/V *Malaspina,* a United Stats passenger vessel operated by the Alaska Marine Highway System, was blockaded in port by Canadian fishing boats for 3 days. The Canadian Government not only failed to condemn the blockage of the Ferry boat, it also took no action to enforce an injunction issued by a Canadian court requiring the M/V *Malaspina* to be allowed to continue its passage. The ferry was able to continue its passage only when the fishing boats voluntarily ended their blockade.

There is no doubt that the M/V *Malaspina* has the right of innocent passage through the territorial sea of Canada. Article 17 of the United Nations Convention on the Law of the Sea guarantees that right to the ships of all states.

There can also be no doubt that Canada failed to handle the illegal blockage of the United States vessel responsibly.

The amendment introduced by Senator MURKOWSKI, however, is overkill. It would grant broad authority to the President and instruct him to compel Canada to prevent any further harassment of United States shipping. The amendment hints at the use of military force to escort shipping through Canadian waters, and offers only vague guidance on how outstanding maritime disputes with Canada might ultimately be resolved.

I believe that we should not jump to coercive methods to deal with maritime disputes—especially with one of our closest allies and largest trading partners—until all other diplomatic avenues have been tried and exhausted. Moreover, as a general rule, the Senate should avoid granting the President broad authority to accomplish vague objectives.

Rather than escalating this dispute, the Senate should call on Canada to fulfill its international commitments and provide assurances that the M/V *Malaspina* episode will not be repeated. We deserve at least that mush consideration from our ally to the north.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Williams, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12 noon, a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 765. An act to ensure maintenance of a herd of wild horses in Cape Lookout National Seashore.

H.R. 1585. An act to allow postal patrons to contribute to funding for breast cancer research through the voluntary purchase of certain specially issued United States postage stamps, and for other purposes.

H.R. 1661. An act to implement the provisions of the Trademark Law Treaty.

H.R. 1663. An act to clarify the intent of the Congress in Public Law 93–632 to require the Secretary of Agriculture to continue to provide for the maintenance of 18 concrete dams and weirs that were located in the Emigrant Wilderness at the time the wilderness area was designated as wilderness in that Public Law.

H.R. 1853. An act to amend the Carl D. Perkins Vocational and Applied Technology Education Act.

H.R. 1944. An act to provide for a land exchange involving the Warner Canyon Ski Area and other land in the State of Oregon.

The message also announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 81. Concurrent resolution calling for a United States initiative seeking a just and peaceful resolution of the situation on Cyprus.

H. Con. Res. 88. Concurrent resolution congratulating the Government and the people of the Republic of El Salvador on successfully completing free and democratic elections on March 16, 1997.

H. Con. Res. 99. Concurrent resolution expressing concern over recent years in the Republic of Sierra Leone in the wake of the recent military coup d'etat of that country's first democratically elected President.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 1661. An act to implement the provisions of the Trademark Law Treaty; to the Committee on the Judiciary.

H.R. 1663. An act to clarify the intent of the Congress in Public Law 93–632 to require the Secretary of Agriculture to continue to provide the maintenance of 18 concrete dams and weirs that were located in the Emigrant Wilderness at the time the wilderness area was designated as wilderness in that Public Law; to the Committee on Energy and Natural Resources.

H.R. 1853. An act to amend the Carl D. Perkins Vocational and Applied Technology Education Act; to the Committee on Labor and Human Resources.

H.R. 1944. An act to provide for a land exchange involving the Warner Canyon Ski Area and other land in the State of Oregon; to the Committee on Energy and Natural Resources.

The following concurrent resolutions were read and referred as indicated:

H. Con. Res. 81. Concurrent resolution calling for a United States initiative seeking a just and peaceful resolution of the situation on Cyprus; to the Committee on Foreign Relations.

H. Con. Res. 88. Concurrent resolution congratulating the Government and the people of the Republic of El Salvador on successfully completing free and democratic elections on March 16, 1997; to the Committee on Foreign Relations.

H. Con. Res. 99. Concurrent resolution expressing concern over recent events in the Republic of Sierra Leone in the wake of the recent military coup d'etat of that country's first democratically elected President; to the Committee on Foreign Relations.

MEASURE PLACED ON THE CALENDAR

The following measure was read the second time and placed on the calendar:

H.R. 748. An act to amend the prohibition of title 18, United States Code, against financial transactions with terrorists.

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–186. A resolution adopted by the East Tennessee Development District relative to the National Spallation Neutron Source; to the Committee on Commerce, Science, and Transportation.

POM–187. A resolution adopted by the Legislature of the State of Alaska; to the Committee on Armed Services.

RESOLUTION

Whereas Alaska is the 49th state to enter the federal union of the United States of America and is entitled to all of the rights, privileges, and obligations that the union affords and requires; and

Whereas Alaska possesses natural resources, including energy, mineral, and human resources, vital to the prosperity and national security of the United States; and

Whereas the people of Alaska are conscious of the state's remote northern location and proximity to Northeast Asia and the Eurasian land mass, and of how the unique location places the state in a more vulnerable position than other states with regard to missiles that could be launched in Asia and Europe; and

Whereas the people of Alaska recognize the changing nature of the international political structure and evolution and proliferation of missile delivery systems and weapons of mass destruction as foreign states seek the military means to deter the power of the United States in international affairs; and

Whereas there is a growing threat to Alaska by potential aggressors in these nations and in rogue nations that are seeking nuclear weapons capability and that have sponsored international terrorism; and

Whereas a National Intelligence Estimate to assess missile threats to the United States left Alaska and Hawaii out of the assessment and estimate; and

Whereas one of the primary reasons for joining the Union of the United States of America was to gain security for the people of Alaska and for the common regulation of foreign affairs on the basis of an equitable membership in the United States federation; and

Whereas the United States plans to field a national missile defense, perhaps as early as 2003; this national missile defense plan will provide only a fragile defense for Alaska, the state most likely to be threatened by new missile powers that are emerging in Northeast Asia; be it

Resolved That the Alaska State Legislature respectfully requests the President of the United States to take all actions necessary, within the considerable limits of the resources of the United States, to protect on an equal basis all peoples and resources of this great Union from threat of missile attack regardless of the physical location of the member state; and be it further

Resolved That the Alaska State Legislature respectfully requests that Alaska be included in every National Intelligence Estimate conducted by the United States joint intelligence agencies; and be it further

Resolved That the Alaska State Legislature respectfully requests the President of the United States to include Alaska and Hawaii, not just the contiguous 48 states, in every National Intelligence Estimate of missile threat to the United States; and be it further

Resolved That the Alaska State Legislature urges the United States government to take necessary measures to ensure that Alaska is protected against foreseeable threats, nuclear and otherwise, posed by foreign aggressors, including deployment of a ballistic missile defense system to protect Alaska; and be it further

Resolved That the Alaska State Legislature conveys to the President of the United States expectations that Alaska's safety and security take priority over any international treaty or obligation and that the President take whatever action is necessary to ensure that Alaska can be defended against limited missile attacks with the same degree of assurance as that provided to all other states; and be it further

Resolved That the Alaska State Legislature respectfully requests that the appropriate Congressional committees hold hearings in Alaska that include defense experts and administration officials to help Alaskans understand their risks, their level of security, and Alaska's vulnerability.

POM–188. A resolution adopted by General Court of the Commonwealth of Massachusetts; to the Committee on Energy and Natural Resources.

RESOLUTION

Whereas, the Blackstone River Valley National Heritage Corridor was established by Congress through the enactment of Public Law 99–647, for the purpose of preserving and interpreting for the educational and inspirational benefit of present and future generations the unique and significant contributions to our national heritage certain historic and cultural lands, waterways, and structures within the Blackstone River Valley of the States of Massachusetts and Rhode Island; and

Whereas, the Peters River, which begins at the Silver Lake Beach Dam in the town of Bellingham, is a major tributary of the historic Blackstone River; and

Whereas, it is a historic fact that, at a time when few bridges spanned the Blackstone River, many travelers had to rely on Bellingham's Scott Hill Boulevard, then part of East Bank Road, as a river crossing, tying the town of Bellingham to the other towns of the Blackstone Valley, and at a time when Bellingham residents also operated several mills in the early nineteenth century, providing significant historic and cultural links to the corridor communities; and

Whereas, Bellingham's commitment to providing open space is demonstrated by the town's purchase of Silver Lake and of land for the development of a town common, achieves another significant requirement for membership in the National Heritage Corridor; and

Whereas, the town officials and members of the business community in Bellingham have demonstrated significant support for preservation of historic and natural assets of Bellingham and the Blackstone River Valley; and

Whereas, the addition of Bellingham, a town which abuts the corridor communities of Blackstone and Mendon in Massachusetts and Woonsocket in the State of Rhode Island, to the Blackstone River National Heritage Corridor, would enhance the historic and cultural resources of the existing corridor; therefore be it

Resolved, That the Massachusetts General Court respectfully urges the President and the Congress of the United States to enact legislation to expand the Blackstone River Valley National Heritage Corridor to include the town of Bellingham within the corridor boundaries; and be it further

Resolved, That copies of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, the Presiding Officer of each branch of the Congress, and to each member thereof from this commonwealth.

POM–189. A resolution adopted by General Court of the Commonwealth of Massachusetts; to the Committee on Energy and Natural Resources.

RESOLUTION

Whereas, the Quinebaug and Shetucket Rivers Valley National Heritage Corridor was established by Congress through the enactment of Public Law 103–449 for the purpose of providing assistance in the development and implementation of integrated cultural, historical, and recreational land resource management programs in order to retain, enhance, and interpret significant features of the lands, water, and structures of the Quinebaug and Shetucket Rivers Valley; and

Whereas, the Quinebaug and Shetucket Rivers Valley extends beyond the boundary of the State of Connecticut northward into the Commonwealth of Massachusetts including towns along the French River, a tributary of the Quinebaug, such as Charlton, Dudley, Oxford, Southbridge, Sturbridge, and Webster; and

Whereas, the Massachusetts communities within the Quinebaug and Shetucket Rivers Valley include nationally significant historic and cultural resources such as Samuel Slater's Mill Village in Webster, the birthplace of Clara Barton in Oxford, the Optical Museum of America in Southbridge, and the nationally known ''Old Sturbridge Village'' in Sturbridge, as well as countless buildings on the National Register of Historic Places; and

Whereas, the Massachusetts communities include significant natural scenic areas, tourist attractions, and local, State, and Federal recreational sites that would enhance the historic, cultural, and natural resources of the existing corridor; therefore be it

Resolved, That the Massachusetts General Court respectfully urges the President and the Congress of the United States to enact legislation to expand the Quinebaug and Shetucket Rivers Valley National Heritage Corridor to include the towns of Charlton, Dudley, Oxford, Southbridge, Sturbridge, and Webster, within the corridor boundaries; and be it further

Resolved, That copies of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, the Presiding Officer of each branch of the Congress, and to each member thereof from this commonwealth.

POM–190. A resolution adopted by the Legislature of the State of Alaska; to the Committee on Finance.

RESOLUTION

Whereas the federal matching rate for the Medicaid program in each state varies from 50 percent to 77 percent based on the relative per capita income of each state; and

Whereas the use of a simple per capita income figure in the Medicaid program is unfair to the State of Alaska because it ignores the higher cost of living in Alaska, particularly the higher cost of health care services; and

Whereas this unfair federal funding formula affects not only the state's receipt of federal matching funds for Medicaid but also for the Foster Care and Adoption Assistance Program, child support disbursements, and certain funds under welfare reform; and

Whereas the federal government has already recognized the higher cost of living in Alaska by adjusting by 25 percent the Medicare nursing facility rates and the federal poverty level figures for the state; and

Whereas the use of a 25 percent cost-of-living adjustment in the federal formula would reduce the state's general fund Medicaid match from 50 percent to 38 percent, resulting in a savings of $39,249,300 in Medicaid and $646,000 in the Foster Care and Adoption Assistance Program that could be applied to other state purposes without any reductions in Medicaid services or services to children; be it

Resolved That the Alaska State Legislature respectfully urges the Congress to amend the Social Security Act so that the higher cost of living in Alaska is reflected when per capita income is used in determining the federal share of Medicaid costs in the state.

POM–191. A joint resolution adopted by the Legislature of the State of Maine; to the Committee on Governmental Affairs.

RESOLUTION

Whereas, Joshua Lawrence Chamberlain, born in Brewer, Maine in 1828, was an outstanding soldier, educator, statesman and author during his long and distinguished career; and

Whereas, Joshua Lawrence Chamberlain was the living embodiment of Maine character, grit and courage; and

Whereas, Joshua Lawrence Chamberlain, as Colonel of the 20th Maine Volunteer Infantry Regiment, contributed greatly to Union victory at Gettysburg by his heroic defense of Little Round Top on July 2, 1863; and

Whereas, Joshua Lawrence Chamberlain, as Major General of the Third Brigade, Fifth Corps, Army of the Potomac, was selected by Lieutenant General Ulysses S. Grant to preside over the formal surrender of the Army of Northern Virginia on April 12, 1865, rendered a salute to the defeated adversary that symbolized hopes for reconciliation of North and South; and

Whereas, Joshua Lawrence Chamberlain, as commander of the militia, displayed great statesmanship in averting civil conflict without resort to arms during the 1880 Election Crisis in Maine; and

Whereas, Joshua Lawrence Chamberlain was a progressive educator who inaugurated a ''new Elizabethan age'' of learning as President of Bowdoin College, represented Maine at the 1876 Philadelphia Centennial, speaking on ''Maine: Her Place in History,'' represented the United States at the Paris Exposition on education and wrote the classic The Passing of the Armies; and

Whereas, Joshua Lawrence Chamberlain is an historical figure of national significance: Now, therefore, be it

Resolved: That We, your Memorialists, the Members of the 118th Legislature, now assembled in this First Special Session, respectfully recommend and urge the United States Postal Service to issue a stamp honoring Joshua Lawrence Chamberlain; and be it further

Resolved: That suitable copies of this Memorial, duly authenticated by the Secretary of State, be transmitted to the Honorable William J. Clinton, President of the United States, the President of the Senate and the Speaker of the House of Representatives of the Congress of the United States, to each member of the Maine Congressional Delegation and to the Postmaster General of the United States Postal Service.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. MURKOWSKI, from the Committee on Energy and Natural Resources:

Patrick A. Shea, of Utah, to be Director of the Bureau of Land Management.

Kathleen M. Karpan, of Wyoming, to be Director of the Office of Surface Mining Reclamation and Enforcement.

Robert G. Stanton, of Virginia, to be Director of the National Park Service.

Kneeland C. Youngblood, of Texas, to be a Member of the Board of Directors of the U.S. Enrichment Corporation for a term expiring February 24, 2002.

(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.)

By Mr. MCCAIN, from the Committee on Commerce, Science, and Transportation:

Jane Garvey, of Massachusetts, to be Administrator of the Federal Aviation Administration for the term of 5 years.

(The above nomination was reported with the recommendation that she be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. JEFFORDS, from the Committee on Labor and Human Resources:

Louis Caldera, of California, to be a Managing Director of the Corporation for National and Community Service.

Ernestine P. Watlington, of Pennsylvania, to be a Member of the Board of Directors of the Legal Services Corporation for a term expiring July 13, 1999.

John T. Broderick, Jr., of New Hampshire, to be a Member of the Board of Directors of the Legal Services Corporation for a term expiring July 13, 1999.

Gina McDonald, of Kansas, to be a Member of the National Council on Disability for a term expiring September 17, 1998.

Bonnie O'Day, of Minnesota, to be a Member of the National Council on Disability for a term expiring September 17, 1998.

Paul Simon, of Illinois, to be a Member of the National Institute for Literacy Advisory Board for a term expiring September 22, 1998.

(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.)

Mr. THURMOND. Mr. President, for the Committee on Armed Services, I report favorably 16 nomination lists in the Air Force, Army, Marine Corps, and the Navy which were printed in full in the CONGRESSIONAL RECORDS of June 12, 17, 23, 27, July 8 and 9, 1997, 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 June 12, 17, 23, 27, July 8 and 9, 1997, at the end of the Senate proceedings.)

NOMINATIONS PLACED ON THE SECRETARY'S DESK

IN THE AIR FORCE

Beginning James W Adams and ending Michael B Wood, received by Senate and appeared in Congressional Record of June 17, 1997.

Beginning James M Abatti and ending Scott A Zuerlein, received by Senate and appeared in Congressional Record of July 8, 1997.

IN THE ARMY

Juliet T. Tanada, received by Senate and appeared in Congressional Record of June 17, 1997.

Beginning Cornelius S. Mccarthy and ending *Todd A. Mercer, received by Senate and appeared in Congressional Record of June 23, 1997.

Beginning Terry L. Belvin and ending James A. Zernicke, received by Senate and appeared in Congressional Record of June 27, 1997.

Beginning Daniel J. Adelstein and ending *Alan S. Mccoy, received by Senate and appeared in Congressional Record of July 8, 1997.

Maureen K. Leboeuf, received by Senate and appeared in Congressional Record of July 8, 1997.

Beginning James A. Barrineau, Jr., and ending Deborah C. Wheeling, received by Senate and appeared in Congressional Record of July 8, 1997.

IN THE MARINE CORPS

Thomas W. Spencer, received by Senate and appeared in Congressional Record of June 23, 1997.

Dennis M. Arinello, received by Senate and appeared in Congressional Record of June 23, 1997.

Carlo A. Montemayor, received by Senate and appeared in Congressional Record of June 23, 1997.

Beginning Demetrice M. Babb and ending John E. Zeger, Jr., received by Senate and appeared in Congressional Record of June 27, 1997.

Anthony J. Zell, received by Senate and appeared in Congressional Record of July 8, 1997.

Mark G. Garcia, received by Senate and appeared in Congressional Record of July 8, 1997.

IN THE NAVY

Beginning John A Achenbach and ending Sreten Zivovic, received by Senate and appeared in Congressional Record of June 12, 1997.

Beginning Layne M. K. Araki and ending Charles F. Wrightson, received by Senate and appeared in Congressional Record of July 8, 1997.

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. COCHRAN:

S. 1054. A bill to amend title II of the Social Security Act to establish, for purposes of disability determinations under such titles, a uniform minimum level of earnings, for demonstrating ability to engage in substantial gainful activity, at the level currently applicable solely to blind individuals; to the Committee on Finance.

By Mr. DURBIN (for himself, Ms. MOSELEY-BRAUN, and Mr. REID):

S. 1055. A bill to amend title 23, United States Code, to extend the Interstate 4R discretionary program; to the Committee on Environment and Public Works.

By Mr. BURNS (for himself, Mr. COATS, and Mr. LUGAR):

S. 1056. A bill to provide for farm-related exemptions from certain hazardous materials transporation requirements; to the Committee on Commerce, Science, and Transportation.

By Mr. REED (for himself, Mr. BRYAN, Mr. HOLLINGS, and Mr. JOHNSON):

S. 1057. A bill to amend the Federal Election Campaign Act of 1971 to require mandatory spending limits for Senate candidates and limits on independent expenditures, to ban soft money, and for other purposes; to the Committee on Rules and Administration.

By Mr. DURBIN:

S. 1058. A bill to amend the National Forest Management Act of 1976 to prohibit below-cost timber sales in the Shawnee National Forest; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. CHAFEE (for himself, Mr. KEMPTHORNE, and Mr. GRAHAM):

S. 1059. A bill to amend the National Wildlife Refuge System Administration Act of 1966 to improve the management of the National Wildlife Refuge System, and for other purposes; to the Committee on Environment and Public Works.

By Mr. LAUTENBERG (for himself, Mr. WYDEN, Mr. DURBIN, and Mr. HARKIN):

S. 1060. A bill to restrict the activities of the United States with respect to foreign laws that regulate the marketing of tobacco products and to subject cigarettes that are exported to the same restrictions on labeling as apply to the sale or distribution of cigarettes in the United States; to the Committee on Commerce, Science, and Transportation.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. MURKOWSKI (for himself, Mr. STEVENS, Mr. GORTON, and Mr. HELMS):

S. Res. 109. A resolution condemning the Government of Canada for its failure to accept responsibility for the illegal blockade of a U.S. vessel in Canada, and calling on the President to take appropriate action; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DURBIN (for himself, Ms. MOSELEY-BRAUN and Mr. REID):

S. 1055. A bill to amend title 23, United States Code, to extend the Interstate 4R discretionary program; to the Committee on Environment and Public Works.

THE INTERSTATE SYSTEM IMPROVEMENT ACT OF 1997

Mr. DURBIN. Mr. President, today I am introducing legislation that would help improve our country's aging Interstate System—the Interstate System Improvement Act of 1997. My colleagues, Senators MOSELEY-BRAUN and REID have joined me as original cosponsors.

This bill is simple. It would fund the discretionary Interstate 4R [I–4R] program at a level of $800 million annually, a significant increase from the current level of $66 million in fiscal year 1997. I believe that the I–4R program is one of the most crucial aspects of the upcoming Intermodal Surface Transportation and Efficiency Act [ISTEA] reauthorization. And, I hope to work with my colleagues on the Environment and Public Works Committee to incorporate this important measure into ISTEA legislation later this year.

The I–4R program is critical to the resurfacing, restoration, rehabilitation, and reconstruction of our country's vital infrastructure. This year, the program is funded at $66 million. However, demand for funds has outpaced available money by more than 9 to 1. For example, in fiscal year 1997, 25 States requested $1.2 billion in I–4R funds under the discretionary program. Only six States received assistance, most at greatly reduced levels. Nineteen States will receive no I–4R discretionary funds in fiscal year 1997 and over $1 billion in funding requests have gone unanswered.

States with major interstate projects would benefit greatly from this legislation. In Illinois alone, the State faces a highway funding shortage because of crucial projects like the Stevenson Expressway in Chicago and I–74 in Peoria. These projects are simply too important to delay. A healthy I–4R discretionary program is necessary in order to rebuild this vital infrastructure.

Mr. President, I urge my colleagues to join me in advancing this important legislation.

Ms. MOSELEY-BRAUN. Mr. President, I am pleased to introduce the Interstate System Improvement Act of 1997 with my colleague from Illinois, Senator DURBIN.

This legislation would increase the authorization for the discretionary I–4R program from its current level of around $60 to $800 million annually. This change would allow States with large interstate improvement projects to compete for discretionary grants at the Federal level.

As our Nation's interstate system ages, it is going to become more important for many States to have access to large, discretionary grants for major interstate improvement projects. For my home State of Illinois, this legislation would provide an opportunity to compete for funds to reconstruct a 15-mile segment of the aging Stevenson Expressway, one of the Chicago area's most important arteries, and one that is badly in need of repair.

I believe this change is important to improve our current system of highway funding, and I urge my colleagues on the Environment and Public Works Committee who are involved in drafting legislation to reauthorize the Intermodal Surface Transportation and Efficiency Act to include this legislation as part of their reauthorization bill.

By Mr. BURNS (for himself, Mr. COATS, and Mr. LUGAR):

S. 1056. A bill to provide for farm-related exemptions from certain hazardous materials transportation requirements; to the Committee on Commerce, Science, and Transportation.

FARM-RELATED EXEMPTIONS LEGISLATION

Mr. BURNS. Mr. President, I am introducing today a bill to provide for farm-related exemptions for certain hazardous materials and transportation requirements. I send it to the desk and ask for its appropriate referral.

The PRESIDING OFFICER. The bill will be read twice and then referred to the appropriate committee.

Mr. BURNS. Mr. President, today, I rise to introduce a bill that will provide further regulatory relief for our farmers and ranchers.

Let me give you some background on this issue. Earlier this year, the U.S. Department of Transportation published a rule under the HM–200 docket which severely restricts the transportation of agricultural products classified as hazardous materials.

This aspect of the HM–200 rule could cost the agricultural retail industry and the farm economy millions of dollars every year.

Currently, States model their regulations concerning the transport of hazardous materials on Federal Hazardous Materials Regulations [HMR's]. However, some States with large farm economies provide exceptions from the State HMR's to the agricultural industry for the short-haul, intrastate, retail-to-farm transport of agricultural inputs.

HM–200 would supersede all State HMR's, eliminate these exceptions, and apply Federal regulations to the short-haul, seasonal and mostly rural transport of farm products.

The cost of this regulatory burden is estimated to be in excess of $12,300 a year for each agricultural retailer. Industrywide, it is estimated that it could cost the agricultural economy nearly $62 million annually.

We all want safe highways, safe food production, and a safe workplace, but when DOT, OSHA, and EPA regulations are stirred together in a pot, the stew can turn out to be quite rancid. Placing these Federal burdens on the backs of farmers and ranchers in Montana's rural communities, can mean the difference between flying or dying.

HM–200 will require agricultural retailers to comply with time consuming and costly regulations that will not make our rural roads safer, but only increase the cost of doing business, cause confusion, and require unnecessary paperwork. These expenses will be passed on to farmers who already are burdened with slimming margins and ever higher cost of production.

States and the agricultural community have an excellent track record for protecting the environment and keeping the public safe. The agricultural retail industry complies with numerous safety measures such as requiring all drivers to have Commercial Drivers Licenses [CDL's] drug and alcohol testing for drivers, HAZMAT handling experience, and so forth.

Additionally, States which do not provide exceptions to their own HMR's for the agricultural community will face a new regulatory burden since these States rarely enforce the regulations that they have in place. The U.S. DOT has made it abundantly clear that they will expect all States to actively enforce HM–200, thereby making it an unfunded mandate.

Despite petitions for reconsideration from the agricultural community—all of which have gone unanswered by DOT—HM–200 is due to be implemented on October 1, 1997—it was published in February of this year.

This legislation seeks to delay implementation of HM–200 with respect to agricultural transports, until October 1, 1999, or until the reauthorization of Federal Hazardous Materials legislation. By allowing for a delay in HM–200 implementation, I believe we can properly address and examine the facts as they stand with regard to the need for this new regulation.

I urge my colleagues to support this vital legislation, and help keep our agricultural community from having to bear a needless expense which has little safety value to the public.

By Mr. REED (for himself, Mr. BRYAN, Mr. HOLLINGS, and Mr. JOHNSON):

S. 1057. A bill to amend the Federal Election Campaign Act of 1971 to require mandatory spending limits for Senate candidates and limits on independent expenditures, to ban soft money, and for other purposes; to the Committee on Rules and Administration.

THE CAMPAIGN SPENDING CONTROL ACT OF 1997

Mr. REED. Mr. President, I rise today to discuss legislation I have just introduced, the Campaign Spending Control Act of 1997. The 1996 elections, unfortunately, will be remembered for two remarkable facts. First, Federal campaigns produced record spending; over $2.7 billion or almost $28 for every voter. Second, the election produced record-low voter participation: less than half of those eligible chose to vote. These two tragic facts are inextricably linked.

Due to the vast sums of money spent on campaigns, most Americans believe

our current campaign system is tainted by special interest money. Under a flood of money and television ads, voters view their voice as meaningless, their concerns as unaddressed, and their votes as unimportant. In order to restore public confidence, campaign finance reform must accomplish three goals. It must significantly reduce campaign spending; level the playing field for those who challenge incumbents; and, finally, encourage greater public participation and debate.

These goals cannot be successfully addressed without significantly changing the rules which govern campaigns. Campaign scandals have posed a threat to the health of our democracy throughout our Nation's history. In 1907, after enduring embarrassment over a campaign scandal, President Teddy Roosevelt championed legislation prohibiting corporations from financing Federal candidates. In 1974, responding to the scandals of the 1972 elections and the resignation of President Nixon, Congress overwhelmingly passed legislation limiting spending by candidates, parties, and wealthy individuals.

In 1996, all the past campaign reforms imploded, with a flood of corporate and individual money overwhelming legal limits. Million-dollar corporate contributions funded advertisements to impact Presidential and congressional campaigns. Well-funded individuals and organizations also got into the act. By spending a record $70 million on so-called issue advertising, labor unions, business organizations, and ideological groups circumvented limits on direct contributions to candidates. Thus, candidates, awash in a sea of outside money, were pushed to not only trounce their opponents in fundraising, but to match outside groups. The chase for dollars sapped candidates' time which could have been spent debating, attending forums, and otherwise engaging voters. Once solicited, most of these millions were spent on uninformative, 30-second advertisements, which only served to further alienate the electorate. Unchecked, this campaign system will spiral into exponential spending increases, further disenfranchisement, and less dialog. The system is already close to collapsing under its own weight; the time to act is now.

The roots of this abysmal situation can be traced to a misguided Supreme Court decision. In Buckley versus Valeo, a 1976 case which challenged the 1974 campaign reform legislation, the Court held that, in order to avoid corruption, contributions to candidates and committees could be limited. However, the Court invalidated expenditure limits on candidates and independent entities as infringements on free speech rights. The Court surmised that unlimited spending would increase the number and depth of issues discussed. Twenty years of campaign spending has proven the Court's decision fatally flawed: fewer issues are discussed, less debate occurs, and voter participation has declined. The single most important step to reform elections and revitalize our democracy is to reverse the Buckley decision by limiting the amount of money that a candidate or his allies can spend.

For this reason, Senators BRYAN, HOLLINGS, JOHNSON, and I are introducing legislation which directly challenges the Buckley decision and places mandatory limits on all campaign expenditures. These limits do not favor incumbents. Over the last three elections, these limits would have restricted 80 percent of incumbents, while only impacting 18 percent of those who challenged incumbents. Additionally, this legislation would fully ban corporate contributions, as well as unlimited and unregulated contributions by wealthy individuals and organizations. Further, our bill would limit campaign expenditures by supposedly, neutral, independent groups, and restrict corporations, labor unions, and other organizations from influencing campaigns under the guise of issue advocacy. The end result of this legislation would be to eliminate over $500 million from the system, discourage violations, encourage challenges to incumbents, and further promote debate among both candidates and the electorate.

What effect would these limits have on political debate? Contrary to the Supreme Court, I believe such limits would increase dialog. Candidates would be free from the burdens of unending fundraising and thus be available to participate in debates, forums, and interviews. With greater access to candidates and less reason to believe that candidates were captives of their contributors, voters might well be more prepared to invest the time needed to be informed on issues of concern and ask candidates to address them.

Some will argue that this legislation impinges upon freedom of speech. The bill will marginally restrict the rights of a few to spend money—not speak—so that the majority of voters might restore their faith in the process. Thus, speech will be restricted no more than necessary to fulfill what I believe to be several compelling interests. Such a restriction conforms with constitutional jurisprudence and has been demonstrated necessary by history. The fact is all democratic debates are restricted by rules. My legislation would simply implement necessary rules into our campaign system. Finally, it is important to remember that the vast majority of Americans, 96 percent, have never made a political contribution at any level of government. Capping expenditures will truly impact very few individuals, and that restriction will be marginal, but necessary.

Implementing spending caps is a grass-roots initiative. Elected officials from 33 States have urged that the Buckley decision be revisited and limits implemented. Legislative bodies in Ohio and Vermont have implemented sweeping reform by enacting mandatory caps on candidate expenditures. Other States, such as my own, have embraced public financing as a means of reform. Yet, today, Congress struggles to even consider the most modest of reforms, such as banning so called soft money: unlimited donations by corporations, labor unions, and wealthy individuals to political party committees. Unfortunately, because most of the current reform proposals accept the reasoning enunciated in the Buckley decision, they will only serve to redirect an unlimited flow of cash. While I enthusiastically support any substantive reform, if we are to address the underlying cancer which has disintegrated voter trust and participation, the problem of unlimited expenditures must be directly confronted. This is a step that one municipality and two States have embraced. Many more State officials as well as prominent constitutional law scholars have urged such a course. Expenditure limitations have been proposed by congressional reformers in the past, and it is time to rededicate ourselves to this goal.

Mr. President, I have a list of the 33 State officials and 24 State attorneys general who have urged the reversal of Buckley. I ask unanimous consent that these documents be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered. (See exhibit 1.)

Mr. REED. Mr. President, our democracy is dependent upon participation, stimulated by a belief that the system works for everyone. Just as scandals led to reform in 1907 and 1974, Congress must now rise to the task once again to address a threat to our democratic process. Polls continue to demonstrate that a majority of Americans believe the political process is controlled by wealthy interests. The most dangerous aspect of the current situation is that polls also show that voters have no faith in the ability of their representatives to implement reform. If we do not address the influence of money in our electoral system, the health of our democracy will endure increasing risk. It is time to begin true, comprehensive reform. I would like to thank Senators BRYAN, HOLLINGS, and JOHNSON for joining me in this endeavor. Their leadership on this issue in the past has proven invaluable, and I am proud that they have chosen to join me in this important effort. It is my hope that the Senate will now move to address the problem of our campaign system at its root. Finally, Mr. President, 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. 1057

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 ''Campaign Spending Control Act of 1997''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Statement of purpose.
Sec. 3. Findings of fact.

TITLE I—SENATE ELECTION SPENDING LIMITS

Sec. 101. Senate election spending limits.

TITLE II—COORDINATED AND INDEPENDENT EXPENDITURES

Sec. 201. Adding definition of coordination to definition of contribution.
Sec. 202. Treatment of certain coordinated contributions and expenditures.
Sec. 203. Political party committees.
Sec. 204. Limit on independent expenditures.
Sec. 205. Clarification of definitions relating to independent expenditures.
Sec. 206. Elimination of leadership PACs.

TITLE III—SOFT MONEY

Sec. 301. Soft money of political party committee.
Sec. 302. State party grassroots funds.
Sec. 303. Reporting requirements.
Sec. 304. Soft money of persons other than political parties.

TITLE IV—ENFORCEMENT

Sec. 401. Filing of reports using computers and facsimile machines.
Sec. 402. Audits.
Sec. 403. Authority to seek injunction.
Sec. 404. Increase in penalty for knowing and willful violations.
Sec. 405. Prohibition of contributions by individuals not qualified to vote.
Sec. 406. Use of candidates' names.
Sec. 407. Expedited procedures.

TITLE V—SEVERABILITY; REGULATIONS; EFFECTIVE DATE

Sec. 501. Severability.
Sec. 502. Regulations.
Sec. 503. Effective date.

SEC. 2. STATEMENT OF PURPOSE.

The purposes of this Act are to—

(1) restore the public confidence in and the integrity of our democratic system;

(2) strengthen and promote full and free discussion and debate during election campaigns;

(3) relieve Federal officeholders from limitations on their attention to the affairs of the Federal government that can arise from excessive attention to fundraising;

(4) relieve elective office-seekers and officeholders from the limitations on purposeful political conduct and discourse that can arise from excessive attention to fundraising;

(5) reduce corruption and undue influence, or the appearance thereof, in the financing of Federal election campaigns; and

(6) provide non-preferential terms of access to elected Federal officeholders by all interested members of the public in order to uphold the constitutionally guaranteed right to petition the Government for redress of grievances.

SEC. 3. FINDINGS OF FACT.

Congress finds the following:

(1) The current Federal campaign finance system, with its perceived preferential access to lawmakers for interest groups capable of contributing sizable sums of money to lawmakers' campaigns, has caused a widespread loss of public confidence in the fairness and responsiveness of elective government and undermined the belief, necessary to a functioning democracy, that the Government exists to serve the needs of all people.

(2) The United States Supreme Court, in *Buckley v. Valeo*, 424 U.S. 1 (1976), disapproved the use of mandatory spending limits as a remedy for such effects, while approving the use of campaign contribution limits.

(3) Since that time, campaign expenditures have risen steeply in Federal elections with spending by successful candidates for the United States Senate between 1976 and 1996 rising from $609,100 to $3,775,000, an increase that is twice the rate of inflation.

(4) As campaign spending has escalated, voter turnout has steadily declined and in 1996 voter turnout fell to its lowest point since 1924, and stands now at the lowest level of any democracy in the world.

(5) Coupled with out-of-control campaign spending has come the constant necessity of fundraising, arising, to a large extent, from candidates adopting a defensive ''arms race'' posture of constant readiness against the risk of massively financed attacks against whatever the candidate may say or do.

(6) The current campaign finance system has had a deleterious effect on those who hold public office as endless fundraising pressures intrude upon the performance of constitutionally required duties. Capable and dedicated officials have left office in dismay over these distractions and the negative public perceptions that the fundraising process engenders and numerous qualified citizens have declined to seek office because of the prospect of having to raise the extraordinary amounts of money needed in today's elections.

(7) The requirement for candidates to fundraise, the average 1996 expenditure level required a successful Senate candidate to raise more than $12,099 a week for 6 years, significantly impedes on the ability of Senators and other officeholders to tend to their official duties, and limits the ability of candidates to interact with the electorate while also tending to professional responsibilities.

(8) As talented incumbent and potential public servants are deterred from seeking office in Congress because of such fundraising pressures, the quality of representation suffers and those who do serve are impeded in their effort to devote full attention to matters of the Government by the campaign financing system.

(9) Contribution limits are inadequate to control all of these trends and as long as campaign spending is effectively unrestrained, supporters can find ways to protect their favored candidates from being outspent. Since 1976 major techniques have been found and exploited to get around and evade contribution limits.

(10) Techniques to evade contribution limits include personal spending by wealthy candidates, independent expenditures that assist or attack an identified candidate, media campaigns by corporations, labor unions, and nonprofit organizations to advocate the election or defeat of candidates, and the use of national, State, or local political parties as a conduit for money that assists or attacks such candidates.

(11) Wealthy candidates may, under the present Federal campaign financing system, spend any amount they want out of their own resources and while such spending may not be self-corrupting, it introduces the very defects the Supreme Court wants to avoid. The effectively limitless character of such resources obliges a wealthy candidate's opponent to reach for larger amounts of outside support, causing the deleterious effects previously described.

(12) Experience shows that there is an identity of interest between candidates and political parties because the parties exist to support candidates, not the other way around. Party expenditures in support of, or in opposition to, an identifiable candidate are, therefore, effectively spending on behalf of a candidate.

(13) Political experience shows that so-called ''independent'' support, whether by individuals, committees, or other entities, can be and often is coordinated with a candidate's campaign by means of tacit understandings without losing its nominally independent character and, similarly, contributions to a political party, ostensibly for ''party-building'' purposes, can be and often are routed, by undeclared design, to the support of identified candidates.

(14) The actual, case-by-case detection of coordination between candidate, party, and independent contributor is, as a practical matter, impossible in a fast-moving campaign environment.

(15) So-called ''issue advocacy'' communications, by or through political parties or independent contributors, need not, as a practical matter, advocate expressly for the election or defeat of a named candidate in order to cross the line into election campaign advocacy; any clear, objective indication of purpose, such that voters may readily observe where their electoral support is invited, can suffice as evidence of intent to impact a Federal election campaign.

(16) When State political parties or other entities operating under State law receive funds, often called ''soft money'', for use in Federal elections, they become de facto agents of the national political party and the inclusion of these funds under applicable Federal limitations is necessary and proper for the effective regulation of Federal election campaigns.

(17) The exorbitant level of money in the political system has served to distort our democracy by giving some contributors, who constitute less than 3 percent of the citizenry, the appearance of favored access to elected officials, thus undermining the ability of ordinary citizens to petition their Government. Concerns over the potential for corruption and undue influence, and the appearances thereof, has left citizens cynical, the reputation of elected officials tarnished, and the moral authority of Government weakened.

(18) The 2 decades of experience since the Supreme Court's *Buckley v. Valeo* ruling in 1976 have made it evident that reasonable limits on election campaign expenditures are now necessary and these limits must comprehensively address all types of expenditures to prevent circumvention of such limits.

(19) The Supreme Court based its *Buckley v. Valeo* decision on a concern that spending limits could narrow political speech ''by restricting the number of issues discussed, the depth of their exploration, and the size of the audience reached''. The experience of the past 20 years has been otherwise as experience shows that unlimited expenditures can drown out or distort political discourse in a flood of distractive repetition. Reasonable spending limits will increase the opportunity for previously muted voices to be heard and thereby increase the number, depth, and diversity of ideas presented to the public.

(20) Issue advocacy communications that do not promote or oppose an identified candidate should remain unregulated, as should the traditional freedom of the press to report and editorialize about candidates and campaigns.

(21) In establishing reasonable limits on campaign spending, it is necessary that the limits reflect the realities of modern campaigning in a large, diverse population with sophisticated and expensive modes of communication. The limits must allow citizens to benefit from a full and free debate of issues and permit candidates to garner the resources necessary to engage in that debate.

(22) The expenditure limits established in this Act for election to the United States Senate were determined after careful review of historical spending patterns in Senate campaigns as well as the particular spending level of the 3 most recent elections as evidenced by the following:

(A) The limit formula allows candidates a level of spending which guarantees an ability to disseminate their message by accounting for the size of the population in each State as well as historical spending trends including the demonstrated trend of lower campaign spending per voter in larger States as compared to voter spending in smaller States.

(B) The candidate expenditure limits included in this legislation would have restricted 80 percent of the incumbent candidates in the last 3 elections, while only impeding 18 percent of the challengers.

(C) It is clear from recent experience that expenditure limits as set by the formula in this Act will be high enough to allow an effective level of competition, encourage candidate dialogue with constituents, and circumscribe the most egregiously high spending levels, so as to be a bulwark against future campaign finance excesses and the resulting voter disenfranchisement.

TITLE I—SENATE ELECTION SPENDING LIMITS

SEC. 101. SENATE ELECTION SPENDING LIMITS.

(a) IN GENERAL.—Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) is amended by adding at the end the following:

"SEC. 324. SPENDING LIMITS FOR SENATE ELECTION CAMPAIGNS

''(a) IN GENERAL.—The amount of funds expended by a candidate for election to the Senate and the candidate's authorized committees with respect to an election may not exceed the election expenditure limits of subsections (b), (c), and (d).

''(b) PRIMARY ELECTION EXPENDITURE LIMIT.—The aggregate amount of expenditures for a primary election by a Senate candidate and the candidate's authorized committees shall not exceed 67 percent of the general election expenditure limit under subsection (d).

''(c) RUNOFF ELECTION EXPENDITURE LIMIT.—The aggregate amount of expenditures for a runoff election by a Senate candidate and the candidate's authorized committees shall not exceed 20 percent of the general election expenditure limit under subsection (d).

''(d) GENERAL ELECTION EXPENDITURE LIMIT.—

''(1) IN GENERAL.—The aggregate amount of expenditures for a general election by a Senate candidate and the candidate's authorized committees shall not exceed the greater of—

''(A) $1,182,500; or

''(B) $500,000; plus

''(i) 37.5 cents multiplied by the voting age population not in excess of 4,000,000; and

''(ii) 31.25 cents multiplied by the voting age population in excess of 4,000,000.

''(2) EXCEPTION.—In the case of a Senate candidate in a State that has not more than 1 transmitter for a commercial Very High Frequency (VHF) television station licensed to operate in that State, paragraph (1)(B) shall be applied by substituting—

''(A) '$1.00' for '37.5 cents' in clause (i); and

''(B) '87.5 cents' for '31.25 cents' in clause (ii).

''(3) INDEXING.—The monetary amounts in paragraphs (1) and (2) shall be increased as of the beginning of each calendar year based on the increase in the price index determined under section 315(c), except that the base period shall be calendar year 1997.

''(e) EXEMPTED EXPENDITURES.—In determining the amount of funds expended for purposes of this section, there shall be excluded any amounts expended for—

''(1) Federal, State, or local taxes with respect to earnings on contributions raised;

''(2) legal and accounting services provided solely in connection with complying with the requirements of this Act;

''(3) legal services related to a recount of the results of a Federal election or an election contest concerning a Federal election; or

''(4) payments made to or on behalf of an employee of a candidate's authorized committees for employee benefits—

''(A) including—

''(i) health care insurance;

''(ii) retirement plans; and

''(iii) unemployment insurance; but

''(B) not including salary, any form of compensation, or amounts intended to reimburse the employee.''.

TITLE II—COORDINATED AND INDEPENDENT EXPENDITURES

SEC. 201. ADDING DEFINITION OF COORDINATION TO DEFINITION OF CONTRIBUTION.

(a) DEFINITION OF CONTRIBUTION.—Section 301(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)) is amended—

(1) in subparagraph (A)—

(A) in clause (i), by striking ''or'' at the end;

(B) in clause (ii) by striking the period and inserting ''; or''; and

(C) by adding at the end the following:

''(iii) a payment made for a communication or anything of value that is for the purpose of influencing an election for Federal office and that is a payment made in coordination with a candidate.''; and

(2) by adding at the end the following:

''(C) PAYMENT MADE IN COORDINATION WITH.—The term 'payment made in coordination with' means—

''(i) a payment made by any person in cooperation, consultation, or concert with, at the request or suggestion of, or pursuant to any general or particular understanding with, a candidate, a candidate's authorized committees, an agent acting on behalf of a candidate or a candidate's authorized committee, or (for purposes of paragraphs (9) and (10) of section 315(a)) another person;

''(ii) the financing by any person of the dissemination, distribution, or republication, in whole or in part, of any broadcast or any written, graphic, or other form of campaign materials prepared by the candidate or the candidate's authorized committees (not including a communication described in paragraph (9)(B)(i) or a communication that expressly advocates the candidate's defeat); or

''(iii) payments made based on information about the candidate's plans, projects, or needs provided to the person making the payment by the candidate, the candidate's authorized committees, or an agent of a candidate or a candidate's authorized committees.''.

(b) CONFORMING AMENDMENTS.—

(1) SECTION 315.—Section 315(a)(7)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(7)(B)) is amended to read as follows:

''(B) expenditures made in coordination with a candidate, within the meaning of section 301(8)(C), shall be considered to be contributions to the candidate and, in the case of limitations on expenditures, shall be treated as an expenditure for purposes of this section; and''.

(2) SECTION 316.—Section 316(b)(2) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b(b)(2)) is amended by striking ''shall include'' and inserting ''shall have the meaning given those terms in paragraphs (8) and (9) of section 301 and shall also include''.

SEC. 202. TREATMENT OF CERTAIN COORDINATED CONTRIBUTIONS AND EXPENDITURES.

Section 315(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended by adding at the end the following:

''(9) For purposes of this section, contributions made by more than 1 person in coordination with each other (within the meaning of section 301(8)(C)) shall be considered to have been made by a single person.

''(10) For purposes of this section, an independent expenditure made by a person in coordination with (within the meaning of section 301(8)(C)) another person shall be considered to have been made by a single person.''.

SEC. 203. POLITICAL PARTY COMMITTEES.

(a) LIMIT ON COORDINATED AND INDEPENDENT EXPENDITURES BY POLITICAL PARTY COMMITTEES.—Section 315(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(d)) is amended—

(1) in paragraph (1), by inserting ''and independent expenditures'' after ''Federal office''; and

(2) in paragraph (3)—

(A) by inserting '', including expenditures made'' after ''make any expenditure''; and

(B) by inserting ''and independent expenditures advocating the election or defeat of a candidate,'' after ''such party''.

(b) RULES APPLICABLE WHEN LIMITS NOT IN EFFECT.—For purposes of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.), during any period beginning after the effective date of this Act in which the limitation under section 315(d)(3) (as amended by subsection (a)) is not in effect the following amendments shall be effective:

(1) INDEPENDENT VERSUS COORDINATED EXPENDITURES BY A POLITICAL PARTY COMMITTEE.—Section 315(d) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(d)) is amended—

(A) in paragraph (1)—

(i) by striking ''(2) and (3) of this subsection'' and inserting ''(2), (3), and (4) of this subsection''; and

(ii) by inserting ''coordinated'' after ''make'';

(B) in paragraph (3), by inserting ''coordinated'' after ''make''; and

(C) by adding at the end the following:

''(4) PROHIBITION AGAINST MAKING BOTH COORDINATED EXPENDITURES AND INDEPENDENT EXPENDITURES.—

''(A) IN GENERAL.—A committee of a political party shall not make both a coordinated expenditure in excess of $5,000 and an independent expenditure with respect to the same candidate during an election cycle.

''(B) CERTIFICATION.—Before making a coordinated expenditure in excess of $5,000 in connection with a general election campaign for Federal office, a committee of a political party that is subject to this subsection shall file with the Commission a certification, signed by the treasurer, stating that the committee will not make independent expenditures with respect to such candidate.

''(C) TRANSFERS.—A party committee that certifies under this paragraph that the committee will make coordinated expenditures with respect to any candidate shall not, in the same election cycle, make a transfer of funds to, or receive a transfer of funds from, any other party committee unless that committee has certified under this paragraph that it will only make coordinated expenditures with respect to candidates.

''(D) DEFINITION OF COORDINATED EXPENDITURE.—In this paragraph, the term 'coordinated expenditure' shall have the meaning given the term 'payments made in coordination with' in section 301(8)(C).''.

(2) LIMIT ON CONTRIBUTIONS TO POLITICAL PARTY COMMITTEES.—Section 315(a) of Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended—

(A) in paragraph (1)(B), by striking ''which, in the aggregate, exceed $20,000'' and inserting ''that—

''(i) in the case of a political committee that certifies under subsection (d)(4) that it will not make independent expenditures in connection with the general election campaign of any candidate, in the aggregate, exceed $20,000; or

''(ii) in the case of a political committee that does not certify under subsection (d)(4) that it will not make independent expenditures in connection with the general election campaign of any candidate, in the aggregate, exceed $5,000''; and

(B) in paragraph (2)(B), by striking ''which, in the aggregate, exceed $15,000'' and inserting ''that—

''(i) in the case of a political committee that certifies under subsection (d)(4) that it will not make independent expenditures in connection with the general election campaign of any candidate, in the aggregate, exceed $15,000; or

''(ii) in the case of a political committee that does not certify under subsection (d)(4) that it will not make independent expenditures in connection with the general election campaign of any candidate, in the aggregate, exceed $5,000''.

(c) DEFINITION OF ELECTION CYCLE.—Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by adding at the end the following:

''(20) ELECTION CYCLE.—The term 'election cycle' means—

''(A) in the case of a candidate or the authorized committees of a candidate, the period beginning on the day after the date of the most recent general election for the specific office or seat that the candidate is seeking and ending on the date of the next general election for that office or seat; and

''(B) in the case of all other persons, the period beginning on the first day following the date of the last general election and ending on the date of the next general election.''.

SEC. 204. LIMIT ON INDEPENDENT EXPENDITURES.

(a) IN GENERAL.—Section 315 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a) is amended by adding at the end the following:

''(i) LIMIT ON INDEPENDENT EXPENDITURES.—No person shall make an amount of independent expenditures advocating the election or defeat of a candidate during an election cycle in an aggregate amount greater than the limit applicable to the candidate under section 315(d)(3).''.

(b) RULES APPLICABLE WHEN RULES IN SUBSECTION (a) NOT IN EFFECT.—For purposes of the Federal Election Campaign Act of 1971, during any period beginning after the effective date of this Act in which the limit on independent expenditures under section 315(i) of the Federal Election Campaign Act of 1971, as added by subsection (a), is not in effect section 324 of such Act, as added by section 101(a), is amended by adding at the end the following:

''(f) INCREASE IN EXPENDITURE LIMIT IN RESPONSE TO INDEPENDENT EXPENDITURES.—

''(1) IN GENERAL.—The applicable election expenditure limit for a candidate shall be increased by the aggregate amount of independent expenditures made in excess of the limit applicable to the candidate under section 315(d)(3)—

''(A) on behalf of an opponent of the candidate; or

''(B) in opposition to the candidate.

''(2) NOTIFICATION.—

''(A) IN GENERAL.—A candidate shall notify the Commission of an intent to increase an expenditure limit under paragraph (1).

''(B) COMMISSION RESPONSE.—Within 3 business days of receiving a notice under subparagraph (A), the Commission must approve or deny the increase in expenditure limit.

''(C) ADDITIONAL NOTIFICATION.—A candidate who has increased an expenditure limit under paragraph (1) shall notify the Commission of each additional increase in increments of $50,000.''.

SEC. 205. CLARIFICATION OF DEFINITIONS RELATING TO INDEPENDENT EXPENDITURES.

(a) DEFINITION OF INDEPENDENT EXPENDITURE.—Section 301 of the Federal Election Campaign Act of 1971 (2 U.S.C. 431) is amended by striking paragraph (17) and inserting the following:

''(17) INDEPENDENT EXPENDITURE.—The term 'independent expenditure' means an expenditure that—

(A) contains express advocacy; and

(B) is made without the participation or cooperation of, or without consultation with, or without coordination with a candidate or a candidate's authorized committee or agent (within the meaning of section 301(8)(C)).''.

(b) DEFINITION OF EXPRESS ADVOCACY.—Section 301 of Federal Election Campaign Act of 1971 (2 U.S.C. 431), as amended by section 202(c), is amended by adding at the end the following:

''(21) EXPRESS ADVOCACY.—The term 'express advocacy' includes—

''(i) a communication that conveys a message that advocates the election or defeat of a clearly identified candidate for Federal office by using an expression such as 'vote for,' 'elect,' 'support,' 'vote against,' 'defeat,' 'reject,' '(name of candidate) for Congress,' 'vote pro-life,' or 'vote pro-choice,' accompanied by a listing or picture of a clearly identified candidate described as 'pro-life' or 'pro-choice,' 'reject the incumbent,' or an expression susceptible to no other reasonable interpretation but an unmistakable and unambiguous exhortation to vote for or against a specific candidate; or

''(ii) a communication that is made through a broadcast medium, newspaper, magazine, billboard, direct mail, or similar type of general public communication or political advertising—

''(A) that is made on or after a date that is 90 days before the date of a general election of the candidate;

''(B) that refers to the character, qualifications, or accomplishments of a clearly identified candidate, group of candidates, or candidate of a clearly identified political party; and

''(C) that does not have as its sole purpose an attempt to urge action on legislation that has been introduced in or is being considered by a legislature that is in session.''.

SEC. 206. ELIMINATION OF LEADERSHIP PACS.

(a) DESIGNATION AND ESTABLISHMENT OF AUTHORIZED COMMITTEE.—Section 302(e) of the Federal Election Campaign Act of 1971 (2 U.S.C. 432(e)) is amended by—

(1) striking paragraph (3) and inserting the following:

''(3) No political committee that supports, or has supported, more than one candidate may be designated as an authorized committee, except that—

''(A) a candidate for the office of President nominated by a political party may designate the national committee of such political party as the candidate's principal campaign committee, if that national committee maintains separate books of account with respect to its functions as a principal campaign committee; and

''(B) a candidate may designate a political committee established solely for the purpose of joint fundraising by such candidates as an authorized committee.''; and

(2) adding at the end the following:

''(6)(A) A candidate for Federal office or any individual holding Federal office may not directly or indirectly establish, finance, maintain, or control any political committee other than a principal campaign committee of the candidate, designated in accordance with paragraph (3). A candidate for more than one Federal office may designate a separate principal campaign committee for each Federal office. This paragraph shall not preclude a Federal officeholder who is a candidate for State or local office from establishing, financing, maintaining, or controlling a political committee for election of the individual to such State or local office.

''(B) A political committee prohibited by subparagraph (A), that is established before the date of enactment of this Act, may continue to make contributions for a period that ends on the date that is 1 year after the date of enactment of this paragraph. At the end of such period the political committee shall disburse all funds by 1 or more of the following means:

''(1) Making contributions to an entity described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Act that is not established, maintained, financed, or controlled directly or indirectly by any candidate for Federal office or any individual holding Federal office.

''(2) Making a contribution to the Treasury.

''(3) Making contributions to the national, State, or local committees of a political party.

''(4) Making contributions not to exceed $1,000 to candidates for elective office.''.

TITLE III—SOFT MONEY

SEC. 301. SOFT MONEY OF POLITICAL PARTY COMMITTEE.

Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.) is amended by adding at the end the following:

''SEC. 325. SOFT MONEY OF PARTY COMMITTEES.

''(a) NATIONAL COMMITTEES.—A national committee of a political party (including a national congressional campaign committee of a political party), an entity that is directly or indirectly established, financed, maintained, or controlled by a national committee or its agent, an entity acting on behalf of a national committee, and an officer or agent acting on behalf of any such committee or entity (but not including an entity regulated under subsection (b)) shall not solicit or receive any contributions, donations, or transfers of funds, or spend any funds, that are not subject to the limitations, prohibitions, and reporting requirements of this Act.

''(b) STATE, DISTRICT, AND LOCAL COMMITTEES.—

''(1) IN GENERAL.—Any amount that is expended or disbursed by a State, district, or local committee of a political party (including an entity that is directly or indirectly established, financed, maintained, or controlled by a State, district, or local committee of a political party and an officer or agent acting on behalf of any such committee or entity) during a calendar year in which a Federal election is held, for any activity that might affect the outcome of a Federal election, including any voter registration or get-out-the-vote activity, any generic campaign activity, and any communication that refers to a candidate (regardless of whether a candidate for State or local office is also mentioned or identified) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

''(2) ACTIVITY EXCLUDED FROM PARAGRAPH (1).—

''(A) IN GENERAL.—Paragraph (1) shall not apply to an expenditure or disbursement made by a State, district, or local committee of a political party for—

''(i) a contribution to a candidate for State or local office if the contribution is not designated or otherwise earmarked to pay for an activity described in paragraph (1);

''(ii) the costs of a State, district, or local political convention;

''(iii) the non-Federal share of a State, district, or local party committee's administrative and overhead expenses (but not including the compensation in any month of any individual who spends more than 20 percent of the individual's time on activity during the month that may affect the outcome of a Federal election) except that for purposes of this paragraph, the non-Federal share of a party committee's administrative and overhead expenses shall be determined by applying the ratio of the non-Federal disbursements to the total Federal expenditures and non-Federal disbursements made by the committee during the previous presidential election year to the committee's administrative and overhead expenses in the election year in question;

''(iv) the costs of grassroots campaign materials, including buttons, bumper stickers, and yard signs that name or depict only a candidate for State or local office; and

''(v) the cost of any campaign activity conducted solely on behalf of a clearly identified candidate for State or local office, if the candidate activity is not an activity described in paragraph (1).

''(B) FUNDRAISING COSTS.—Any amount spent by a national, State, district, or local committee, by an entity that is established, financed, maintained, or controlled by a State, district, or local committee of a political party, or by an agent or officer of any such committee or entity to raise funds that are used, in whole or in part, to pay the costs of an activity described in paragraph (1) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

''(c) TAX-EXEMPT ORGANIZATIONS.—A national, State, district, or local committee of a political party (including a national congressional campaign committee of a political party, an entity that is directly or indirectly established, financed, maintained, or controlled by any such national, State, district, or local committee or its agent, an agent acting on behalf of any such party committee, and an officer or agent acting on behalf of any such party committee or entity), shall not solicit any funds for or make any donations to an organization that is exempt from Federal taxation under section 501(c) of the Internal Revenue Code of 1986.

''(d) CANDIDATES.—

''(1) IN GENERAL.—A candidate, individual holding Federal office, or agent of a candidate or individual holding Federal office shall not—

''(A) solicit, receive, transfer, or spend funds in connection with an election for Federal office unless the funds are subject to the limitations, prohibitions, and reporting requirements of this Act;

''(B) solicit, receive, or transfer funds that are to be expended in connection with any election other than a Federal election unless the funds—

''(i) are not in excess of the amounts permitted with respect to contributions to candidates and political committees under section 315(a) (1) and (2); and

''(ii) are not from sources prohibited by this Act from making contributions with respect to an election for Federal office; or

''(C) solicit, receive, or transfer any funds on behalf of any person that are not subject to the limitations, prohibitions, and reporting requirements of the Act if the funds are for use in financing any campaign-related activity or any communication that refers to a clearly identified candidate for Federal office.

''(2) EXCEPTION.—Paragraph (1) does not apply to the solicitation or receipt of funds by an individual who is a candidate for a State or local office if the solicitation or receipt of funds is permitted under State law for the individual's State or local campaign committee.''.

SEC. 302. STATE PARTY GRASSROOTS FUNDS.

(a) INDIVIDUAL CONTRIBUTIONS.—Section 315(a)(1) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)(1)) is amended—

(1) in subparagraph (B), by striking ''or'' at the end;

(2) in subparagraph (C), by striking the period at the end and inserting ''; or''; and

(3) by inserting after subparagraph (C) the following:

''(D) to—

''(i) a State Party Grassroots Fund established and maintained by a State committee of a political party in any calendar year which, in the aggregate, exceed $20,000;

''(ii) any other political committee established and maintained by a State committee of a political party in any calendar year which, in the aggregate, exceed $5,000;

except that the aggregate contributions described in this subparagraph that may be made by a person to the State Party Grassroots Fund and all committees of a State Committee of a political party in any State in any calendar year shall not exceed $20,000.''.

(b) LIMITS.—

(1) IN GENERAL.—Section 315(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441a(a)) is amended by striking paragraph (3) and inserting the following:

''(3) OVERALL LIMITS.—

''(A) INDIVIDUAL LIMIT.—No individual shall make contributions during any calendar year that, in the aggregate, exceed $30,000.

''(B) CALENDAR YEAR.—No individual shall make contributions during any calendar year—

''(i) to all candidates and their authorized political committees that, in the aggregate, exceed $25,000; or

''(ii) to all political committees established and maintained by State committees of a political party that, in the aggregate, exceed $20,000.

''(C) NONELECTION YEARS.—For purposes of subparagraph (B)(i), any contribution made to a candidate or the candidate's authorized political committees in a year other than the calendar year in which the election is held with respect to which the contribution is made shall be treated as being made during the calendar year in which the election is held.''.

(c) DEFINITIONS.—Section 301 of the Federal Election Campaign Act of 1970 (2 U.S.C. 431), as amended by section 205(b), is amended by adding at the end the following:

''(22) GENERIC CAMPAIGN ACTIVITY.—The term 'generic campaign activity' means a campaign activity that promotes a political party and does not refer to any particular Federal or non-Federal candidate.

''(23) STATE PARTY GRASSROOTS FUND.—The term 'State Party Grassroots Fund' means a separate segregated fund established and maintained by a State committee of a political party solely for purposes of making expenditures and other disbursements described in section 326(d).''.

(d) STATE PARTY GRASSROOTS FUNDS.—Title III of the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.), as amended by section 301, is amended by adding at the end the following:

''SEC. 326. STATE PARTY GRASSROOTS FUNDS.

''(a) DEFINITION.—In this section, the term 'State or local candidate committee' means a committee established, financed, maintained, or controlled by a candidate for other than Federal office.

''(b) TRANSFERS.—Notwithstanding section 315(a)(4), no funds may be transferred by a State committee of a political party from its State Party Grassroots Fund to any other State Party Grassroots Fund or to any other political committee, except a transfer may be made to a district or local committee of the same political party in the same State if the district or local committee—

''(1) has established a separate segregated fund for the purposes described in subsection (d); and

''(2) uses the transferred funds solely for those purposes.

''(c) AMOUNTS RECEIVED BY GRASSROOTS FUNDS FROM STATE AND LOCAL CANDIDATE COMMITTEES.—

''(1) IN GENERAL.—Any amount received by a State Party Grassroots Fund from a State or local candidate committee for expenditures described in subsection (d) that are for the benefit of that candidate shall be treated as meeting the requirements of 325(b)(1) and section 304(e) if—

''(A) the amount is derived from funds which meet the requirements of this Act with respect to any limitation or prohibition as to source or dollar amount specified in section 315(a) (1)(A) and (2)(A); and

''(B) the State or local candidate committee—

''(i) maintains, in the account from which payment is made, records of the sources and amounts of funds for purposes of determining whether those requirements are met; and

''(ii) certifies that the requirements were met.

''(2) DETERMINATION OF COMPLIANCE.—For purposes of paragraph (1)(A), in determining whether the funds transferred meet the requirements of this Act described in paragraph (1)(A)—

''(A) a State or local candidate committee's cash on hand shall be treated as consisting of the funds most recently received by the committee; and

''(B) the committee must be able to demonstrate that its cash on hand contains funds meeting those requirements sufficient to cover the transferred funds.

''(3) REPORTING.—Notwithstanding paragraph (1), any State Party Grassroots Fund that receives a transfer described in paragraph (1) from a State or local candidate committee shall be required to meet the reporting requirements of this Act, and shall submit to the Commission all certifications received, with respect to receipt of the transfer from the candidate committee.

''(d) DISBURSEMENTS AND EXPENDITURES.—A State committee of a political party may make disbursements and expenditures from its State Party Grassroots Fund only for—

''(1) any generic campaign activity;

''(2) payments described in clauses (v), (ix), and (xi) of paragraph (8)(B) and clauses (iv), (viii), and (ix) of paragraph (9)(B) of section 301;

''(3) subject to the limitations of section 315(d), payments described in clause (xii) of paragraph (8)(B), and clause (ix) of paragraph (9)(B), of section 301 on behalf of candidates other than for President and Vice President;

''(4) voter registration; and

''(5) development and maintenance of voter files during an even-numbered calendar year.''.

SEC. 303. REPORTING REQUIREMENTS.

(a) REPORTING REQUIREMENTS.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) is amended by adding at the end the following:

''(e) POLITICAL COMMITTEES.—

''(1) NATIONAL AND CONGRESSIONAL POLITICAL COMMITTEES.—The national committee of

a political party, any congressional campaign committee of a political party, and any subordinate committee of either, shall report all receipts and disbursements during the reporting period, whether or not in connection with an election for Federal office.

''(2) OTHER POLITICAL COMMITTEES TO WHICH SECTION 325 APPLIES.—A political committee (not described in paragraph (1)) to which section 325(b)(1) applies shall report all receipts and disbursements made for activities described in paragraphs (1) and (2)(iii) of section 325(b).

(3) OTHER POLITICAL COMMITTEES.—Any political committee to which paragraph (1) or (2) does not apply shall report any receipts or disbursements that are used in connection with a Federal election.

''(4) ITEMIZATION.—If a political committee has receipts or disbursements to which this subsection applies from any person aggregating in excess of $200 for any calendar year, the political committee shall separately itemize its reporting for such person in the same manner as required in paragraphs (3)(A), (5), and (6) of subsection (b).

''(5) REPORTING PERIODS.—Reports required to be filed under this subsection shall be filed for the same time periods required for political committees under subsection (a).''.

(b) BUILDING FUND EXCEPTION TO THE DEFINITION OF CONTRIBUTION.—Section 301(8) of the Federal Election Campaign Act of 1971 (2 U.S.C. 431(8)) is amended—

(1) by striking clause (viii); and

(2) by redesignating clauses (ix) through (xiv) as clauses (viii) through (xiii), respectively.

(c) REPORTS BY STATE COMMITTEES.—Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434), as amended by subsection (a), is amended by adding at the end the following:

''(f) FILING OF STATE REPORTS.—In lieu of any report required to be filed by this Act, the Commission may allow a State committee of a political party to file with the Commission a report required to be filed under State law if the Commission determines such reports contain substantially the same information.''.

(d) OTHER REPORTING REQUIREMENTS.—

(1) AUTHORIZED COMMITTEES.—Section 304(b)(4) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(4)) is amended—

(A) by striking ''and'' at the end of subparagraph (H);

(B) by inserting ''and'' at the end of subparagraph (I); and

(C) by adding at the end the following new subparagraph:

''(J) in the case of an authorized committee, disbursements for the primary election, the general election, and any other election in which the candidate participates;''.

(2) NAMES AND ADDRESSES.—Section 304(b)(5)(A) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(b)(5)(A)) is amended by inserting '', and the election to which the operating expenditure relates'' after ''operating expenditure''.

SEC. 304. SOFT MONEY OF PERSONS OTHER THAN POLITICAL PARTIES.

Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434), as amended by subsection 303, is amended by adding at the end the following:

''(g) ELECTION ACTIVITY OF PERSONS OTHER THAN POLITICAL PARTIES.—

''(1) IN GENERAL.—A person other than a committee of a political party that makes aggregate disbursements totaling in excess of $10,000 for activities described in paragraph (2) shall file a statement with the Commission—

''(A) within 48 hours after the disbursements are made; or

''(B) in the case of disbursements that are made within 20 days of an election, within 24 hours after the disbursements are made.

''(2) ACTIVITY.—The activity described in this paragraph is—

''(A) any activity described in section 316(b)(2)(A) that refers to any candidate for Federal office, any political party, or any Federal election; and

''(B) any activity described in subparagraph (B) or (C) of section 316(b)(2).

''(3) ADDITIONAL STATEMENTS.—An additional statement shall be filed each time additional disbursements aggregating $10,000 are made by a person described in paragraph (1).

''(4) APPLICABILITY.—This subsection does not apply to—

''(A) a candidate or a candidate's authorized committees; or

''(B) an independent expenditure.

''(5) CONTENTS.—A statement under this section shall contain such information about the disbursements as the Commission shall prescribe, including—

''(A) the name and address of the person or entity to whom the disbursement was made;

''(B) the amount and purpose of the disbursement; and

''(C) if applicable, whether the disbursement was in support of, or in opposition to, a candidate or a political party, and the name of the candidate or the political party.''.

TITLE IV—ENFORCEMENT

SEC. 401. FILING OF REPORTS USING COMPUTERS AND FACSIMILE MACHINES.

Section 302(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 434(a)) is amended by striking paragraph (11) and inserting the following:

''(11) FILING OF REPORTS USING COMPUTERS AND FACSIMILE MACHINES.—

''(A) REQUIRED FILING.—The Commission may promulgate a regulation under which a person required to file a designation, statement, or report under this Act—

''(i) is required to maintain and file a designation, statement, or report for any calendar year in electronic form accessible by computers if the person has, or has reason to expect to have, aggregate contributions or expenditures in excess of a threshold amount determined by the Commission; and

''(ii) may maintain and file a designation, statement, or report in that manner if not required to do so under regulations prescribed under clause (i).

''(B) FACSIMILE MACHINE.—The Commission shall promulgate a regulation that allows a person to file a designation, statement, or report required by this Act through the use of facsimile machines.

''(C) VERIFICATION OF SIGNATURE.—

''(i) IN GENERAL.—In promulgating a regulation under this paragraph, the Commission shall provide methods (other than requiring a signature on the document being filed) for verifying a designation, statement, or report covered by the regulations.

''(ii) TREATMENT OF VERIFICATION.—A document verified under any of the methods shall be treated for all purposes (including penalties for perjury) in the same manner as a document verified by signature.''.

SEC. 402. AUDITS.

(a) RANDOM AUDITS.—Section 311(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 438(b)) is amended—

(1) by inserting ''(1)'' before ''The Commission''; and

(2) by adding at the end the following:

''(2) RANDOM AUDITS.—

''(A) IN GENERAL.—Notwithstanding paragraph (1), the Commission may conduct random audits and investigations to ensure voluntary compliance with this Act.

''(B) LIMITATION.—The Commission shall not institute an audit or investigation of a candidate's authorized committee under subparagraph (A) until the candidate is no longer a candidate for the office sought by the candidate in that election cycle.

''(C) APPLICABILITY.—This paragraph does not apply to an authorized committee of a candidate for President or Vice President subject to audit under section 9007 or 9038 of the Internal Revenue Code of 1986.''.

(b) EXTENSION OF PERIOD DURING WHICH CAMPAIGN AUDITS MAY BE BEGUN.—Section 311(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 438(b)) is amended by striking ''6 months'' and inserting ''12 months''.

SEC. 403. AUTHORITY TO SEEK INJUNCTION.

Section 309(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)) is amended—

(1) by adding at the end the following:

''(13) AUTHORITY TO SEEK INJUNCTION.—

''(A) IN GENERAL.—If, at any time in a proceeding described in paragraph (1), (2), (3), or (4), the Commission believes that—

''(i) there is a substantial likelihood that a violation of this Act is occurring or is about to occur;

''(ii) the failure to act expeditiously will result in irreparable harm to a party affected by the potential violation;

''(iii) expeditious action will not cause undue harm or prejudice to the interests of others; and

''(iv) the public interest would be best served by the issuance of an injunction;

the Commission may initiate a civil action for a temporary restraining order or a preliminary injunction pending the outcome of the proceedings described in paragraphs (1), (2), (3), and (4).

''(B) VENUE.—An action under subparagraph (A) shall be brought in the United States district court for the district in which the defendant resides, transacts business, or may be found, or in which the violation is occurring, has occurred, or is about to occur.'';

(2) in paragraph (7), by striking ''(5) or (6)'' and inserting ''(5), (6), or (13)''; and

(3) in paragraph (11), by striking ''(6)'' and inserting ''(6) or (13)''.

SEC. 404. INCREASE IN PENALTY FOR KNOWING AND WILLFUL VIOLATIONS.

Section 309(a)(5)(B) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)(5)(B)) is amended by striking ''the greater of $10,000 or an amount equal to 200 percent'' and inserting ''the greater of $15,000 or an amount equal to 300 percent''.

SEC. 405. PROHIBITION OF CONTRIBUTIONS BY INDIVIDUALS NOT QUALIFIED TO VOTE.

(a) PROHIBITION.—Section 319 of the Federal Election Campaign Act of 1971 (2 U.S.C. 441e) is amended—

(1) in the heading by adding ''AND INDIVIDUALS NOT QUALIFIED TO REGISTER TO VOTE'' at the end; and

(2) in subsection (a)—

(A) by striking ''(a) It shall'' and inserting the following:

''(a) PROHIBITIONS.—

''(1) FOREIGN NATIONALS.—It shall''; and

(B) by adding at the end the following:

''(2) INDIVIDUALS NOT QUALIFIED TO VOTE.—It shall be unlawful for an individual who is not qualified to register to vote in a Federal election to make a contribution, or to promise expressly or impliedly to make a contribution, in connection with a Federal election; or for any person to knowingly solicit, accept, or receive a contribution in connection with a Federal election from an individual who is not qualified to register to vote in a Federal election.''.

(b) INCLUSION IN DEFINITION OF IDENTIFICATION.—Section 301(13) of the Federal Election

Campaign Act of 1971 (2 U.S.C. 431(13)) is amended—

(1) in subparagraph (A)—

(A) by striking ''and'' the first place it appears; and

(B) by inserting '', and an affirmation that the individual is an individual who is not prohibited by section 319 from making a contribution'' after ''employer''; and

(2) in subparagraph (B) by inserting ''and an affirmation that the person is a person that is not prohibited by section 319 from making a contribution'' after ''such person''.

SEC. 406. USE OF CANDIDATES' NAMES.

Section 302(e) of the Federal Election Campaign Act of 1971 (2 U.S.C. 432(e)) is amended by striking paragraph (4) and inserting the following:

''(4)(A) The name of each authorized committee shall include the name of the candidate who authorized the committee under paragraph (1).

''(B) A political committee that is not an authorized committee shall not—

''(i) include the name of any candidate in its name, or

''(ii) except in the case of a national, State, or local party committee, use the name of any candidate in any activity on behalf of such committee in such a context as to suggest that the committee is an authorized committee of the candidate or that the use of the candidate's name has been authorized by the candidate.''.

SEC. 407. EXPEDITED PROCEDURES.

Section 309(a) of the Federal Election Campaign Act of 1971 (2 U.S.C. 437g(a)), as amended by section 403, is amended by adding at the end the following:

''(14) EXPEDITED PROCEDURE.—

''(A) 60 DAYS PRECEDING AN ELECTION.—If the complaint in a proceeding was filed within 60 days immediately preceding a general election, the Commission may take action described in this subparagraph.

''(B) RESOLUTION BEFORE ELECTION.—If the Commission determines, on the basis of facts alleged in the complaint and other facts available to the Commission, that there is clear and convincing evidence that a violation of this Act has occurred, is occurring, or is about to occur and it appears that the requirements for relief stated in paragraph (13)(A) (ii), (iii), and (iv) are met, the Commission may—

''(i) order expedited proceedings, shortening the time periods for proceedings under paragraphs (1), (2), (3), and (4) as necessary to allow the matter to be resolved in sufficient time before the election to avoid harm or prejudice to the interests of the parties; or

''(ii) if the Commission determines that there is insufficient time to conduct proceedings before the election, immediately seek relief under paragraph (13)(A).

''(C) COMPLAINT WITHOUT MERIT.—If the Commission determines, on the basis of facts alleged in the complaint and other facts available to the Commission, that the complaint is clearly without merit, the Commission may—

''(i) order expedited proceedings, shortening the time periods for proceedings under paragraphs (1), (2), (3), and (4) as necessary to allow the matter to be resolved in sufficient time before the election to avoid harm or prejudice to the interests of the parties; or

''(ii) if the Commission determines that there is insufficient time to conduct proceedings before the election, summarily dismiss the complaint.''.

TITLE V—SEVERABILITY; REGULATIONS; EFFECTIVE DATE

SEC. 501. SEVERABILITY.

If any provision of this Act or amendment made by this Act, or the application of a provision or amendment to any person or circumstance, is held to be unconstitutional, the remainder of this Act and amendments made by this Act, and the application of the provisions and amendment to any person or circumstance, shall not be affected by the holding.

SEC. 502. REGULATIONS.

The Federal Election Commission shall promulgate any regulations required to carry out this Act and the amendments made by this Act.

SEC. 503. EFFECTIVE DATE.

Except as otherwise provided in this Act, this Act and the amendments made by this Act take effect on the date that is 30 days after the date of enactment of this Act.

EXHIBIT 1

[From the Secretary of State, State of West Virginia]

On May 20, officials of 33 states, including secretaries of state, attorneys general and state regulators of campaign finance (in those states where the secretary of state does not have that responsibility) registered their support of a court challenge to the 1976 U.S. Supreme Court decision in the case of Buckley v. Valeo. The officials in these 33 states made known their support as amicus curiae in a pending appeal in the 6th Circuit Court of Appeals in a case entitled Kruse v. City of Cincinnati, which concerns a Cincinnati ordinance limiting candidates for the city council to spending no more than three times their annual salary. The ordinance was declared unconstitutional by a Federal district court, based on the Buckley v. Valeo decision, which ruled that such limits violated First Amendment freedom of speech protection. Whichever way the 6th Circuit Court of Appeals rules, it is almost certain to be appealed to the U.S. Supreme Court, thus paving the way for a re-argument of Buckley v. Valeo.

Officials in the following states filed the amicus brief:

Arizona—A.G.
Arkansas—SOS and A.G.
Connecticut—SOS and A.G.
Florida—SOS and A.G.
Georgia—SOS.
Hawaii—Campaign Spending Commisison and A.G.
Indiana—A.G.
Iowa—A.G.
Kansas—A.G.
Kentucky—Registry of Campaign Finance and A.G.
Maine—SOS.
Massachusetts—SOS and A.G.
Michigan—A.G.
Minnesota—SOS and A.G.
Mississippi—SOS.
Montana—SOS and A.G.
Nevada—SOS and A.G.
New Hampshire—SOS and A.G.
New Mexico—SOS.
North Carolina—Chief Elections Officer.
North Dakota—A.G.
Ohio—A.G.
Oklahoma—Ethics Commission and A.G.
Oregon—SOS and A.G.
Rhode Island—SOS.
South Carolina—SOS.
South Dakota—A.G.
Tennessee—SOS.
Utah—A.G.
Vermont—A.G.
Washington—SOS and A.G.
West Virginia—SOS and A.G.
Wisconsin—SOS.
Territory of Guam—Lt. Gov. and A.G.

[From the Department of Justice, State of Iowa]

24 STATE ATTORNEYS GENERAL ISSUE CALL FOR THE REVERSAL OF BUCKLEY V. VALEO

DES MOINES, IOWA—The attorneys general for twenty-four states released a joint statement Tuesday calling for the reversal of a 1976 Supreme Court decision which struck down mandatory campaign spending limits on free speech grounds. The attorneys general statement comes amidst a growing national debate about the validity of that court ruling, *Buckley* v. *Valeo.*

Former U.S. Senator Bill Bradley has denounced the decision and has helped lead the recent push in the U.S. Congress for a constitutional amendment to allow for mandatory spending limits in federal elections. The City of Cincinnati is litigating the first direct court challenge to the ruling, defending an ordinance passed in 1995 by the City Council which sets limits in city council races. And, in late October 1996, a group of prominent constitutional scholars from around the nation signed a statement calling for the reversal of *Buckley*.

The attorneys general statement reads as follows:

''Over two decades ago, the United States Supreme Court, in *Buckley* v. *Valeo,* 424 U.S. 1 (1976), declared mandatory campaign expenditure limits unconstitutional on First Amendment grounds. We, the undersigned state attorneys general, believe the time has come for that holding to be revisited and reversed.

''U.S. Supreme Court Justice Louis Brandeis once wrote '[I]n cases involving the Federal Constitution, where correction through legislative action is practically impossible, this court has often overruled its earlier decision. The court bows to the lessons of experience and the force of better reasoning . . .' *Burnet* v. *Coronado Oil & Gas Co.*, 285 U.S. 393, 406–408 (1932) (Brandeis, J., dissenting).

''As state attorneys general—many of us elected—we believe the experience of campaigns teaches the lesson that unlimited campaign spending threatens the integrity of the election process. As the chief legal officers of our respective states, we believe that the force of better reasoning compels the conclusion that it is the absence of limits on campaign expenditures—not the restrictions—which strike 'at the core of our electoral process and of the First Amendment freedoms.' *Buckley* v. *Valeo,* 424 U.S. 1, 39 (1976) (quoting *Williams* v. *Rhodes*, 393 U.S. 23, 32 (1968).''

The United States has witnessed a more than a 700% increase in the cost of federal elections since the *Buckley* ruling. The presidential and congressional campaigns combined spent more than $2 billion this past election cycle, making the 1996 elections the costliest ever in U.S. history.

Iowa Attorney General Tom Miller, Nevada Attorney General Frankie Sue Del Papa, Arizona Attorney General Grant Woods, and the National Voting Rights Institute of Boston initiated Tuesday's statement. The Institute is a non-profit organization engaged in constitutional challenges across the country to the current campaign finance system. The Institute serves as special counsel for the City of Cincinnati in its challenge to *Buckley,* now in federal district court in Cincinnati and due for its first court hearing on January 31,

''*Buckley* stands today as a barrier to American democracy,'' says Attorney General Del Papa. ''As state attorneys general, we are committed to helping remove that barrier.'' Del Papa says the twenty-four state attorneys general will seek to play an active role in efforts to reverse the *Buckley* decision, including the submission of friend-of-the-court briefs in emerging court cases which address the ruling.

''Maybe it wasn't clear in 1976, but it is clear today that financing of campaigns has gotten totally out of control,'' says Iowa Attorney General Tom Miller. ''The state has a compelling interest in bringing campaign finances back under control and protecting the integrity of the electoral process.''

Arizona Attorney General Grant Woods adds, ''I believe that it is a major stretch to say that the First Amendment requires that no restrictions be placed on individual campaign spending. The practical results, where millionaires dominate the process to the detriment of nearly everyone who cannot compete financially, have perverted the electoral process in America.''

The full listing of signatories is as follows:

Attorney General Grant Woods of Arizona (R).

Attorney General Richard Blumenthal of Connecticut (D).

Attorney General Robert Butterworth of Florida (D).

Attorney General Alan G. Lance of Idaho (R).

Attorney General Tom Miller of Iowa (D).

Attorney General Carla J. Stovall of Kansas (R).

Attorney General Albert B. Chandler III of Kentucky (D).

Attorney General Andrew Ketterer of Maine (D).

Attorney General Scott Harshbargor of Massachusetts (D).

Attorney General Frank Kelley of Michigan (D).

Attorney General Hubert H. Humphrey of Minnesota (D).

Attorney General Mike Moore of Mississippi (D).

Attorney General Joseph P. Mazurek of Montana (D).

Attorney General Frankie Sue Del Papa of Nevada (D).

Attorney General Jeff Howard of New Hampshire (R).

Attorney General Tom Udall of New Mexico (D).

Attorney General Heidi Heitkamp of North Dakota (D).

Attorney General Drew Edmondson of Oklahoma (D).

Attorney General Charles W. Burson of Tennessee (D).

Attorney General Jan Graham of Utah (D).

Attorney General Wallace Malley of Vermont (R).

Attorney General Darrel V. McGraw of West Virginia (D).

Attorney General Christine O. Gregoire of Washington (D).

Attorney General James Doyle of Wisconsin (D).

By Mr. LAUTENBERG (for himself, Mr. WYDEN, Mr. DURBIN, and Mr. HARKIN):

S. 1060. A bill to restrict the activities of the United States with respect to foreign laws that regulate the marketing of tobacco products and to subject cigarettes that are exported to the same restrictions on labeling as apply to the sale or distribution of cigarettes in the United States; to the Committee on Commerce, Science, and Transportation.

THE WORLDWIDE TOBACCO DISCLOSURE ACT OF 1997

Mr. LAUTENBERG. Mr. President, today I am introducing the Worldwide Tobacco Disclosure Act of 1997. I am joined by Senators WYDEN, DURBIN, and HARKIN. Our bill will address a loophole in current law that enables packages of cigarettes to be exported from this country without warning labels and to prevent the executive branch from undermining other countries' restrictions on tobacco.

Within a few decades, the World Health Organization estimates that 10 million people will die annually from tobacco-related disease, up from 3 million per year. An astonishing 70 percent of those deaths will be in developing countries. To give my colleagues a basis for comparison, in America, today, approximately 400,000 die a year from tobacco. While smoking has declined 10 percent since 1990 in developed countries, the WHO concludes it has risen an alarming 67 percent in developing countries during that same period. American tobacco exports have increased by almost 340 percent since the mid-1970's, and these exports now account for more than half of our tobacco companies' sales.

America is rightfully proud of its exports and the standards it upholds in international trade. But with tobacco, we're exporting death. We are the largest exporter of a product we know kills, and that is not something about which we should be proud. With marketing savvy and millions of dollars, American tobacco companies have significantly increased cigarette consumption in developing countries. It is estimated that cigarette consumption increased by 10 percent as a direct result of American tobacco companies entering the markets of Japan, South Korea, Thailand, and Taiwan.

Why should Congress care if hundreds of thousands of teenage boys and girls in China become addicted to nicotine? Why not let their government deal with this matter? Mr. President, morally, we are obligated to warn them, to the extent we know of tobacco's dangers. We are obligated to support the efforts of our trading partners to protect the health of their citizens.

Mr. President, cigarettes kill and the label should clearly state that. One component of the proposed tobacco settlement between the State attorneys general and the tobacco industry was stronger warning labels on cigarette packages, similar to those I included in legislation introduced earlier this year. While we are taking additional steps to make our citizens more aware of the dangers of tobacco, my colleagues may be surprised to know that our Government requires no warning on exported cigarette packages. We know that smoking is addictive and can kill, but you would never guess that by looking at a pack of Camels exported from this country into Africa or Eastern Europe. When we enacted the Federal Cigarette Labeling and Advertising Act of 1965, we may have thought that other countries would require their own warning labels and these would be adequate. We know, Mr. President, that this is simply not the case.

Too many countries, especially in the developing world, have no warning labels on cigarette packages, and those that do, are inadequate to fully alert their citizens to the dangers of tobacco. Coupled with a poor national health system, citizens in these countries have no chance against tobacco promotional giveaways or slick advertising. Not knowing of the health risks associated with cigarettes, they are easily addicted and a significant percentage of them will die from this product.

Mr. President, barring further steps, a health crisis resulting from tobacco will occur in the developing world within the next few decades. Our country alone spends $50 billion a year more on health care as a result of tobacco. Imagine what the worldwide cost of tobacco related illness will be in 20 years. Today limited funds are spent combating hunger, AIDS and other infectious diseases, and infant mortality worldwide. In about 10 years, we can add tobacco related illnesses to the list.

One part of this legislation, Mr. President, requires exported packages of cigarettes to have warning labels in the language of the country where the cigarette will be consumed. Before exporting hazardous materials, Congress requires exports to alert our Government prior to export so that we might warn the government of the importing country that a certain product is being shipped to its borders. Cigarettes are a hazardous product and should be treated differently than an exported widget. Foreign subsidiaries of American tobacco companies will also be required to comply with this legislation because we do not want to put our farmers at a competitive disadvantage. This is a global problem that must be addressed by whatever means we have available. Should a country require more stringent labels than ours, the administration could grant a waiver of this provision for that country.

Mr. President, the success tobacco companies have had selling death overseas is not solely due to their own own efforts. In the past, the U.S. Government assisted U.S. tobacco companies in hooking foreigners by using trade policy to dismantle foreign tobacco regulations, such as advertising bans, in several key markets. While most of this assistance occurred in the 1980's, its effects are felt today. Japan, South Korea, Thailand, and Taiwan were on the other side of this dispute with our Government over their antitobacco laws. They lost, their citizens lost, and the U.S. tobacco companies won. Smoking in those countries is higher as a result of past action by the U.S. Trade Representative.

Our bill will prevent the USTR from undermining another country's tobacco restrictions if those restrictions are applied to both foreign and domestic products in the same manner. If a country has an advertising ban on tobacco products, our Government should not be spending money trying to dismantle that law if it equally affects foreign and domestic companies.

This legislation is consistent with a GATT decision from 1990, which held that member nations can use various policies to protect health as long as they are applied evenly to domestic and foreign products, and with statements made by our current U.S. Trade Representative. Charlene Barshefsky

stated last year that the U.S. Government should not object when foreign government take steps to protect their citizens by adopting health measures to restrict the consumption of tobacco.

Mr. President, I hope my colleagues would agree that we should not, in good conscience, turn a blind eye to the untold suffering caused by U.S. exports of this deadly product. We know too much about tobacco to sit idly by while our companies poison tens of millions throughout the world. And if foreign governments do not warn their citizens of tobacco's dangers, enacting this legislation is the very least we can and should do.

Mr. President, I ask unanimous consent that the full text of my legislation be printed in the CONGRESSIONAL RECORD along with letters of support for this legislation from the American Lung Association, the National Center for Tobacco-Free Kids, and the American Heart Association, and two articles from the Washington Post documenting our Government's actions in Asia in the 1980's and how U.S. tobacco companies are targeting overseas markets.

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

S. 1060

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 ''Worldwide Tobacco Disclosure Act of 1997''.

SEC. 2. DEFINITIONS.

In this Act:

(1) CIGARETTE.—The term ''cigarette'' means—

(A) any roll of tobacco wrapped in paper or in any substance not containing tobacco which is to be burned,

(B) any roll of tobacco wrapped in any substance containing tobacco which, because of its appearance, the type of tobacco used in the filler, or its packaging and labeling is likely to be offered to, or purchased by consumers as a cigarette described in subparagraph (A),

(C) little cigars which are any roll of tobacco wrapped in leaf tobacco or any substance containing tobacco (other than any roll of tobacco which is a cigarette within the meaning of subparagraph (A)) and as to which 1000 units weigh not more than 3 pounds, and

(D) loose rolling tobacco and papers or tubes used to contain such tobacco.

(2) DOMESTIC CONCERN.—The term ''domestic concern'' means—

(A) any individual who is a citizen, national, or resident of the United States; and

(B) any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States, or which is organized under the laws of a State of the United States or a territory, possession, or commonwealth of the United States.

(3) NONDISCRIMINATORY LAW OR REGULATION.—The term ''nondiscriminatory law or regulation'' means a law or regulation of a foreign country that adheres to the principle of national treatment and applies no less favorable treatment to goods that are imported into that country than it applies to like goods that are the product, growth, or manufacture of that country.

(4) PACKAGE.—The term ''package'' means a pack, box, carton, or other container of any kind in which cigarettes or other tobacco products are offered for sale, sold, or otherwise distributed to customers.

(5) SALE OR DISTRIBUTION.—The term ''sale or distribution'' includes sampling or any other distribution not for sale.

(6) STATE.—The term ''State'' includes, in addition to the 50 States, the District of Columbia, Guam, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands, American Samoa, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau.

(7) TOBACCO PRODUCT.—The term ''tobacco product'' means—

(A) cigarettes;

(B) little cigars;

(C) cigars as defined in section 5702 of the Internal Revenue Code of 1986;

(D) pipe tobacco;

(E) loose rolling tobacco and papers used to contain such tobacco;

(F) products referred to as spit tobacco; and

(G) any other form of tobacco intended for human use or consumption.

(8) UNITED STATES.—The term ''United States'' includes the States and installations of the Armed Forces of the United States located outside a State.

SEC. 3. RESTRICTIONS ON NEGOTIATIONS REGARDING FOREIGN LAWS REGULATING TOBACCO PRODUCTS.

No funds appropriated by law may be used by any officer, employee, department, or agency of the United States—

(1) to seek, through negotiation or otherwise, the removal or reduction by any foreign country of any nondiscriminatory law or regulation, or any proposed nondiscriminatory law or regulation, in that country that restricts the advertising, manufacture, packaging, taxation, sale, importation, labeling, or distribution of tobacco products; or

(2) to encourage or promote the export, advertising, manufacture, sale, or distribution of tobacco products.

SEC. 4. CIGARETTE EXPORT LABELING.

(a) LABELING REQUIREMENTS FOR EXPORT OF CIGARETTES.—

(1) IN GENERAL.—It shall be unlawful for any domestic concern to export from the United States, or to sell or distribute in, or export from, any other country, any cigarettes whose package does not contain a warning label that—

(A) complies with Federal labeling requirements for cigarettes manufactured, imported, or packaged for sale or distribution within the United States; and

(B) is in the primary language of the country in which the cigarettes are intended for consumption.

(2) LABELING FORMAT.—Federal labeling format requirements shall apply to a warning label described in paragraph (1) in the same manner, and to the same extent, as such requirements apply to cigarettes manufactured, imported, or packaged for sale or distribution within the United States.

(3) ROTATION OF LABELING.—Federal rotation requirements for warning labels shall apply to a warning label described in paragraph (1) in the same manner, and to the same extent, as such requirements apply to cigarettes manufactured, imported, or packaged for sale or distributed within the United States.

(4) WAIVERS.—

(A) IN GENERAL.—The President may waive the labeling requirements required by this Act for cigarettes, if the cigarettes are exported to a foreign country included in the list described in subparagraph (B) and if that country is the country in which the cigarettes are intended for consumption. A waiver under this subparagraph shall be in effect prior to the exportation of any cigarettes not in compliance with the requirements of this section by a person to a foreign country included in the list.

(B) LIST OF ELIGIBLE COUNTRIES FOR WAIVER.—

(i) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the President shall develop and publish in the Federal Register a list of foreign countries that have in effect requirements for the labeling of cigarette packages substantially similar to or more stringent than the requirements for labeling of cigarette packages set forth in paragraphs (1) through (3). The President shall use the list to grant a waiver under subparagraph (A).

(ii) UPDATE OF LIST.—The President shall—

(I) update the list described in clause (i) to include a foreign country on the list if the country meets the criteria described in clause (i), or to remove a foreign country from the list if the country fails to meet the criteria; and

(II) publish the updated list in the Federal Register.

(b) PENALTIES.—

(1) FINE.—Any person who violates the provisions of subsection (a) shall be fined not more than $100,000 per day for each such violation. Any person who knowingly reexports from or transships cigarettes through a foreign country included in the list described in subsection (a)(4)(B) to avoid the requirements of this Act shall be fined not more than $150,000 per day for each such occurrence.

(2) INJUNCTION PROCEEDINGS.—The district courts of the United States shall have jurisdiction, for cause shown, to prevent and restrain violations of subsection (a) upon the application of the Attorney General of the United States.

(c) REPEAL.—Section 12 of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1340) is repealed.

(d) REGULATORY AUTHORITY.—Not later than 90 days after the date of enactment of this Act, the President shall promulgate such regulations and orders as may be necessary to carry out this section.

(e) EFFECTIVE DATE.—The provisions of subsections (a) through (c) shall take effect upon the effective date of the regulations promulgated under subsection (d).

AMERICAN LUNG ASSOCIATION,
Washington, DC, July 22, 1997.

Hon. FRANK LAUTENBERG,
U.S. Senate,
Washington, DC.

DEAR SENATOR LAUTENBERG: The American Lung Association supports your legislation addressing U.S. economic and foreign policy towards the international sale and labeling of tobacco products.

Tobacco use continues to be the single most preventable cause of premature death and disease in the United States. Worldwide, smoking causes one death every ten seconds, 3 million people a year. Unless strong measures are taken, it is estimated that in three decades the death toll will rise to about 10 million people each year, with 70 percent of those deaths occurring in developing countries.

In the past, the United States government has assisted U.S. tobacco companies in their efforts to expand tobacco advertising, promotion and exports. Using Section 301 of the Trade Act of 1974, previous administrations have issued formal threats to force other nations to import U.S. tobacco products and to weaken health laws that would reduce tobacco use. Your legislation would end the

U.S. government's proactive involvement in the exportation of tobacco's death and disease to other countries by curtailing federal agencies from intervening internationally on behalf of the industry.

The American Lung Association believes the United States should be a world leader in tobacco control and that the U.S. should not help open international markets so companies here can profit from death and disease elsewhere. This policy is unacceptable and must end. The adoption of your legislation would be a major step in the right direction.

Thank you for your leadership on this and other tobacco control-related issues.

Sincerely,

FRAN DU MELLE,
Deputy Managing Director.

NATIONAL CENTER FOR TOBACCO-FREE KIDS,
Washington, DC, July 23, 1997.

Hon. FRANK LAUTENBERG,
U.S. Senate,
Washington, DC.

DEAR SENATOR LAUTENBERG: We are writing on behalf of the National Center for Tobacco Free Kids to express the center's strong support for your effort, as a part of the Worldwide Tobacco Disclosure Act, to ensure that the United States does not interfere with actions taken by foreign governments to reduce the dangers that tobacco products pose to their citizens. This would help to save lives and improve the public health of people around the world.

There is clear need for action to be taken to prevent the spread of tobacco caused disease throughout the world. In 1994, over 4.6 trillion cigarettes were consumed in foreign nations. In 1995, over 3.1 million people died as a result of tobacco use, with over 1.2 million of those deaths occurring in developing countries. As worldwide tobacco use and tobacco related disease has reached astronomical levels, U.S. tobacco exports have continued to climb. In 1995, the U.S. exported an estimated 240 billion cigarettes, up from less than 60 billion ten years earlier.

In the past, America has taken action against governments that promulgate rules to curb tobacco caused disease. During the previous administration, the U.S. pressured Thailand, Taiwan, South Korea and other countries not to enact tough new laws to curb tobacco marketing, even though these laws were to be applied in a non-discriminatory manner. The U.S. also encouraged Taiwan to repeal new requirements for cigarette warning labels. The Worldwide Tobacco Disclosure Act would prevent American officials from using economic muscle to promote higher cigarette exports by blocking legitimate health laws in other countries.

We commend you for taking the lead in introducing this important piece of legislation and urge the Senate to stand up for the health of millions of people around the world.

Sincerely Yours,

WILLIAM D. NOVELLI,
President.

MATTHEW L. MYERS,
Executive Vice President and General Counsel.

AMERICAN HEART ASSOCIATION,
Washington, DC, July 23, 1997.

Hon. FRANK LAUTENBERG,
U.S. Senate,
Washington, DC.

DEAR SENATOR LAUTENBERG: The American Heart Association (AHA) is pleased to express its strong support for your legislation, the Worldwide Tobacco Disclosure Act of 1997, a critical step in addressing the inadequacy of current laws on U.S. economic and foreign policy regarding the international sale of tobacco products. In general, we believe that the U.S. should actively promote the global adoption of U.S. domestic tobacco control policies.

The AHA is a non-profit organization representing the interests of over 4.6 million volunteers nationwide who give their time and energies to reducing cardiovascular disease and stroke, this nation's number one and three killers respectively. Despite our efforts, and the efforts of our partners in tobacco control, tobacco use continues to be the number one preventable cause of premature death and disease in the United States.

Worldwide, smoking causes one death every 10 seconds. The global smoking rate is increasing steadily, despite decreases in the United States and other developed nation. The World Health Organization (WHO) predicts that more than 500 million people alive today eventually will die of diseases caused by smoking, unless strong action is taken to stem this epidemic.

Historically, U.S. government agencies and Congress have assisted U.S. tobacco companies in their efforts to expand tobacco advertising, promotion and exports around the world. Previous administrations have issued formal trade threats under Section 301 of the Trade Act of 1974, to force other nations to import U.S. tobacco products and to weaken health laws that would reduce tobacco use.

The AHA supports the primary goals of this legislation: That exported cigarettes carry the same federal labeling format requirements as those manufactured, imported or packaged for sale or distribution within the United States, and that there be a prohibition on the use of federal funds to aid any effort by the United States, through negotiation or otherwise, to weaken the tobacco control laws of foreign countries.

Sincerely,

MARTHA, N. HILL, R.N., Ph.D.,
President.

[From the Washington Post, Nov. 17, 1996]

U.S. AIDED CIGARETTE FIRMS IN CONQUESTS ACROSS ASIA

AGGRESSIVE STRATEGY FORCED OPEN LUCRATIVE MARKETS

(By Glenn Frankel)

On the streets of Manila, ''jump boys'' as young as 10 hop in and out of traffic selling Marlboros and Lucky Strikes to passing motorists. In the discos and coffee shops of Seoul, young Koreans light up foreign brands that a decade ago were illegal to possess. Downtown Kiev has become the Ukrainian version of Marlboro Country, with the gray socialist cityscape punctuated with colorful billboards of cowboy sunsets and chiseled faces. And in Beijing, America's biggest tobacco companies are competing for the right to launch cooperative projects with the state-run tobacco monopoly in hopes of capturing a share of the biggest potential market in the world.

Throughout the bustling cities of a newly prosperous Asia and the ruined economies of the former Soviet Bloc, the American cigarette is king. It has become a symbol of affluence and sophistication, a statement and an aspiration. At home—where the American tobacco industry is besieged by anti-smoking activists, whistle-blowers, government regulators, grand juries and plaintiffs' lawyers—cigarette consumption has undergone a 15-year decline. Thanks to foreign sales, however, the companies are making larger profits than ever before.

But the industry did not launch its campaign for new overseas markets alone. The Reagan and Bush administrations used their economic and political clout to pry open markets in Japan, South Korea, Taiwan, Thailand and China for American cigarettes. At a time when one arm of the government was warning Americans about the dangers of smoking, another was helping the industry recruit a new generation of smokers abroad.

To this day, many U.S. officials see cigarette exports as strictly an issue of free trade and economic fairness, while tobacco industry critics and public health advocates consider it a moral question. Even the Clinton administration finds itself torn: It is the most vocally anti-smoking administration in U.S. history, yet it has been in the uncomfortable role of challenging or delaying some anti-smoking efforts overseas.

At the same time, fledgling anti-smoking movements are rising up with support from American activists, passing restrictions that in some cases are tougher than those in the United States.

Having exported its cigarette industry, the United States is now in effect exporting its anti-smoking movement as well.

Just as the industry's overseas campaign has produced new smokers and new profits, it has also produced new consequences. International epidemiologist Richard Peto of Oxford University estimates that smoking is responsible for 3 million deaths per year worldwide; he projects that 30 years from now the number will have reached 10 million, most of them in developing nations. In China alone, Peto says 50 million people who are currently 18 or younger eventually will die from smoking-related diseases. ''In most countries, the worst is yet to come,'' he warned.

Asia is where tobacco's search for new horizons began and where the industry came to rely most on Washington's help. U.S. officials in effect became the industry's lawyers, agents and collaborators. Prominent politicians such as Robert J. Dole, Jesse Helms, Dan Quayle and Al Gore played a role. ''No matter how this process spins itself out,'' George Griffin, commercial counselor at the U.S. Embassy in Seoul, told Matthew N. Winokur, public affairs manager of Philip Morris Asia, in a ''Dear Matt'' letter in January 1986, ''I want to emphasize that the embassy and the various U.S. government agencies in Washington will keep the interests of Philip Morris and the other American cigarette manufacturers in the forefront of our daily concerns.''

U.S. officials not only insisted that Asian countries allow American companies to sell cigarettes, they also demanded that the companies be allowed to advertise, hold giveaway promotions and sponsor concerts and sports events in what critics say was a blatant appeal to women and young people. They regularly consulted with company representatives and relied upon the industry's arguments and research. They ignored the protests of public health officials in the United States and Asia who warned of the consequences of the market openings they sought. Indeed, their constant slogan was that health factors were irrelevant. This was, they insisted, solely an issue of free trade.

But then-Vice President Quayle suggested another motive when he told a North Carolina farming audience in 1990 that the government also was seeking to help the tobacco industry compensate for shrinking markets at home. ''I don't think it's any news to North Carolina tobacco farmers that the American public as a whole is smoking less,'' said Quayle. ''We ought to think about the exports. We ought to think about opening up markets, breaking down the barriers.''

A handful of American health officials vigorously opposed the government's campaign, yet were either stymied or ignored. ''I feel

the most shameful thing this country did was to export disease, disability and death by selling our cigarettes to the world,'' said former surgeon general C. Everett Koop. ''What the companies did was shocking, but even more appalling was the fact that our own government helped make it possible.''

WAGING THE WAR

Clayton Yeutter, an affable, high octane Nebraska Republican with a wide smile and serious political aspirations, came to the Office of the U.S. Trade Representative in 1985 with a mission: to put a dent in the record U.S. trade deficit by forcing foreign countries to lower their barriers against American products.

Yeutter (prounced ''Yi-ter'') took office at a time when Washington was on the verge of declaring a trade war against some of its staunchest allies in the Far East. Asian tigers such as Japan, South Korea, Taiwan and Thailand were running up huge trade surpluses with the United States on goods ranging from T-shirts to computer chips to luxury sedans. The U.S. annual trade deficit in 1984 totaled a record $123 billion. Congressional Democrats proposed a 25 percent surcharge on products from Japan, Taiwan, South Korea and Brazil, while the House and Senate overwhelmingly approved resolutions calling for retaliation against Japan if it didn't increase its purchases of exports.

In heeding that warning, the Reagan administration turned to a small, elite and little-known federal agency. The Office of the U.S. Trade Representative (USTR) had only 164 permanent employees, but it enjoyed cabinet-level status and a self-styled half-joking, half-serious reputation as ''the Jedi knights of the trade world.'' Operating out of the four-story, Civil War-era Winder Building on 17th Street NW, USTR's staff was known for its dedication and aggressiveness. Most staff members came from departments such as Commerce, State and Agriculture, and they saw the trade rep's office as a place where they could practice their craft free from the fetters of larger, more rigid bureaucracies. They worked long hours and displayed a fierce loyalty to each other and the agency they served.

In 1985 they got a new boss to match their mood. Yeutter had worked as a deputy trade representative during the Ford administration, then went on to become president of the Chicago Mercantile Exchange. He came back to Washington with an eye toward using USTR as a launching pad for becoming a U.S. senator, secretary of agriculture or even vice president, according to friends. Yeutter was not a member of Ronald Reagan's inner circle, and he was eager to show the president what he could do. ''They told me they needed a high-energy person,'' he recalled in a interview. ''I told them I was ready to hit the ground running.''

Yeutter knew that USTR had a weapon in its arsenal that was tailor-made for softening up recalcitrant trading partners. Section 301 of the 1974 Trade Act empowered USTR to launch a full-scale investigation of unfair trading practices and required that Washington invoke retaliatory sanctions within a year if a targeted government did not agree to change its ways. Launching a 301 was like setting a time bomb; both sides could hear the clock ticking.

Yeutter had no trouble persuading the administration to allow him to use Section 301 aggressively. ''There was a lot of momentum for attempting something new,'' he said.

The U.S. tobacco industry had been trying for years to get a foothold in these promising new Asian markets. In 1981 the big three—Philip Morris Inc., R.J. Reynolds Tobacco Co. and Brown & Williamson—had formed a trade group called the U.S. Cigarette Export Association to pursue a joint industry-wide policy on the issue. But the companies had felt frustrated during the first term of the Reagan administration.

Japan, the West's second largest market for cigarettes, remained virtually closed to American brands due to high tariffs and discriminatory distribution. South Korean law effectively made it a crime to buy or sell a pack of foreign cigarettes. Taiwan and Thailand remained tightly shut. All of these countries but Taiwan were signatories to the General Agreement on Tariffs and Trade, and Taipei hoped to join soon. Yet each appeared to violate free trade principles.

''In international trade terms, it's really very rare that the issues are so clear-cut and so blatant,'' recalled Owen C. Smith, a Philip Morris foreign trade expert who serves as president of the association. ''These countries were sitting with published laws which on their face discriminated against American products. It was an untenable situation. . . . These were, frankly, open-and-shut cases.''

When Yeutter and his staff looked at the cigarette business in these countries, they saw blatant hypocrisy. Each Asian government sought to justify its ban on imported cigarettes in the name of public health, yet each had its own protected, state-controlled tobacco monopoly that manufactured and sold cigarettes—and provided large amounts of tax revenue to the government. The state companies' marketing techniques were in many ways just as cynical as those of the American companies. In Taiwan, for example, the most popular state brand was called Long Life. These were classic, state-run companies; bloated and inefficient, they produced overpriced, low-quality and poorly marketed cigarettes that could never compete with jazzier American brands in free competition.

Health was simply a smoke screen, Yeutter quickly decided, raised by recalcitrant foreign governments hooked on cigarette profits. ''I would have had no problem with Japan or Korean or Taiwan putting up genuine health restrictions,'' he insisted. ''But that's not what these governments were doing. They were restricting trade, and it was just blatant.''

What Yeutter didn't seem to appreciate was that the very flaws of the state-run monopolies were exactly what a doctor might have ordered: Their high price and poor quality had helped limit smoking mostly to older men who had the money and taste for harsh, tar-heavy local brands. The monopolies seldom, if ever, advertised and did not target the great untapped markets of women and young people. Per capita sales remained low in every country except Japan. From a public health standpoint, maintaining the monopolies was far preferable to opening the gates to American companies with their milder blends and state-of-the-art marketing.

''When the multinational companies penetrate a new country, they not only sell U.S. cigarettes but they transform the entire market,'' said Gregory Connolly, a veteran anti-smoking activist who heads the Massachusetts Tobacco Control Program. ''They transform how tobacco is presented, how it's advertised, how it's promoted. And the result is the creation of new demand, especially among women and young people.''

Connolly, who traveled widely through Asia, documented how American companies skirted advertising restrictions by sponsoring televised rock concerts and sporting events, placing cigarette brands in movies and lending their brand names to non-tobacco products such as clothing and sports gear. A Madonna concert in Spain became a ''Salem Madonna Concert'' when televised in Hong Kong, while the U.S. Open tennis tournament in New York became the ''Salem Tennis Open'' in Malaysia. Tennis stars Pat Cash, Michael Chang, Jimmy Connors and John McEnroe appeared in live matches in Malaysia sponsored by RJR.

None of this troubled Yeutter and his trade warriors. They saw foreign advertising restrictions as one more form of trade discrimination. The interagency committee that advised Yeutter on the issue consisted of representatives from State, Agriculture, Commerce, Labor and Treasury, but not from Health and Human Services. There was no one with a public health or tobacco control background to argue that there was a link between advertising and health.

The companies convinced Yeutter that helping them sell cigarettes meant helping American trade. They produced studies showing that aside from heavy aviation parts, cigarettes were America's most successful manufactured export in terms of the net balance of trade. They estimated that cigarette exports—largely to Western Europe and Latin America—accounted for 250,000 full-time jobs in the United States and contributed more than $4 billion to the positive side of the trade ledger.

The industry also turned up the political heat. In a January 1984 letter to an official in the Commerce Department, Robert H. Bockman, then director of corporate affairs for Philip Morris Asia, described trade barriers against his company's products in South Korea. He then went on to discuss what he called ''the politics of tobacco in this election year. Attached please find a listing of the 1980 election results in the major tobacco-growing areas in the United States. You will note that the margin of victory for the president [Ronald Reagan] was narrow in some key areas.''

Jesse Helms (R–N.C.), who at the time chaired the Senate Agriculture Committee, also intervened. In July 1986 Helms wrote to Japanese Prime Minister Yasuhiro Nakasone congratulating him on his recent election victory and pointing out that American cigarettes accounted for less than 2 percent of the Japanese market. ''Your friends in Congress will have a better chance to stem the tide of anti-Japanese trade sentiment if and when they can cite tangible examples of your doors being opened to American products,'' wrote Helms. ''I urge that you make a commitment to establish timetable for allowing U.S. cigarettes a specific share of your market. May I suggest a goal of 20 percent within the next 18 months.''

At Yeutter's urging, Reagan decided not to wait for a formal filing from the industry against Japan. Instead, for the first time the White House filed three 301 complaints with USTR in September 1985, one of them against Japanese restrictions on the sale of U.S. cigarettes.

According to the USTR log of the case, U.S. officials presented a lengthy questionnaire at their opening session with Japanese trade representatives, demanding detailed data on the Japanese market. Meanwhile, other U.S. bureaucrats began drawing up lists of products for possible retaliation—all part of what one negotiator called the ''ratcheting-up process.''

Japanese negotiators hung tough over the course of 14 sessions. Joseph A. Massey, who was in charge of trade negotiations with Japan, recalled they argued that Japan Tobacco, the state-run cigarette monopoly, was too inefficient to withstand U.S. competition, and that in any case the Americans should continue the previous long-standing practice of giving Japan an indefinite time period to comply.

Massey recalled one other unusual aspect of the negotiation: Industry representatives

from both sides sat in on bargaining sessions. ''The Japanese insisted that Japan Tobacco should be in the room,'' he said. ''We said, 'If that's the case, there needs to be parallelism.' . . . They did not sit at the table. They sat quietly along the back wall.''

Finally in late September 1986, a year after the 301 complaint was filed, Yeutter received a phone call at his McLean home late one evening from Japanese Finance Minister Kiichi Miyazawa. The minister wanted more time, but Yeutter was unrelenting. He recalls telling Miyazawa that the completed retaliation documents were to be forwarded to the White House the following day. ''I said, 'I'm sorry, Mr. Minister, but your government has run out of time,'.'' Yeutter recalled.

Within days the Japanese capitulated, signing an agreement allowing in American-made cigarettes. By giving in on such a politically well-connected product as cigarettes, Japanese commentators said, Tokyo hoped to buy time on other trade issues. It was, commented the Asahi Shimbun newspaper, a ''blood offering.''

And so Japan was transformed into a battleground for the world's biggest tobacco companies. Philip Morris aimed at Japanese women with Virginia Slims; Japan Tobacco fought back with Misty, a thin, mildblended cigarette. When RJR wooed young smokers with Joe Camel, JT countered with Dean, named after fabled actor James Dean. Cigarettes became the second most-advertised product on television in Tokyo—up from 40th just a year earlier.

Today, imported brands control 21 percent of the Japanese market and earn more than $7 billion in annual sales. Female smoking is at an all-time high, according to Japan Tobacco's surveys, and one study showed female college freshmen four times more likely to smoke than their mothers.

Yeutter and his colleagues insisted they had done nothing for tobacco they would not have done for any other industry. But the fact remained that at a time when the United States could not overcome Japan's resistance on a broad range of exports—from beef to cars to super-computers—U.S. cigarettes flourished, thanks to the perseverance of the trade warriors.

INTO SOUTH KOREA

The next target was South Korea, which had a $1.7 billion domestic tobacco market. The U.S. tobacco industry filed a 301 complaint against Seoul in January 1988, and USTR initiated its investigation a month later, South Korea's state cigarette monopoly had done little advertising over the years, and a few months before the 301 case, the Seoul government had formally outlawed cigarette ads. But the United States insisted on defining ''fair access'' as including the right to advertise.

Even before the formal complaint was filed, tobacco state lawmakers and their allies had supported opening South Korea's market. Senators Dole (R–Kan.) and Helms and 14 others—including Gore, then a senator from Tennessee—wrote to South Korean President Chun Doo Hwan in July 1987 demanding that tobacco companies be allowed ''the right to import and distribute without discriminatory taxes and duties, as well as the right to advertise and promote their products.''

The companies did their own work as well. RJR hired former Reagan national security adviser Richard Allen to lobby the government in Seoul and give the company more influence than its corporate rivals. Philip Morris gave a $250,000 contract to former White House aide Michael Deaver, who hired two former USTR officials and later obtained a $475,000 lobbying contract with the South Korean government, according to testimony at his 1987 trial for perjury. (Deaver was convicted of lying to Congress about his lobbying activities after he left the White House.)

In May 1988 Seoul formally agreed to open its doors to American brands. The deal allowed cigarette signs and promotions at shops, 120 pages of advertisements in magazines and cigarette company sponsorship of social, cultural and sporting events. Cigarettes quickly became one of the most heavily advertised products in South Korea; from no advertising in 1986, American tobacco companies spent $25 million in 1988. Student activists, anti-smoking groups, the South Korean consumers' union and the local cigarette retail association all staged protests against ''tobacco imperialism'' and boycotted American cigarettes, and the companies accused the state cigarette monopoly of constant violations of the agreement. Still, within a year, American companies had captured 6 percent of the market.

USTR also made fast work of Taiwan. On the heels of the Japanese agreement, Taiwan had agreed in October 1985 to liberalize barriers to wine, beer and cigarettes. But a year passed and the market remained effectively closed. Reagan then ordered Yeutter to propose ''proportional countermeasures,'' while U.S. officials threatened to oppose Taiwan's application for membership in GATT.

''Since Taiwan wasn't a GATT member, we were not under GATT constraints,'' said a senior USTR negotiator. ''I hate to say it, but you can do whatever you want with Taiwan and Taiwan knows it. They're much more vulnerable than other countries.''

Six weeks after Reagan's order, Taiwan folded. ''The atmosphere in the negotiations was very bad for us,'' recalled Chien-Shien Wang, then deputy minister of commerce, who was Taiwan's chief negotiator. ''We were told the U.S. had lost patience with us and was about to put us on the 301 list. So we had no choice but to agree.''

While some USTR officials now concede they were uneasy about using their power on behalf of America's most controversial industry, they say they had no choice.

''For us it was an issue of, it's a U.S. product and it deserves fair market access,'' said Robert Cassidy, the current assistant U.S. trade representative for Asia and the Pacific. ''There are lots of products people here might prefer not to pursue—I myself didn't much like exporting machines to manufacture bullets. But that's not the issue. The issue was, is this discriminatory treatment or not?''

Following the agreement, consumption of imported cigarettes in Taiwan soared. According to one industry trade journal, foreign brands went from 1 percent of annual cigarette sales to more than 20 percent in less than two years, while state-manufactured brands declined accordingly. RJR sponsored a dance at a Taipei disco popular with teenagers and offered free admission for five empty packs of Winstons. Studies by Taiwanese public health specialist Ted Chen, now a professor at Tulane University Medical Center, tracked a steadily rising rate of smoking among high schoolers.

THE ANTI-SMOKING CRUSADE

The 301 cases were a boon to the industry. The Boston-based National Bureau of Economic Research estimated in a recent report that sales of American cigarettes were 600 percent higher in the targeted countries in 1991 then they would have been without U.S. intervention. In 1990, after he became secretary of agriculture, Yeutter told a news conference, ''I just saw the figures on tobacco exports here a few days ago and, my, have the turned out to be a marvelous success story.''

The tobacco companies insist that the government's efforts merely allowed them to gain a fair share of existing markets. But the National Bureau projected that American entry pushed up average cigarette consumption per capita by nearly 10 percent in the targeted countries. The report said fiercer price competition and sophisticated advertising campaigns had stimulated the increase.

Then-surgeon general Koop, a fierce critic of the industry, first heard about the 301s when he visited the Japanese Health Ministry during the swing through the Far East in the mid-1980s. ''They greeted me with, 'What are you trying to do for us? We will never be able to pay the medical bill,'.'' he recalled. ''I had no idea what they were talking about.''

Koop soon found out that USTR was, in his words, ''trading Marlboros for Toyotas.'' But it took several years for anti-smoking activists to become mobilized. In 1988 Koop attempted to hold a hearing on cigarette exports in his Interagency Committee on Smoking and Health, but said he was advised a few days before that the Reagan White House wanted him to drop the subject and uninvite witnesses such as Judith Mackay, a prominent anti-smoking activist from Hong Kong.

Koop refused. Officials from State and Commerce who had agreed to appear suddenly withdrew, but Mackay and a parade of critics testified. She accused the United States of waging ''a new Opium War'' against Asia, an allusion to Britain's 19th-century effort to force China to allow trade of the addictive drug.

When Yeutter learned of the criticism, he wrote to Koop to defend his record. ''I have never smoked, have no desire to do so and believe this addiction to be a terrible human tragedy,'' he told Koop. ''However, what we are about in our trade relationships is something entirely different.''

Koop found Yeutter's letter unconvincing. ''I'm a firm believer in the difference between a moral compromise and a political compromise,'' Koop said in a recent interview. ''I suppose Yeutter can say he was just doing his job, but when you really are exporting death and disease to the Third World, that's a moral compromise that I would never make.''

During congressional hearings on the trade issue in May 1990, the government's sole witness was Sandra Kristoff, then assistant trade representative for Asia and the Pacific, who had negotiated the agreements with South Korea and Taiwan and who vigorously defended USTR's role. She mocked the idea of taking into account health issues in trade policy matters, saying such considerations might result in banning trade in cholesterol-laden cookies ''or hormones in red meat. . . . U.S. trade policy is not in the business of picking winners or losers in terms of products.''

After the hearing, two lobbyists for Philip Morris wrote a memo to their boss praising her testimony. ''The best witness we had was USTR Representative Sandy Kristoff . . . ,'' they wrote. ''She was tremendously effective.'' Kristoff, who now serves on the staff of the National Security Council, declined to be interviewed.

EYEING NEW MARKETS

When anti-smoking activist Gregory Connolly toured Asia in 1988 he was astonished by how entrenched American cigarettes already had become. In Taipei he discovered 17 billboards advertising foreign cigarettes within sight of a local high school. In Bangkok he was shown student notebooks decorated with the Marlboro logo. In Manila he took photographs of jump boys huddling

in an alley smoking Marlboros. Afterward, he protested to Filipino health activist Phyllis Tabla: ''You've got to do something about this!''

Her reply: ''Don't lecture us! It's not us! It's you!''

Philip Morris was so delighted with the success of the 301 cases that when Yeutter left USTR in 1989 to become secretary of agriculture in the Bush administration, the company threw a celebration in his honor at the Decatur Club here. When critics raised questions about the reception, Yeutter told the Senate Agriculture Committee: ''It's unfortunate that when people try to say thank you, it becomes a potential conflict of interest issue, but that's the way the world is these days.''

Looking back, Yeutter said he now feels the reception was a mistake. ''Philip Morris shouldn't have done it,'' he said, ''They were simply trying to be gracious. . . . It simply was not good judgment on their part. And in retrospect I probably should have done more to discourage it.''

Today Yeutter practices international trade law from a corner office at Hogan & Hartson, Washington's largest law firm. He also sits on the board of British-American Tobacco (BAT), the British-based tobacco conglomerate that owns Brown & Williamson, the Louisville-based cigarette manufacturer that was one of the participants in the 301s. He insists he has not changed his mind about the dangers of smoking. But cigarettes remain a legal product, and, he says, BAT is an excellent, well-run company that he is proud to serve.

When Yeutter moved to Agriculture, incoming President Bush appointed Carla Hills, a highly regarded lawyer and former housing and urban development secretary, to succeed him at USTR. One canny political pro replaced another. And USTR set its sights on opening more cigarette markets in Asia.

Next on the agenda was Thailand.

Conditions there were similar to those in Japan, South Korea and Taiwan: a very promising market in a country undergoing explosive economic growth; a state-run monopoly: tight restrictions on imported cigarettes; an advertising ban purportedly based on health claims.

After their success in Japan, South Korea and Taiwan, officials were highly optimistic about Thailand.

The Thai Finance Ministry already was holding discussions about opening its market.

Thailand, both U.S. officials and industry representatives agreed, would be easy.

Only they were wrong. As they were about to find out, in pressing on into Thailand, Washington and the industry had gone a country too far.

TWO ON TOP OF THE WORLD

THE LARGEST INDEPENDENT TOBACCO MERCHANTS ARE BASED IN VA. BUT THEIR GROWTH IS ABROAD

(By Frank Swoboda and Martha M. Hamilton)

RICHMOND.—The faint, pungent smell of tobacco leaf is the first thing you notice when you enter the second-floor executive offices of Universal Corp., the world's largest independent tobacco leaf merchant.

At Universal, as at the Danville, Va., headquarters of its second largest rival, Dimon, Inc., the smell of tobacco is the smell of money.

The two companies (and their only other major competitor, Standard Universal Corp. of North Carolina) are the middlemen in the world tobacco industry. They don't make cigarettes or other consumer tobacco products. Instead, they buy, ship, process, pack, store and finance leaf tobacco for sale to cigarette manufacturers.

Together the two had $5.7 billion in revenue in 1996 from operations in locations that included the United States, Brazil, Tanzania, Zimbabwe, Italy, Bulgaria and China. Despite declining U.S. consumption, and a multibillion-dollar legal settlement by manufacturers that is apt to cut domestic consumption even further, there is no sense of panic in the corridors of these tobacco merchants. Universal and Dimon know the world market—it's enormous and still growing.

''The world market is where the bulk of the growth is,'' said Universal Vice President James H. Starkey III. Worldwide tobacco consumption has been rising by 1.2 percent to 1.5 percent a year, providing Universal with a consistent 18 percent to 19 percent annual return on equity.

About a third of the tobacco grown in the United States is exported. Last year, that came to 340 million tons of flue-cured tobacco, which is harvested over a several-week period and cured by heat, and about 160 million tons of burley tobacco, which is hung to dry and cure, according to Randy Weber, associate administrator for the Farm Service Agency of the U.S. Department of Agriculture.

''I don't see us shifting away from tobacco. We have continued to reinvest in tobacco as opportunities arise. We're constantly looking for opportunities for expansion,'' said Starkey.

His optimism is echoed by those who follow the industry, ''I'd say the future is very strong, although there are going to be short-term ripples because of the cigarette settlement and the imposition of higher prices,'' said David A. Goldman, an industry analyst with Robinson-Humphrey in Atlanta.

Universal noted in its annual report to stockholders that ''demand for leaf continues to increase in response to an estimated 1 percent annual growth in world cigarette consumption and consumption of American-blend cigarettes is increasing by 3 to 4 percent annually.''

There is a growing global market for the mild tobacco mixture known as ''American blend'' and for American-style cigarettes, of which Universal is a major supplier. More and more of the leaf that goes into those products is being harvested abroad, putting pressure on U.S. growers but increasing profitability for processors by lowering the price of tobacco. As an example of the shift, Starkey points to France, where, he said, the public is beginning to move away from ''dark tobacco'' cigarettes such as the well-known Gaulois to milder, American blend cigarettes as manufacturers introduce low-cost, generic brands to cultivate a taste for the new blend with the smoking public.

Universal has operations in 30 countries around the globe. It first went into China in the 1920s, and there and elsewhere it has survived civil wars, communist takeovers and political unrest. ''The one thing we've been good at is managing through instability. We stick to our knitting. We don't get involved in politics,'' Starkey said.

Karen W.L. Whelan, Universal's treasurer, said the company keeps ''liaison people'' at its headquarters who travel back and forth to various countries to help it keep track of changes overseas.

The search for new markets has taken Universal from Eastern Europe to the emerging nations of Africa. In the early 1990s, Universal and Philip Morris purchased the largest tobacco processing company in Kazakhstan from the government. In China—the world's largest tobacco producer, growing more than half the world's supply of flue-cured tobacco—Universal manages a new leaf processing plant near Bengbu for the Shanghai Tobacco Co.

Universal buys the leaf processed at the Chinese plant and has agreed to export a minimum of 70 percent of the tobacco. ''It's the only export operation in China managed by a foreign company,'' Starkey said.

The company first entered China in 1925, and it remained until the communist takeover. It returned to China when the Nixon administration reopened relations with the Asian nation in the 1970s.

Like almost all the other U.S.-based multinationals, America's tobacco merchants are watching the vast Chinese market closely, for an obvious reason: Smokers in China consume approximately 1.7 trillion cigarettes a year, far more than the 450 billion a year smoked by U.S. consumers, according to Scott & Stringfellow analyst John F. Kasprzak.

More than just a tobacco merchant, Universal's interests include lumber and building products distribution in the Netherlands and Belgium. It also buys, processes and distributes tea, rubber, sunflower seeds, dried fruits and seasonings as part of a joint venture with COSUN, a Dutch sugar cooperative. But tobacco is by far its biggest business, accounting for 71 percent of the company's revenues and 83 percent of its operating profits.

Rival Dimon Inc. is also enjoying an upcurve, reaching almost $2.2 billion in sales last year. Dimon operates in 36 countries, and like its Richmond competitor its business is not one-dimensional: It ranks as the world's largest exporter and distributor of fresh-cut flowers. Dimon was formed in 1995 by a merger of 120-year-old Dibrell Bros. Inc. of Danville with tobacco processor Monk-Austin of Farmville, N.C. That union created a company that ranked second in its industry to Universal; a deal consummated earlier this year in which Dimon acquired British-based Intabex Holdings Worldwide SA narrowed the gap between the two companies.

Intabex was a privately-owned company that was the fourth-largest leaf tobacco dealer in the world. It owned tobacco buying, processing and exporting operations in the United States, Brazil, Argentina, Malawi, Italy and Thailand and was affiliated with a Zimbabwe company that Dimon also acquired. Its acquisition will offer Dimon considerable opportunity to cut costs, Kasprzak said, by consolidating operations and refinancing Intabex's considerable debt.

Officials from Dimon declined to be interviewed for this story.

Both Universal and Dimon have benefited from industry consolidation, which has in the past several years cut the number of major leaf merchants from eight to three. But the same consolidation has hurt U.S. tobacco growers, said Jerry Jenkins, a grower in Lunenberg County, Va., who is also chairman of Tobacco Associates, the export promotion organization for the nation's flue-cured growers.

''The problem with the recent mergers and consolidations in the industry is that they reduce competition,'' said Jenkins, who farms about 30 acres of flue-cured tobacco and 3.5 acres of dark fire-cured tobacco. ''It's generally not to the benefit of the seller of the product.''

Virginia farmers grow flue-cured tobacco on approximately 40,000 acres and burley tobacco on about 10,000 acres. Maryland is also a tobacco-growing state but on a much smaller level. Only about 8,000 acres there are devoted to tobacco cultivation, according to the USDA's Weber.

The increasing worldwide demand for tobacco that is filling the coffers of Universal and Dimon may not be the long-term salvation of these farmers. Although the world's

smokers are developing a taste for American blend, U.S.-grown tobacco is simply too expensive for many world markets. U.S. tobacco is still as much as 30 percent higher in price than competitive tobacco products from Brazil and Zimbabwe, according to Universal's Starkey.

Perhaps an even greater problem for American growers is the financing role the processing companies play in overseas markets. According to analyst Goldman, companies like Dimon contract with a cigarette maker like R.J. Reynolds Tobacco Co. to deliver a certain grade of tobacco a year from now and ask for a down payment. They then use that down payment to provide cash advances to growers in countries such as Brazil, helping to finance farmers there without putting their own funds at risk.

''When you're loaning a man money to grow a crop or underwriting his loan and furnishing technical advice, it only seems natural that you're going to want to buy his crop first to recoup that investment,'' said tobacco grower Jenkins. To compete, tobacco growers in Virginia have had to cultivate larger acreages to achieve efficiencies of scale, he said.

''We don't like to buy without having an order,'' said Universal's Whelan, adding that most of the company's tobacco purchases are made at local auction, which is how tobacco is sold in this country. She said that in only a handful of countries does Universal have advance contracts with growers, in countries such as Brazil, Guatemala, Mexico and Italy.

The next possible target for expansion for Universal, Dimon and Standard may be processing tobacco for U.S. cigarette manufacturers who now do their own processing, said Scott & Stringfellow's Kasprzak. In recent years Lorillard Tobacco and RJR turned over their leaf purchasing and some processing to Dimon's predecessors, and others may follow suit.

In the meantime, Virginia's tobacco merchants can look forward to doing business in a world that every year consumes more cigarettes with no sign of slowing down.

ADDITIONAL COSPONSORS

S. 89

At the request of Ms. SNOWE, the names of the Senator from Louisiana [Ms. LANDRIEU] and the Senator from New York [Mr. D'AMATO] were added as cosponsors of S. 89, a bill to prohibit discrimination against individuals and their family members on the basis of genetic information, or a request for genetic services.

S. 194

At the request of Mr. CHAFEE, the name of the Senator from Missouri [Mr. ASHCROFT] was added as a cosponsor of S. 194, a bill to amend the Internal Revenue Code of 1986 to make permanent the section 170(e)(5) rules pertaining to gifts of publicly traded stock to certain private foundations and for other purposes.

S. 202

At the request of Mr. LOTT, the name of the Senator from Missouri [Mr. ASHCROFT] was added as a cosponsor of S. 202, a bill to amend title II of the Social Security Act to eliminate the earnings test for individuals who have attained retirement age.

S. 260

At the request of Mr. ABRAHAM, the name of the Senator from Georgia [Mr. COVERDELL] was added as a cosponsor of S. 260, a bill to amend the Controlled Substances Act with respect to penalties for crimes involving cocaine, and for other purposes.

S. 358

At the request of Mr. DEWINE, the names of the Senator from Minnesota [Mr. WELLSTONE] and the Senator from Nevada [Mr. REID] were added as cosponsors of S. 358, a bill to provide for compassionate payments with regard to individuals with blood-clotting disorders, such as hemophilia, who contracted human immunodeficiency virus due to contaminated blood products, and for other purposes.

S. 370

At the request of Mr. GRASSLEY, the name of the Senator from Maine [Ms. SNOWE] was added as a cosponsor of S. 370, a bill to amend title XVIII of the Social Security Act to provide for increased medicare reimbursement for nurse practitioners and clinical nurse specialists to increase the delivery of health services in health professional shortage areas, and for other purposes.

S. 766

At the request of Ms. SNOWE, the name of the Senator from Louisiana [Ms. LANDRIEU] was added as a cosponsor of S. 766, a bill to require equitable coverage of prescription contraceptive drugs and devices, and contraceptive services under health plans.

S. 830

At the request of Mr. JEFFORDS, the name of the Senator from Nebraska [Mr. HAGEL] was added as a cosponsor of S. 830, a bill to amend the Federal Food, Drug, and Cosmetic Act and the Public Health Service Act to improve the regulation of food, drugs, devices, and biological products, and for other purposes.

S. 887

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from Maryland [Ms. MIKULSKI] was added as a cosponsor of S. 887, a bill to establish in the National Service the National Underground Railroad Network to Freedom Program, and for other purposes.

S. 896

At the request of Mr. LEAHY, the names of the Senator from Wyoming [Mr. THOMAS] and the Senator from Missouri [Mr. BOND] were added as cosponsors of S. 896, a bill to restrict the use of funds for new deployments of antipersonnel landmines, and for other purposes.

S. 974

At the request of Mr. REED, the name of the Senator from New Jersey [Mr. TORRICELLI] was added as a cosponsor of S. 974, a bill to amend the Immigration and Nationality Act to modify the qualifications for a country to be designated as a visa waiver pilot program country.

S. 980

At the request of Mr. DURBIN, the name of the Senator from Oregon [Mr. WYDEN] was added as a cosponsor of S. 980, a bill to require the Secretary of the Army to close the U.S. Army School of the Americas.

S. 1037

At the request of Mr. JEFFORDS, the name of the Senator from Kansas [Mr. ROBERTS] was added as a cosponsor of S. 1037, a bill to amend the Internal Revenue Code of 1986 to establish incentives to increase the demand for and supply of quality child care, to provide incentives to States that improve the quality of child care, to expand clearing-house and electronic networks for the distribution of child care information, to improve the quality of child care provided through Federal facilities and programs, and for other purposes.

SENATE CONCURRENT RESOLUTION 30

At the request of Mr. HELMS, the name of the Senator from Wyoming [Mr. THOMAS] was added as a cosponsor of Senate Concurrent Resolution 30, a concurrent resolution expressing the sense of the Congress that the Republic of China should be admitted to multilateral economic institutions, including the International Monetary Fund and the International Bank for Reconstruction and Development.

SENATE RESOLUTION 98

At the request of Mr. BYRD, the names of the Senator from Nevada [Mr. REID], the Senator from Nevada [Mr. BRYAN], the Senator from Tennessee [Mr. THOMPSON], and the Senator from Colorado [Mr. CAMPBELL] were added as cosponsors of Senate Resolution 98, a resolution expressing the sense of the Senate regarding the conditions for the United States becoming a signatory to any international agreement on greenhouse gas emissions under the United Nations Framework Convention on Climate Change.

SENATE RESOLUTIONS 109—CONDEMNING THE GOVERNMENT OF CANADA

Mr. MURKOWSKI (for himself, Mr. STEVENS, Mr. GORTON, and Mr. HELMS) submitted the following resolution; which was considered and agreed to:

S. RES. 109

Whereas, Canadian fishing vessels blockaded the M/V MALASPINA, a U.S. passenger vessel operated by the Alaska Marine Highway System, preventing that vessel from exercising its right to innocent passage from 8:00 a.m. on Saturday, July 19, 1997 until 9:00 p.m. Monday, July 21, 1997;

Whereas, the Alaska Marine Highway System is part of the United States National Highway System and blocking this critical link between Alaska and the contiguous States is similar in impact to a blockade of a major North American highway or air-travel route;

Whereas, the M/V MALASPINA was carrying over 300 passengers, mail sent through the U.S. Postal Service, quantities of fresh perishable foodstuff bound for communities without any other road connections to the contiguous States, and the official traveling exhibit of the Vietnam War Memorial;

Whereas, international law, as reflected in Article 17 of the United Nations Convention

on the Law of the Sea, guarantees the right of innocent passage through the territorial sea of Canada of the ships of all States;

Whereas, the Government of Canada failed to enforce an injunction issued by a Canadian court requiring the M/V MALASPINA to be allowed to continue its passage, and the M/V MALASPINA departed only after the blockaders agreed to let it depart;

Whereas, during the past three years U.S. vessels have periodically been harassed or treated in ways inconsistent with international law by citizens of Canada and by the Government of Canada in an inappropriate response to concerns in Canada about the harvest of Pacific salmon in waters under the sole jurisdiction of the United States;

Whereas, Canada has failed to match the good faith efforts of the United States in attempting to resolve differences under the Pacific Salmon Treaty, in particular, by rejecting continued attempts to reach agreement and withdrawing from negotiations when an agreement seemed imminent just before the Canadian national election of June, 1997;

Whereas neither the Government of Canada nor its citizens have been deterred from additional actions against vessels of the United States by the diplomatic responses of the United States to past incidents such as the imposition of an illegal transit fee on American fishing vessels in June, 1994: Now, therefore, be it *Resolved by the Senate,* that it is the sense of the Senate that—

(1) The failure of the Government of Canada to protect U.S. citizens exercising their right of innocent passage through the territorial sea of Canada from illegal actions and harassment should be condemned;

(2) The President of the United States should immediately take steps to protect the interests of the United States and should not tolerate threats to those interests from the action or inaction of a foreign government or its citizens;

(3) The President should provide assistance, including financial assistance, to States and citizens of the United States seeking damages in Canada that have resulted from illegal or harassing actions by the Government of Canada or its citizens; and

(4) The President should use all necessary and appropriate means to compel the Government of Canada to prevent any further illegal or harassing actions against the United States, its citizens or their interests, which may include—

(A) using U.S. assets and personnel to protect U.S. citizens exercising their right of innocent passage through the territorial sea of Canada from illegal actions or harassment until such time as the President determines that the Government of Canada has adopted a long-term policy that ensures such protection;

(B) prohibiting the import of selected Canadian products until such time as the President determines that Canada has adopted a long-term policy that protects U.S. citizens exercising their right of innocent passage through the territorial sea of Canada from illegal actions or harassment;

(C) directing that no Canadian vessel may anchor or otherwise take shelter in U.S. waters off Alaska or other States without formal clearance from U.S. Customs, except in emergency situations;

(D) directing that no fish or shellfish taken in sport fisheries in the Province of British Columbia may enter the United States; and

(E) enforcing U.S. law with respect to all vessels in waters of the Dixon Entrance claimed by the United States, including the area in which jurisdiction is disputed.

AMENDMENTS SUBMITTED

THE AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT FOR FISCAL YEAR 1998

ROBERTS AMENDMENT NO. 961

Mr. ROBERTS proposed an amendment to the bill (S. 1033) making appropriations for Agriculture, rural development, Food and Drug Administration, and related agencies programs for the fiscal year ending September 30, 1998, and for other purposes; as follows:

On page 28, line 19, before the period at the end of the sentence, insert the following: ": *Provided further,* That, of the amount made available under this sentence, $4,000,000 shall be available for obligation only after the Administrator of the Risk Management Agency issues and begins to implement the plan to reduce administrative and operating costs of approved insurance providers required under section 508(k)(7) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)(7))".

COCHRAN (AND BUMPERS) AMENDMENT NO. 962

Mr. COCHRAN (for himself and Mr. BUMPERS) proposed an amendment to the bill, S. 1033, supra; as follows:

On page 55, line 20, strike "1997" and insert "1998".

On page 55, line 21, strike "1997" and insert "1998".

D'AMATO (AND SARBANES) AMENDMENT NO. 963

Mr. COCHRAN (for Mr. D'AMATO for himself and Mr. SARBANES) proposed an amendment to the bill, S. 1033, supra; as follows:

At the appropriate place in the bill, insert the following:

SEC. . RURAL HOUSING PROGRAMS.

(a) HOUSING IN UNDERSERVED AREAS PROGRAM.—The first sentence of section 509(f)(4)(A) of the Housing Act of 1949 (42 U.S.C. 1479(f)(4)(A)) is amended by striking "fiscal year 1997" and inserting "fiscal year 1998".

(b) HOUSING AND RELATED FACILITIES FOR ELDERLY PERSONS AND FAMILIES AND OTHER LOW-INCOME PERSONS AND FAMILIES.—

(1) AUTHORITY TO MAKE LOANS.—Section 515(b)(4) of the Housing Act of 1949 (42 U.S.C. 1485(b)(4)) is amended by striking "September 30, 1997" and inserting "September 30, 1998".

(2) SET-ASIDE FOR NONPROFIT ENTITIES.—The first sentence of section 515(w)(1) of the Housing Act of 1949 (42 U.S.C. 1485(w)(1)) is amended by striking "fiscal year 1997" and inserting "fiscal year 1998".

(3) LOAN TERM.—Section 515 of the Housing Act of 1949 (42 U.S.C. 1485) is amended—

(A) in subsection (a)(2), by striking "up to fifty" and inserting "up to 30"; and

(B) in subsection (b)—

(i) by striking paragraph (2) and inserting the following:

"(2) such a loan may be made for a period of up to 30 years from the making of the loan, but the Secretary may provide for periodic payments based on an amortization schedule of 50 years with a final payment of the balance due at the end of the term of the loan;";

(ii) in paragraph (5), by striking "and" at the end;

(iii) in paragraph (6), by striking the period at the end and inserting "; and"; and

(iv) by adding at the end the following:

"(7) the Secretary may make a new loan to the current borrower to finance the final payment of the original loan for an additional period not to exceed twenty years, if—

"(A) the Secretary determines—

"(i) it is more cost-efficient and serves the tenant base more effectively to maintain the current property than to build a new property in the same location; or

"(ii) the property has been maintained to such an extent that it warrants retention in the current portfolio because it can be expected to continue providing decent, safe, and affordable rental units for the balance of the loan; and

"(B) the Secretary determines—

"(i) current market studies show that a need for low-income rural rental housing still exists for that area; and

"(ii) any other criteria established by the Secretary has been met.".

(c) LOAN GUARANTEES FOR MULTIFAMILY RENTAL HOUSING IN RURAL AREAS.—Section 538 of the Housing Act of 1949 (42 U.S.C. 1490p–2) is amended—

(1) in subsection (q), by striking paragraph (2) and inserting the following:

"(2) ANNUAL LIMITATION ON AMOUNT OF LOAN GUARANTEE.—In each fiscal year, the Secretary may enter into commitments to guarantee loans under this section only to the extent that the costs of the guarantees entered into in such fiscal year do not exceed such amount as may be provided in appropriation Acts for such fiscal year.";

(2) by striking subsection (t) and inserting the following:

"(t) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal year 1998 for costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of loan guarantees made under this section such sums as may be necessary for such fiscal year."; and

(3) in subsection (u), by striking "1996" and inserting "1998".

COCHRAN (AND BUMPERS) AMENDMENT NO. 964

Mr. COCHRAN (for himself and Mr. BUMPERS) proposed an amendment to the bill, S. 1033, supra; as follows:

At the end of the bill, add the following new provision:

SEC. . Effective on October 1, 1998, section 136(a) of the Agricultural Market Transition Act (7 U.S.C. 7236(a)) is amended—

(a) in paragraph (1)

(1) by striking "Subject to paragraph (4), during" and inserting "During"; and

(2) in subparagraph (B), by striking "130" and inserting "134";

(b) by striking paragraph (4); and

(c) by redesignating paragraph (5) as paragraph (4).

DURBIN (AND OTHERS) AMENDMENT NO. 965

Mr. DURBIN (for himself and Mr. GREGG, and Mr. WYDEN) proposed an amendment to the bill, S. 1033, supra; as follows:

On page 66, between lines 12 and 13, insert the follows:

SEC. 728. None of the funds made available in this Act may be used to provide or pay the salaries of personnel who provide crop insurance or noninsured crop disaster assistance for tobacco for the 1998 for later crop years.

FORD AMENDMENT NO. 966

Mr. FORD proposed an amendment to amendment No. 965 proposed by Mr. DURBIN to the bill, S. 1033, supra; as follows:

Strike all after the first word and insert the following:

LIMITATION OF CROP INSURANCE TO FAMILY FARMERS

Section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by adding at the end the following:

''(6) CROP INSURANCE LIMITATION.—

''(A) IN GENERAL.—To qualify for coverage under a plan of insurance or reinsurance under this title, a person may not own or operate farms with more than 400 acres of cropland.

''(B) DEFINITION OF PERSON.—The Corporation shall issue regulations—

''(i) defining the term 'person' for purposes of subparagraph (A); and

''(ii) prescribing such rules as the Corporation determines necessary to ensure a fair and reasonable application of the limitation established under subparagraph (A).''.

GREGG (AND BROWNBACK) AMENDMENT NO. 967

(Ordered to lie on the table.)

Mr. GREGG (for himself and Mr. BROWNBACK) submitted an amendment intended to be proposed by them to the bill, S. 1033, supra; as follows:

At the end of the bill, add the following:

SEC. . REPAYMENT OF CERTAIN SUGAR LOANS.

None of the funds appropriated or otherwise made available by this Act may be used to make a loan to a processor of sugarcane or sugar beets, or both, who has an annual revenue that exceeds $10 million, unless the terms of the loan require the processor to repay the full amount of the loan, plus interest.

HARKIN (AND OTHERS) AMENDMENT NO. 968

Mr. HARKIN (for himself, Mr. CHAFEE, Mr. LAUTENBERG, Mr. BYRD, Mr. REED, and Mr. BINGAMAN) proposed an amendment to the bill, S. 1033, supra; as follows:

At the end of title VII, insert the following:

SEC. . TOBACCO ASSESSMENTS.

Section 106 of the Agricultural Act of 1949 (7 U.S.C. 1445) is amended—

(1) in subsection (g)(1), by striking ''Effective'' and inserting ''Except as provided in subsection (h), effective''; and

(2) by adding at the end the following:

''(h) MARKETING ASSESSMENT FOR CERTAIN 1997 AND 1998 CROPS.—

''(1) IN GENERAL.—Effective only for the 1997 crop of tobacco (other than Flue-cured tobacco) and the 1998 crop of Flue-cured tobacco for which price support is made available under this Act, each purchaser of such tobacco, and each importer of the same kind of tobacco, shall remit to the Commodity Credit Corporation a nonrefundable marketing assessment in an amount equal to—

''(A) in the case of a purchaser of domestic tobacco, 2.1 percent of the national price support level for each such crop; and

''(B) in the case of an importer of tobacco, 2.1 percent of the national support price for the same kind of tobacco;

as provided for in this section.

''(2) COLLECTION AND ENFORCEMENT.—The purchaser and importer assessments under paragraph (1) shall be—

''(A) collected in the same manner as provided for in section 106A(d)(2) or 106B(d)(3), as applicable; and

''(B) enforced in the same manner as provided in section 106A(h) or 106B(j), as applicable.

''(3) ENFORCEMENT.—The Secretary may enforce this subsection in the courts of the United States.''.

Notwithstanding any other provision of this act, $964,261,000 is provided for salaries and expenses of the Food and Drug Administration.

In carrying out their responsibilities under the Food and Drug Administration youth tobacco use prevention initiative, States are encouraged to coordinate their enforcement efforts with enforcement of laws that prohibit underage drinking.

HELMS (AND FAIRCLOTH) AMENDMENT NO. 969

Mr. HELMS (for himself and Mr. FAIRCLOTH) proposed an amendment to amendment No. 968 proposed by Mr. HARKIN to the bill, S. 1033, supra; as follows:

Strike all after the first word and insert the following:

ASSESSMENT FOR ETHANOL PRODUCERS.

(a) IN GENERAL.—For fiscal year 1998, the rate of tax otherwise imposed on a gallon of ethanol under the Internal Revenue Code of 1986 shall be increased by 3 cents and such rate increase shall not be considered in any determination under section 9503(f)(3) of the Internal Revenue Code of 1986.

(b) ESTABLISHMENT OF TRUST FUND.—

(1) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1986 (relating to trust fund code) is amended by adding at the end the following new section:

''SEC. 9512. TRUST FUND FOR ANTI-SMOKING ACTIVITIES.

''(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Trust Fund for Anti-Smoking Activities' (hereafter referred to in this section as the 'Trust Fund'), consisting of such amounts as may be appropriated or transferred to the Trust Fund as provided in this section or section 9602(b).

''(b) TRANSFERS TO TRUST FUND.—The Secretary shall transfer to the Trust Fund an amount equivalent to the net increase in revenues received in the Treasury attributable to section (a) of the Agriculture, Rural and Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1998, as estimated by the Secretary.

''(c) DISTRIBUTION OF AMOUNTS IN TRUST FUND.—Amounts in the Trust Fund shall be available, as provided by appropriation Acts, to the Secretary of Health and Human Services for anti-smoking programs through the Substance Abuse and Mental Health Administration.''.

(2) CONFORMING AMENDMENT.—The table of sections for such subchapter A is amended by adding at the end the following new item:

''Sec. 9512. Trust Fund for Anti-Smoking Activities.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply fuel removed after September 30, 1997.

BRYAN (AND OTHERS) AMENDMENT NO 970

Mr. BRYAN (for himself, Mr. KERRY, Mr. GREGG, Mr. GRAMS, and Mr. REID) proposed an amendment to the bill, S. 1033, supra; as follows:

Beginning on page 63, strike line 24 and all that follows through page 64, line 5, and insert the following:

SEC. 718. None of the funds made available by this Act may be used to provide assistance under, or to pay the salaries of personnel who carry out, a market promotion or market access program pursuant to section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623)—

(1) that provides assistance to the United States Mink Export Development Council or any mink industry trade association;

(2) to the extent that the aggregate amount of funds and value of commodities under the program exceeds $70,000,000; or

(3) that provides assistance to a foreign person (as defined in section 9 of the Agricultural Foreign Investment Disclosure Act of 1978 (7 U.S.C. 3508)).

GRAMS (AND OTHERS) AMENDMENT NO. 971

Mr. GRAMS (for himself, Mr. FEINGOLD, Mr. KOHL, Mr. LEVIN, Mr. WELLSTONE, Mr. CRAIG, and Mr. ABRAHAM) proposed an amendment to the bill, S. 1033, supra; as follows:

On page 66, between lines 12 and 13, insert the following:

SEC. 728. STUDY OF NORTHEAST INTERSTATE DAIRY COMPACT.

(a) DEFINITIONS.—In this section:

(1) CHILD, SENIOR, AND LOW-INCOME NUTRITION PROGRAMS.—The term ''child, senior, and low-income nutrition programs'' includes—

(A) the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

(B) the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.);

(C) the summer food service program for children established under section 13 of that Act (42 U.S.C. 1761);

(D) the child and adult care food program established under section 17 of that Act (42 U.S.C. 1766);

(E) the special milk program established under section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772);

(F) the school breakfast program established under section 4 of that Act (42 U.S.C. 1773);

(G) the special supplemental nutrition program for women, infants, and children authorized under section 17 of that Act (42 U.S.C. 1786); and

(H) the nutrition programs and projects carried out under part C of title III of the Older Americans Act of 1965 (42 U.S.C. 3030e et seq.).

(2) COMPACT.—The term ''Compact'' means the Northeast Interstate Dairy Compact.

(3) NORTHEAST INTERSTATE DAIRY COMPACT.—The term ''Northeast Interstate Dairy Compact'' means the Northeast Interstate Dairy Compact referred to in section 147 of the Agricultural Market Transition Act (7 U.S.C. 7256).

(4) DIRECTOR.—The term ''Director'' means the Director of the Office of Management and Budget.

(b) EVALUATION.—Not later than December 31, 1997, the Director shall conduct, complete, and transmit to Congress a comprehensive economic evaluation of the direct and indirect effects of the Northeast Interstate Dairy Compact, and other factors which affect the price of fluid milk.

(c) COMPONENTS.—In conducting the evaluation, the Director shall consider, among other factors, the effects of implementation of the rules and regulations of the Northeast Interstate Dairy Compact Commission, such

as rules and regulations relating to over-order Class I pricing and pooling provisions. This evaluation shall consider such effects prior to implementation of the Compact and that would have occurred in the absence of the implementation of the Compact. The evaluation shall include an analysis of the impacts on—

(1) child, senior, and low-income nutrition programs including impacts on schools and institutions participating in the programs, on program recipients and other factors;

(2) the wholesale and retail cost of fluid milk;

(3) the level of milk production, the number of cows, the number of dairy farms, and milk utilization in the Compact region, including—

(A) changes in the level of milk production, the number of cows, and the number of dairy farms in the Compact region relative to trends in the level of milk production and trends in the number of cows and dairy farms prior to implementation of the Compact;

(B) changes in the disposition of bulk and packaged milk for Class I, II, or III use produced in the Compact region to areas outside the region relative to the milk disposition to areas outside the region;

(C) changes in—

(i) the share of milk production for Class I use of the total milk production in the Compact region; and

(ii) the share of milk production for Class II and Class III use of the total milk production in the Compact region;

(4) dairy farmers and dairy product manufacturers in States and regions outside the Compact region with respect to the impact of changes in milk production, and the impact of any changes in disposition of milk originating in the Compact region, on national milk supply levels and farm level milk prices nationally; and

(5) the cost of carrying out the milk price support program established under section 141 of the Agricultural Market Transition Act (7 U.S.C. 7251).

(d) ADDITIONAL STATES AND COMPACTS.—The Secretary shall evaluate and incorporate into the evaluation required under subsection (b) an evaluation of the economic impact of adding additional States to the Compact for the purpose of increasing prices paid to milk producers.

WELLSTONE AMENDMENT NO. 972

Mr. WELLSTONE proposed an amendment to the bill, S. 1033, supra; as follows:

On page 28, line 21, strike ''$202,571,000'' and insert ''$197,571,000''.

On page 47, line 6, strike ''$7,769,066,000'' and insert ''$7,774,066,000''.

On page 47, line 13, insert after ''claims'' the following: '': *Provided further,* That not less than $5,000,000 shall be available for outreach and startup in accordance with section 4(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1773(f))''.

On page 66, between lines 12 and 13, insert the following:

SEC. 728. OUTREACH AND STARTUP FOR THE SCHOOL BREAKFAST PROGRAM.

Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended by adding at the end the following:

''(f) OUTREACH AND STARTUP.—

''(1) DEFINITIONS.—In this subsection:

''(A) ELIGIBLE SCHOOL.—The term 'eligible school' means a school—

''(i) attended by children, a significant percentage of whom are members of low-income families;

''(ii)(I) as used with respect to a school breakfast program, that agrees to operate the school breakfast program established or expanded with the assistance provided under this subsection for a period of not less than 3 years; and

''(II) as used with respect to a summer food service program for children, that agrees to operate the summer food service program for children established or expanded with the assistance provided under this subsection for a period of not less than 3 years.

''(B) SERVICE INSTITUTION.—The term 'service institution' means an institution or organization described in paragraph (1)(B) or (7) of section 13(a) of the National School Lunch Act (42 U.S.C. 1761(a)).

''(C) SUMMER FOOD SERVICE PROGRAM FOR CHILDREN.—The term 'summer food service program for children' means a program authorized by section 13 of the National School Lunch Act (42 U.S.C. 1761).

''(2) PAYMENTS.—The Secretary shall make payments on a competitive basis and in the following order of priority (subject to the other provisions of this subsection), to—

''(A) State educational agencies in a substantial number of States for distribution to eligible schools to assist the schools with nonrecurring expenses incurred in—

''(i) initiating a school breakfast program under this section; or

''(ii) expanding a school breakfast program; and

''(B) a substantial number of States for distribution to service institutions to assist the institutions with nonrecurring expenses incurred in—

''(i) initiating a summer food service program for children; or

''(ii) expanding a summer food service program for children.

''(3) PAYMENTS ADDITIONAL.—Payments received under this subsection shall be in addition to payments to which State agencies are entitled under subsection (b) of this section and section 13 of the National School Lunch Act (42 U.S.C. 1761).

''(4) STATE PLAN.—To be eligible to receive a payment under this subsection, a State educational agency shall submit to the Secretary a plan to initiate or expand school breakfast programs conducted in the State, including a description of the manner in which the agency will provide technical assistance and funding to schools in the State to initiate or expand the programs.

''(5) SCHOOL BREAKFAST PROGRAM PREFERENCES.—In making payments under this subsection for any fiscal year to initiate or expand school breakfast programs, the Secretary shall provide a preference to State educational agencies that—

''(A) have in effect a State law that requires the expansion of the programs during the year;

''(B) have significant public or private resources that have been assembled to carry out the expansion of the programs during the year;

''(C) do not have a school breakfast program available to a large number of low-income children in the State; or

''(D) serve an unmet need among low-income children, as determined by the Secretary.

''(6) SUMMER FOOD SERVICE PROGRAM PREFERENCES.—In making payments under this subsection for any fiscal year to initiate or expand summer food service programs for children, the Secretary shall provide a preference to States—

''(A)(i) in which the numbers of children participating in the summer food service program for children represent the lowest percentages of the number of children receiving free or reduced price meals under the school lunch program established under the National School Lunch Act (42 U.S.C. 1751 et seq.); or

''(ii) that do not have a summer food service program for children available to a large number of low-income children in the State; and

''(B) that submit to the Secretary a plan to expand the summer food service programs for children conducted in the State, including a description of—

''(i) the manner in which the State will provide technical assistance and funding to service institutions in the State to expand the programs; and

''(ii) significant public or private resources that have been assembled to carry out the expansion of the programs during the year.

''(7) RECOVERY AND REALLOCATION.—The Secretary shall act in a timely manner to recover and reallocate to other States any amounts provided to a State educational agency or State under this subsection that are not used by the agency or State within a reasonable period (as determined by the Secretary).

''(8) ANNUAL APPLICATION.—The Secretary shall allow States to apply on an annual basis for assistance under this subsection.

''(9) GREATEST NEED.—Each State agency and State, in allocating funds within the State, shall give preference for assistance under this subsection to eligible schools and service institutions that demonstrate the greatest need for a school breakfast program or a summer food service program for children, respectively.

''(10) MAINTENANCE OF EFFORT.—Expenditures of funds from State and local sources for the maintenance of the school breakfast program and the summer food service program for children shall not be diminished as a result of payments received under this subsection.''.

DASCHLE (AND OTHERS) AMENDMENT NO. 973

Mr. COCHRAN (for Mr. DASCHLE, for himself, Mr. DORGAN, Mr. JOHNSON, Mr. CONRAD, and Mr. BAUCUS) proposed an amendment to the bill, S. 1033, supra; as follows:

At the end of the bill insert the following new section:

''SEC. . From proceeds earned from the sale of grain in the disaster reserve established in the Agricultural Act of 1970, the Secretary may use up to an additional $23 million to implement a livestock indemnity program as established in PL 105–18.''

GRAMS (AND WELLSTONE) AMENDMENT NO. 974

Mr. COCHRAN (for Mr. GRAMS, for himself and Mr. WELLSTONE) proposed an amendment to the bill, S. 1033, supra; as follows:

On page 66, between lines 12 and 13, insert the following:

SEC. 728. PLANTING OF WILD RICE ON CONTRACT ACREAGE.

None of the funds appropriated in this Act may be used to administer the provision of contract payments to a producer under the Agricultural Market Transition Act (7 U.S.C. 7201 et seq.) for contract acreage on which wild rice is planted unless the contract payment is reduced by an acre for each contract acre planted to wild rice.

CRAIG AMENDMENT NO. 975

Mr. COCHRAN (for Mr. CRAIG) proposed an amendment to the bill, S. 1033, supra; as follows:

On page 66, between lines 12 and 13, insert the following:

SEC. . INSPECTION AND CERTIFICATION OF AGRICULTURAL PROCESSING EQUIPMENT.

(a) IN GENERAL.—Except as provided in subsection (b), none of the funds made available by this Act or any other Act for any fiscal year may be used to carry out section 203(h) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622(h)) unless the Secretary of Agriculture inspects and certifies agricultural processing equipment, and imposes a fee for the inspection and certification, in a manner that is similar to the inspection and certification of agricultural products under that section, as determined by the Secretary.

(b) RELATIONSHIP TO OTHER LAW.—Subsection (a) shall not affect the authority of the Secretary to carry out the Federal Meat Inspection Act (21 U.S.C. 601 et seq.) or the Poultry Products Inspection Act (21 U.S.C. 451 et seq.).

DEWINE AMENDMENT NO. 976

Mr. COCHRAN (for Mr. DEWINE) proposed an amendment to the bill, S. 1033, supra; as follows:

On page 53, line 3, before the period, insert the following: ''*Provide further,* That, of the amount of funds made available under title II of said Act, the United States Agency for International Development should use at least the same amount of funds to carry out the orphan feeding program in Haiti during fiscal year 1998 as was used by the Agency to carry out the program during fiscal year 1997''.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be allowed to meet during the session of the Senate on Wednesday, July 23, 1997, at 9 a.m. in SR–328A to consider the nominations of Dr. Catherine E. Woteki, of the District of Columbia, to be Under Secretary of Agriculture for Food Safety; Ms. Shirley Robinson Watkins, of Arkansas, to be Under Secretary of Food, Nutrition, and Consumer Services and a member of the Commodity Credit Corporation; Mr. August Schumacher, Jr., of Massachusetts, to be Under Secretary of Agriculture for Farm and Foreign Agriculture Services; Dr. I. Miley Gonzalez, of New Mexico, to be Under Secretary of Agriculture for Research, Education, and Economics.

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

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Wednesday, July 23, 1997, to conduct a hearing on the oversight on the monetary policy report to Congress pursuant to the Full Employment and Balanced Growth Act of 1978.

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

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet on Wednesday, July 23, 1997, at 9:30 A.M. on pending committee business.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. COCHRAN. 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 Wednesday, July 23, for purposes of conducting a full committee business meeting which is scheduled to begin at 9:30 a.m. The purpose of this business meeting is to consider pending nominations.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. COCHRAN. 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 Wednesday, July 23, 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 broadly examine three aspects of natural gas issues into the next century. Specifically, the committee will look at world energy supply and demand to 2015, what percentage of that will be filled by natural gas, and how this could be impacted by other large scale energy projects, such as nuclear, that are being developed in Asia. Second, the committee will examine the role of Government in large scale gas projects in foreign countries, what type of assistance the U.S. companies competing for overseas projects receive from the U.S. Government, and what can be done in the United States to make American gas more globally competitive. The third aspect for consideration will be the emerging gas field development technologies that are making natural gas more economical to market.

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

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. COCHRAN. Mr. President, I ask unanimous consent on behalf of the Governmental Affairs Committee special investigation to meet on Wednesday, July 23, at 10 a.m. for a hearing on campaign financing issues.

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

COMMITTEE ON THE JUDICIARY

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, July 23, 1997, at 10 a.m. in room 226 of the Senate Dirksen Office Building to hold a hearing on: The proposed reauthorization of the Office of National Drug Control Policy.

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

COMMITTEE ON THE JUDICIARY

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to hold an executive business meeting during the session of the Senate on Wednesday, July 23, 1997, at 2 p.m. in room 226 of the Senate Dirksen Office Building.

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

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet in executive session during the session of the Senate on Wednesday, July 23, 1997, at 9:30 a.m.

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

ADDITIONAL STATEMENTS

STAMP OUT BREAST CANCER

• Mr. COCHRAN. Mr. President, As chairman of the Governmental Affairs Subcommittee on International Security, Proliferation, and Federal Services, which has jurisdiction over postal matters, I would like to comment on Representative MOLINARI's Stamp Out Breast Cancer Act, H.R. 1585, passed by the House on July 22, 1997. This bill is similar to the Feinstein amendment included as part of the Senate's fiscal year 1998 Treasury/Postal appropriations bill, S. 1023, in that it would raise money for breast cancer research through a new, specially designed postage stamp—generally referred to as a semipostal—which would be purchased on a voluntary basis and as an alternative to regular first-class postage.

H.R. 1585 differs from the Feinstein amendment in three respects. The rate of this semipostal would be determined in part, by the Postal Service to cover administrative costs and the remainder by the governors of the Postal Service to direct research. The total cost would not exceed the current cost plus 25 percent. In addition, following the 2-year period beginning on the date which the stamp would be publicly available, the General Accounting Office would report to Congress with an evaluation of the effectiveness and appropriateness of this method of fundraising and a description of the resources required to carry out this bill. Finally, the Postal Service would have the authority to decide when the stamp would be available to the public and would have up until 12 months after the date of enactment to make it available.

Though this is a well-intentioned bill, and breast cancer research is a highly worthwhile cause, the idea of using the Postal Service as a fundraising organization for social issues is just plain wrong. If we start here, where do we stop? The list of diseases is endless. Requiring the Postal Service

to issue a semipostal stamp for breast cancer would place the Postal Service and Congress in the very difficult position of determining which worthy organizations should receive Federal assistance in fundraising and which should not.

The concept of semipostals has been around for years. Some nations issue them, however most do not. The European experience with this kind of stamp has shown that they are rarely as beneficial to the designated organization as would be expected. Consider the example set by our neighbor Canada. In 1975, the Canadian Postal Corporation issued a series of semipostal stamps to provide supplementary revenue for the Canadian Olympic Committee. It was reported that while the program received exceptionally good promotional and advertising support, it fell short of its intended revenue objective. Demand for the semipostals throughout Canada was reportedly insubstantial. The program—viewed as a failure—concluded in 1976. More recently, the Canada Post issued a semipostal to support literacy. With a surcharge of 5-cents per stamp, it raised only $252,000. After raising only a modest amount of money, combined with a tremendous administrative expense, Canada Post says they will not issue another semipostal.

There is a strong U.S. tradition of private fundraising for charities. Such a stamp would effectively use the United States Postal Service as a fundraiser, a role it has never before taken on. The Postal Service's job—and expertise—is mail delivery. Congress should be mindful that the postage stamp pays strictly for postal operations. It is not a fee for anything but delivering the mail and the cost of running the service. In fact, section 3622 of the Postal Reorganization Act of 1970 precludes charging rates in excess of those required to offset the Postal Service's costs of providing a particular service. In other words, the Postal Service does not have the authority to put a surcharge on a postage rate that is cost and overhead driven. There is simply no legitimate connection between the desire to raise money for a cause, and maintenance of the Postal Service's mission of providing universal service at a universal rate.

The goals of H.R. 1585 are laudatory. But, Mr. President, as I previously indicated during Senate consideration of the Feinstein semipostal amendment, the Postal Service should not be doing fundraising.●

ON AND UNDER THE DELAWARE RIVER CLEANUP

● Mr. MOYNIHAN. Mr. President, throughout this week, hundreds of volunteers will gather together for the annual ''On and Under the Delaware River Cleanup'' on the upper Delaware River. People from New York, New Jersey, and Pennsylvania will work together to clean up the Delaware River, picking up trash and removing debris from the shores, surface, and bottom of a 70-mile section of the river. Once again, Ruth Jones and the folks at Kittatinny Canoes will lead this effort and supply the boats, cleaning materials, trash removal, and other services needed for the effort. National Park Service employees and a member of my staff will also participate.

The Delaware River is the longest free-flowing river in the country. It starts in my home county, Delaware County, NY, at the confluence of the east and west branches of the river in Deposit, NY and continues down through Pennsylvania, New Jersey, and Delaware, ultimately feeding into the Atlantic Ocean. The west branch starts in Stamford, NY, just 25 miles from my home in Pindars Corners.

This river is one of New York's and the Nation's great treasures. I applaud Ms. Jones for sponsoring this event and thank all the volunteers for their hard work in helping to keep the river clean.●

EXCHANGE OF NAVAL ATTACHÉS WITH VIETNAM

● Mr. WARNER. Mr President, I rise today to recognize an historic event in our relations with our erstwhile cold war enemy, Vietnam. On May 7, 1997, that country and our own great Nation exchanged defense attachés. Senior Col. Vo Dinh Quang of the Vietnam Army was accredited as the defense, military, naval, and air attaché to the United States. He is the first defense attaché from Vietnam since 1975, when the South Vietnam attaché positions dissolved by default with the collapse of South Vietnam.

The Corps of Foreign Attachés is a distinguished group of foreign senior officers who are accredited to the Department of Defense and the Department of State to officially and personally represent their defense secretaries in the United States with regard to military matters. Eighty-one countries around the world, allied and nonallied, are represented by over 100 navy, army, and air force officers living in the Washington, DC, area. Historically, this prestigious assignment has produced many flag and general officers who have subsequently become the equivalent of our service chiefs or Chairman of the Joint Chiefs of Staff.

A primary responsibility of the foreign defense attaché, as recognized by the Vienna Convention, is to collect information and learn about the services of the United States. To assist in this effort, the U.S. service chiefs sponsor an aggressive information program which includes orientation tours to commands and related industrial facilities; service chief counterpart and other delegation visits; intelligence and operations briefings; and document dissemination. In turn, the attaché provides Department of Defense decisionmakers with perspectives on developments within the attaché's country and armed services.

This is the office in which Senior Colonel Quang finds himself today. Born in 1932, Colonel Quang served in the North Vietnamese and Vietnamese Armies for a total of 27 years before being assigned to the Department of Foreign Relations within the Vietnamese Ministry of Defense. While serving in that capacity, Colonel Quang was a staff member of the Vietnamese Office for Seeking Missing Personnel. His responsibility was to interface with the United States concerning our country's servicemen who were still missing in action.

Once a sworn enemy of the United States, Colonel Quang became a man who searched for the remains of our soldiers, sailors, and airmen. Now he serves here in Washington, representing his country as Vietnam's first postwar defense attaché.

In commemorating this historic event, I pray that this new relationship with Vietnam continues to prosper.●

MIKULSKI AMENDMENT ON AMERICORPS LITERACY FUNDING

● Mr. KENNEDY. Mr. President, I commend my colleague, Senator MIKULSKI, for her leadership yesterday in seeking $20 million for President Clinton's America Reads initiative. This amendment supports 1,300 AmeriCorps members who will serve as literacy tutors to help children learn to read—and read well—by the end of the third grade.

Reading is a fundamental skill for learning, but too many children have trouble learning how to read. If students don't learn to read in the early elementary school years, it is virtually impossible for them to keep up later. According to a recent study, 40 percent of fourth grade students don't attain the basic level of reading, and 70 percent don't attain the proficient level.

Research shows that reading skills are developed not only in the home and in the classroom, but also in communities and libraries. Sustained, reading opportunities outside the regular school day and during the summer can raise reading levels when combined with other instruction. Only 30 minutes a day of reading aloud with an adult can enable a young child to make real gains in reading. Adults also serve as role models for young children.

I commend Senator MIKULSKI for her effective leadership in the extremely important area of community service and childhood literacy. Every child can learn to read well, and every child deserves that chance. No child should be left out or left behind.●

EXPLANATION OF VOTE ON H.R. 2158

● Mr. KYL. Mr. President, yesterday I voted against H.R. 2158, the bill providing fiscal year 1998 appropriations for the Departments of Veterans Affairs, Housing and Urban Development, and various independent agencies. Funding

provided by that measure totaled nearly $9 billion more than the comparable amount provided last year—about a 10-percent increase.

It would be one thing if the increase were devoted to improved services for our Nation's veterans. After all, they put their lives on the line in defense of our country and all of the rights and liberties we enjoy. We owe them a debt of gratitude—and the obligation to fulfill the promises our Nation made to them when they were called to serve.

Yet the spending increase in this bill is not targeted to veterans. The VA sees only a 0.5 percent increase in its budget. Medical care is increased only 1 percent. But presumably, these increases were sufficient to fulfill our obligations to veterans, exceeding President Clinton's request by nearly $93 million. I support them, and I stand ready to do more if that is necessary.

Mr. President, compare the virtual spending freeze that our Nation's veteran population is able to bear with what happens to HUD's budget. Last year, HUD received a total of $16.3 billion. H.R. 2158 proposes to take that figure to $25.4 billion—a $9 billion increase. An increase of nearly 56 percent. That is a huge increase, even by Washington standards.

Now I know that part of the reason for the added funding is the need to renew expiring section 8 housing contracts. But I believe we have a responsibility to try to offset the extra spending with reductions in lower priority HUD programs, rather than just add to the total. I see little evidence of attempting to prioritize HUD and other programs in this bill.

It seems to me that the opportunity to find offsets was certainly there. The AmeriCorps Program, for example, was funded at $405 million. Remember, this is a program that pays volunteers to work. In most parts of the country, paying someone to work constitutes employment. Volunteers provide their time and energy out of their own good will. But here we have a government program—a Clinton administration priority—that actually pays volunteers to work.

AmeriCorps committed last year to try to reduce its cost per participant to $17,000 this year and to $15,000 in 1999. Yet that is how much a lot of people around the country earn from their jobs. This is an unnecessary expenditure of taxpayer funds, and we would do well to eliminate it. Yet I know that President Clinton would probably veto the bill—veterans funding and all—just to preserve it. So there seems to be little incentive to do the right thing and trim expenditures.

The Community Development Block Grant [CDBG] Program is another case in point. The bill provides $1.4 billion for the program, with funding earmarked for a variety of projects, including library expansion in West Virginia, the Paramount Theater in Vermont, the Bushnell Theater in Connecticut, and economic development in downtown Ogden, Utah, to name just a few. If we had to set priorities, just like any family back home, we would probably conclude that section 8 renewals might be a little more important than some of these CDBG grants.

But when the sky is the limit, we do not have to prioritize. We simply add more spending on top of everything else. And that is how we get a deficit problem.

Mr. President, we need a new way of conducting business. We need to get back to a politics of principle, and of being honest with the American people about whether we are serious about seeking more responsible use of hard-earned tax dollars and reducing the deficit. This bill represents the old way of doing things, and exemplifies the politics of pork.

I voted against the budget agreement last month, in large part because it allowed too much new spending. And the HUD and independent agencies portion of this bill is evidence of what we can expect as the agreement is fully implemented. That is why next year's budget deficit is projected to rise—and not fall—as a result of the agreement.

Mr. President, it is unfortunate that we do not have an opportunity to consider the various components of this bill on their own merits—veterans, HUD, EPA, NASA, AmeriCorps, and the like. I would have supported the veterans budget, the NASA budget, and environmental spending in the bill. But as a package, with the very large increase in HUD spending and a lack of sufficient offsets for it, I concluded that it was necessary to register concern about the process and our country's future, and to vote ''no'' on the bill.●

LLOYD D. GEORGE UNITED STATES COURTHOUSE

● Mr. REID. Mr. President, it is with great pride that I rise today in support of a bill I introduced on Monday to designate the new Federal courthouse in Las Vegas as the ''Lloyd D. George United States Courthouse.'' As the Chief Judge of the United States District Court for the District of Nevada, Lloyd George is considered to be one of the most distinguished jurists of the federal judiciary. There is no greater honor we could bestow on the new courthouse in Las Vegas than to name it after a man who has served our Nation with such distinction.

Those who have the privilege of knowing Judge George, as I do, consider him to be a man of great integrity whose career has been marked by a constant commitment to justice. As an attorney. Judge George enjoyed a successful career practicing primarily in the area of commercial law. Prior to his appointment as a United States District Judge in May 1984, Judge George served on the United States Bankruptcy Bench for 10 years. Judge George is a graduate of Las Vegas High and Brigham Young University. He served as the student body president at both schools. He received his law degree from the University of California, Boalt Hall. Judge George was a pilot in the U.S. Air Force, attaining the rank of Captain.

Throughout Judge George's professional life he has assumed many leadership responsibilities requiring countless hours of service work all in the pursuit of improving and preserving the best aspects of our judicial system. He has served on three—and been the chairman of two—United States Judicial Conference Committee. Currently, he serves as a member of the Judicial Conference of the United States. At the request of Chief Justice Rehnquist he serves as a member of the Executive Committee of the Judicial Conference and the International Judicial Relations Committee. He is also a member of the Judicial Council for the Ninth Circuit Court of Appeals, and has chaired the Executive Committee of the Judicial Conference of the Ninth Circuit. Additionally, he serves on the Advisory Board of the Central and East European Law Initiative, American Bar Association's Standing Committee of World Order Under Law, and is an Advisory Committee Member of the American Judicature Society. He frequently lectures in the U.S. and abroad on various legal topics and has published a number of articles in legal periodicals. His dedication to improving and promoting our judicial system is unparalleled.

All of us are fortunate to live in a country where men like Judge Lloyd George serve as the arbiter's of our laws. He is truly a man of the highest integrity whose legal career has been guided by a keen, almost innate, sense of justice. On a personal note, I consider myself most fortunate to call Lloyd George my friend.

I believe there is no better way to honor Judge George than to name this new courthouse the Lloyd D. George United States Courthouse. The proposed courthouse is an architectural wonder that will provide a state of the art judicial forum for generations of Nevadans. Judge George was instrumental in bringing this about. We honor his service to the judiciary and his commitment to the principle of equal justice under law by naming the new courthouse after him.●

APPROPRIATIONS COMMITTEE ALLOCATION

● Mr. DOMENICI. Mr. President, there was an error in the printing of the change to the Appropriations Committee allocation, which was submitted for the RECORD of July 21, 1997. The correct figure for the budget authority allocation pursuant to section 302 of the Congressional Budget Act follows:

Budget Authority	*1998*
Current Appropriations Committee allocation	$792,510,000,000
Adjustment	8,766,000,000
Revised Appropriations Committee allocation	801,276,000,000●

VA–HUD APPROPRIATIONS BILL

● Mr. KERRY. Mr. President, I want to thank Senator BOND, Senator MIKULSKI, and all the members of the VA–HUD Appropriations Subcommittee for all their hard work in bringing this bill to the floor so quickly and with such widespread support. I want to add my voice to the many others offering you congratulations for such a good product.

I appreciate the understanding and expertise both of you bring to this bill. Your sensitivity to the need to create new affordable housing and homeownership opportunities serves every Member of the Senate well.

Unfortunately, no amount of good intentions and hard work can make up for the basic lack of funding for housing programs in this bill. While the bill maintains funding for most crucial programs, existing funding levels will not really solve the housing problems we face in this country.

Let us take a moment to put the problem into a broader context. There are about 16.5 million families that are eligible for housing assistance in America. Yet, only 4.3 million of these families receive any housing assistance whatsoever. This includes households living in public housing, assisted housing, housing built with the tax credit and HOME funds.

Of the 12 million unassisted families, about 5.5 million are faced with desperate housing needs, yet are receiving no help at all from the Federal Government.

These families are paying over half their incomes every month to keep a roof over their heads. Or, they live in housing that is falling down around them. These families teeter on the edge of homelessness. One unanticipated problem—a temporary layoff, an illness of a parent or child, even an unexpected car repair bill—can force these families to choose between paying the rent and buying groceries.

The committee did a good job of addressing many competing needs and interests that go far beyond housing programs. But they have simply not been given enough resources to address the larger need for adequate affordable housing.

The fact is, we are facing a likely reduction in the total affordable housing stock in America. We expect about 100,000 units of public housing to be demolished in the next several years. Private owners of some assisted housing are likely to prepay their subsidized mortgages to get out from under the affordable housing restrictions. Many owners of section 8 project-based housing will simply choose not to renew their contracts, eliminating some of the highest quality affordable housing stock in the inventory.

We cannot continue to go in this direction unless we are prepared to face a huge increase in the problem of homelessness. Already, in a time of low unemployment and strong economic growth, we have seen an increase in homelessness of 5 percent, according to a Conference of Mayors study.

Mr. President, one casualty of the fiscal constraints that the committee labored within is the Low Income Housing Preservation and Homeownership Act [LIHPRH], better known as the Preservation Program. This program has preserved over 80,000 units of affordable housing permanently. Another 30,000 units in 37 States await funding. While the GAO has raised some concerns about this program, I want to make sure the facts get in the record. The average cost of preserving this housing is $30,000 to $33,000 per unit. This housing could not possibly be replaced for such a cheap price in my home State of Massachusetts, nor, I suspect, in many other States, either.

Given the overall reduction of affordable housing, the modest investment it would take to preserve this housing, housing that is unlikely to otherwise be replaced, is a wise investment indeed.

I urge the committee to work in conference to find some funding for this crucial program. I know Senator BOND's interest in accomplishing this goal, along with appropriate reforms to the program.

In doing so, I urge the chairman to adopt a priority for direct sales to tenants. One of the key elements of the Preservation Program has been to empower residents to participate in the decisionmaking regarding how their homes are to be preserved. Sales to the residents who live in these communities is the most direct way to achieve this important goal. It gives the tenants the opportunity to build equity, like other homeowners; it gives tenants a greater stake in the management of the property. In sum, Mr. President, it builds a bridge to the middle class for the residents of these projects. I would be happy to work with the chairman to achieve this goal.

Mr. President, I thank my colleagues for all their hard work. I support this bill and urge my colleagues to do so, as well. I will continue to work for more funding for housing programs, and look forward to the day when the chairman and ranking member are able to fully fund the needs of public housing, assisted housing, and the many other demands they face as well.●

TRIBUTE TO HAMILTON FISH

● Mr. D'AMATO. Mr. President, one year ago today, our friend and former colleague in the other body, Hamilton Fish, died here in Washington.

Ham and his forebears, statesman and patriots to a man, were gifts to our Nation's Capital from New York where they emerged from immigrant roots that were truly extraordinary in the American experience.

In the years I knew Ham, I saw reflected in his bearing, his code of life, his approach to the law and devotion to public service, a man whose very genes held rich lessons of bravery, honesty, integrity and patriotism handed down from those who had formed this Nation, nurtured and served it since the 17th Century. And yet he never let on about the first Mayor of New York, the last Mayor of Brooklyn, a hero of the Battle of Yorktown who looks down from the nearby Rotunda's wall, the Secretary of State, the Senators, Rough Riders and Members of the House of Representatives who filled his family tree.

An impressive lineage was not what was important to him. To Ham, what one did in the time allotted by God was what mattered.

Officially, Hamilton Fish, was the 13-term Congressman from the Empire State's Hudson Valley, who from his earliest years in Congress wrestled with the turmoil of Watergate and the Vietnam war, the causes of civil rights, refugees, the environment, and a daily concern that Washington respond to and be a positive influence for his constituents and all Americans.

He was neither a ''hawk'' nor a ''dove'' in the contentious and important issues of his time, but rather an impressive ''owl''—a wise owl, using head and heart, with the talons to fight a ferocious battle when needed, but possessing the sharp ears and keen eyes to recognize and counsel for the strength to be gained from collegial compromise; knowing the ways to bridge often great divides of politics and ideologies.

Ham Fish was also a very private figure in our midst. The deep love he shared with his wife and family was obvious soon after first meeting him; but the little known, almost spiritual way he approached, planned and prepared for each and every one of his days until he died, whether for legislating, trout fishing or making a favorite soup recipe, being with his grandchildren near his beloved Hudson River or meeting with the famous or not so famous, was astonishing. Hamilton Fish the private man knew each and every day was to be cherished: taken all in all, of limited number and deserving to be filled with actions and thoughts that were positive, moral and strong.

His memory will remain strong for all of us that worked with him. I hope those who are just beginning their lives of public service will take a moment today to think about Hamilton Fish of New York . . . a genuine gift to our nation.●

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1998

The text of the bill (H.R. 2158) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes, as passed by the Senate on July 22, 1997, is as follows:

Resolved, That the bill from the House of Representatives (H.R. 2158) entitled ''An Act making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes.'', do pass with the following amendment:

Strike out all after the enacting clause and insert:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes, namely:

TITLE I

DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

(INCLUDING TRANSFERS OF FUNDS)

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by law (38 U.S.C. 107, chapters 11, 13, 18, 51, 53, 55, and 61); pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 15, 51, 53, 55, and 61; 92 Stat. 2508); and burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of Article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, and for other benefits as authorized by law (38 U.S.C. 107, 1312, 1977, and 2106, chapters 23, 51, 53, 55, and 61; 50 U.S.C. App. 540–548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198); $19,932,997,000, to remain available until expended: Provided, That not to exceed $26,380,000 of the amount appropriated shall be reimbursed to ''General operating expenses'' and ''Medical care'' for necessary expenses in implementing those provisions authorized in the Omnibus Budget Reconciliation Act of 1990, and in the Veterans' Benefits Act of 1992 (38 U.S.C. chapters 51, 53, and 55), the funding source for which is specifically provided as the ''Compensation and pensions'' appropriation: Provided further, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to ''Medical facilities revolving fund'' to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992 (38 U.S.C. chapter 55).

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by 38 U.S.C. chapters 21, 30, 31, 34, 35, 36, 39, 51, 53, 55, and 61, $1,366,000,000, to remain available until expended: Provided, That funds shall be available to pay any court order, court award or any compromise settlement arising from litigation involving the vocational training program authorized by section 18 of Public Law 98–77, as amended.

VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by 38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487, $51,360,000, to remain available until expended.

VETERANS HOUSING BENEFIT PROGRAM FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C. chapter 37, as amended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That during fiscal year 1998, within the resources available, not to exceed $300,000 in gross obligations for direct loans are authorized for specially adapted housing loans.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, $160,437,000, which may be transferred to and merged with the appropriation for ''General operating expenses''.

EDUCATION LOAN FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $1,000, as authorized by 38 U.S.C. 3698, as amended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $3,000.

In addition, for administrative expenses necessary to carry out the direct loan program, $200,000, which may be transferred to and merged with the appropriation for ''General operating expenses''.

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $44,000, as authorized by 38 U.S.C. chapter 31, as amended: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $2,278,000.

In addition, for administrative expenses necessary to carry out the direct loan program, $388,000, which may be transferred to and merged with the appropriation for ''General operating expenses''.

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For administrative expenses to carry out the direct loan program authorized by 38 U.S.C. chapter 37, subchapter V, as amended, $515,000, which may be transferred to and merged with the appropriation for ''General operating expenses''.

VETERANS HEALTH ADMINISTRATION

MEDICAL CARE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs, including care and treatment in facilities not under the jurisdiction of the Department; and furnishing recreational facilities, supplies, and equipment; funeral, burial, and other expenses incidental thereto for beneficiaries receiving care in the Department; administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department; oversight, engineering and architectural activities not charged to project cost; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; aid to State homes as authorized by 38 U.S.C. 1741; administrative and legal expenses of the Department for collecting and recovering amounts owed the Department as authorized under 38 U.S.C. chapter 17, and the Federal Medical Care Recovery Act, 42 U.S.C. 2651 et seq.; and not to exceed $8,000,000 to fund cost comparison studies as referred to in 38 U.S.C. 8110(a)(5); $17,026,846,000, plus reimbursements: Provided, That of the funds made available under this heading, $550,000,000 is for the equipment and land and structures object classifications only, which amount shall not become available for obligation until August 1, 1998, and shall remain available until September 30, 1999.

In addition, contingent on enactment of legislation establishing the Medical Collections Fund, such sums as may be derived pursuant to 38 U.S.C. 1729(g) shall be deposited to such Fund and may be transferred to this account, to remain available until expended for the purposes of this account.

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by 38 U.S.C. chapter 73, to remain available until September 30, 1999, $267,000,000, plus reimbursements.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in support of planning, design, project management, architectural, engineering, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department of Veterans Affairs, including site acquisition; engineering and architectural activities not charged to project cost; and research and development in building construction technology; $60,160,000, plus reimbursements.

GENERAL POST FUND, NATIONAL HOMES

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $7,000, as authorized by Public Law 102–54, section 8, which shall be transferred from the ''General post fund'': Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $70,000.

In addition, for administrative expenses to carry out the direct loan programs, $54,000, which shall be transferred from the ''General post fund'', as authorized by Public Law 102–54, section 8.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including uniforms or allowances therefor; not to exceed $25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of overseas employee mail; $786,385,000: Provided, That funds under this heading shall be available to administer the Service Members Occupational Conversion and Training Act.

NATIONAL CEMETERY SYSTEM

For necessary expenses for the maintenance and operation of the National Cemetery System, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of three passenger motor vehicles for use in cemeterial operations; and hire of passenger motor vehicles, $84,183,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $31,013,000.

CONSTRUCTION, MAJOR PROJECTS

(INCLUDING RESCISSION OF FUNDS)

For constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, where the estimated cost of a project is $4,000,000 or more or where funds for a project were made available in a previous major project appropriation, $92,800,000, to remain available until expended: Provided, That the $32,100,000 provided under this heading in Public Law 104–204 for a replacement hospital at Travis Air Force Base, Fairfield, CA, shall not be obligated for that purpose but shall be available instead to implement the decisions reached as a result of the capital facility recommendations contained in the final report entitled ''Assessment of Veterans Health Care Needs in Northern California,'' (Department of Veterans Affairs Contract No. V101 (93)P–1444): Provided further, That except for advance planning of projects funded through the advance planning fund and the design of projects funded through the design fund, none of these funds shall be used for any project which has not been considered and approved by the Congress in the budgetary process: Provided further, That funds provided in this appropriation for fiscal year 1998, for each approved project shall be obligated (1) by the awarding of a construction documents contract by September 30, 1998, and (2) by the awarding of a construction contract by September 30, 1999: Provided further, That the Secretary shall promptly report in writing to the Comptroller General and to the Committees on Appropriations any approved major construction project in which obligations are not incurred within the time limitations established above; and the Comptroller General shall review the report in accordance with the procedures established by section 1015 of the Impoundment Control Act of 1974 (title X of Public Law 93–344): Provided further, That no funds from any other account except the ''Parking revolving fund'', may be obligated for constructing, altering, extending, or improving a project which was approved in the budget process and funded in this account until one year after substantial completion and beneficial occupancy by the Department of Veterans Affairs of the project or any part thereof with respect to that part only.

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, where the estimated cost of a project is less than $4,000,000; $166,300,000, to remain available until expended, along with unobligated balances of previous ''Construction, minor projects'' appropriations which are hereby made available for any project where the estimated cost is less than $4,000,000: Provided, That funds in this account shall be available for (1) repairs to any of the nonmedical facilities under the jurisdiction or for the use of the Department which are necessary because of loss or damage caused by any natural disaster or catastrophe, and (2) temporary measures necessary to prevent or to minimize further loss by such causes.

PARKING REVOLVING FUND

For the parking revolving fund as authorized by 38 U.S.C. 8109, income from fees collected, to remain available until expended, which shall be available for all authorized expenses except operations and maintenance costs, which will be funded from ''Medical care''.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans as authorized by 38 U.S.C. 8131–8137, $80,000,000, to remain available until expended.

GRANTS FOR THE CONSTRUCTION OF STATE VETERAN CEMETERIES

For grants to aid States in establishing, expanding, or improving State veteran cemeteries as authorized by 38 U.S.C. 2408, $10,000,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

SEC. 101. Any appropriation for fiscal year 1998 for ''Compensation and pensions'', ''Readjustment benefits'', and ''Veterans insurance and indemnities'' may be transferred to any other of the mentioned appropriations.

SEC. 102. Appropriations available to the Department of Veterans Affairs for fiscal year 1998 for salaries and expenses shall be available for services authorized by 5 U.S.C. 3109.

SEC. 103. No appropriations in this Act for the Department of Veterans Affairs (except the appropriations for ''Construction, major projects'', ''Construction, minor projects'', and the ''Parking revolving fund'') shall be available for the purchase of any site for or toward the construction of any new hospital or home.

SEC. 104. No appropriations in this Act for the Department of Veterans Affairs shall be available for hospitalization or examination of any persons (except beneficiaries entitled under the laws bestowing such benefits to veterans, and persons receiving such treatment under 5 U.S.C. 7901–7904 or 42 U.S.C. 5141–5204), unless reimbursement of cost is made to the ''Medical care'' account at such rates as may be fixed by the Secretary of Veterans Affairs.

SEC. 105. Appropriations available to the Department of Veterans Affairs for fiscal year 1998 for ''Compensation and pensions'', ''Readjustment benefits'', and ''Veterans insurance and indemnities'' shall be available for payment of prior year accrued obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year 1997.

SEC. 106. Appropriations accounts available to the Department of Veterans Affairs for fiscal year 1998 shall be available to pay prior year obligations of corresponding prior year appropriations accounts resulting from title X of the Competitive Equality Banking Act, Public Law 100–86, except that if such obligations are from trust fund accounts they shall be payable from ''Compensation and pensions''.

SEC. 107. Notwithstanding any other provision of law, during fiscal year 1998, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund (38 U.S.C. 1920), the Veterans' Special Life Insurance Fund (38 U.S.C. 1923), and the United States Government Life Insurance Fund (38 U.S.C. 1955), reimburse the ''General operating expenses'' account for the cost of administration of the insurance programs financed through those accounts: Provided, That reimbursement shall be made only from the surplus earnings accumulated in an insurance program in fiscal year 1998, that are available for dividends in that program after claims have been paid and actuarially determined reserves have been set aside: Provided further, That if the cost of administration of an insurance program exceeds the amount of surplus earnings accumulated in that program, reimbursement shall be made only to the extent of such surplus earnings: Provided further, That the Secretary shall determine the cost of administration for fiscal year 1998, which is properly allocable to the provision of each insurance program and to the provision of any total disability income insurance included in such insurance program.

SEC. 108. Section 214(l)(1)(D) of the Immigration and Nationality Act (8 U.S.C. 1184(l)(1)(D)) (as added by section 220 of the Immigration and Nationality Technical Corrections Act of 1994 and redesignated as subsection (l) by section 671(a)(3)(A) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996) is amended by inserting before the period at the end the following: '', except that, in the case of a request by the Department of Veterans Affairs, the alien shall not be required to practice medicine in a geographic area designated by the Secretary''.

SEC. 109. None of the funds made available by title I of this Act may be used to provide a locality payment differential which would have the effect of causing a pay increase to any employee that was removed as a Director of a VA Hospital and transferred to another hospital as a result of the Inspector General's conclusion that the employee engaged in verbal sexual harassment and abusive behavior toward female employees.

TITLE II

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

HOUSING CERTIFICATE FUND

For activities and assistance to prevent the involuntary displacement of low-income families, the elderly and the disabled because of the loss of affordable housing stock, expiration of subsidy contracts (other than contracts for which amounts are provided under another head) or expiration of use restrictions, or other changes in housing assistance arrangements, and for other purposes, $10,119,000,000, to remain available until expended: Provided, That of the total amount provided under this heading, $8,666,000,000 shall be for assistance under the United States Housing Act of 1937 (42 U.S.C. 1437) for use in connection with expiring or terminating section 8 subsidy contracts including, where appropriate, congregate care services associated with the expiring or terminating contracts: Provided further, That the Secretary may determine not to apply section 8(o)(6)(B) of the Act to housing vouchers during fiscal year 1998: Provided further, That of the total amount provided under this heading, $1,110,000,000 shall be for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, as amended: Provided further, That of the total amount provided under this heading, $343,000,000 shall be for section 8 rental assistance under the United States Housing Act including assistance to relocate residents of properties (i) that are owned by the Secretary and being disposed of or (ii) that are discontinuing section 8 project-based assistance; for the conversion of section 23 projects to assistance under section 8; for funds to carry out the family unification program; and for the relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency: Provided further, That of the total amount made available in the preceding proviso, $40,000,000 shall be made available to nonelderly disabled families affected by the designation of a public housing development under section 7 of such Act or the establishment of preferences in accordance with section 651 of the Housing and Community Development Act of 1992 (42 U.S.C. 1361l).

PUBLIC HOUSING CAPITAL FUND

(INCLUDING TRANSFERS OF FUNDS)

For the Public Housing Capital Fund Program under the United States Housing Act of 1937, as

amended (42 U.S.C. 1437), $2,500,000,000, to remain available until expended for modernization of existing public housing projects as authorized under section 14 of such Act: Provided, That of the total amount, $30,000,000 shall be for carrying out activities under section 6(j) of such Act and technical assistance for the inspection of public housing units, contract expertise, and training and technical assistance directly or indirectly, under grants, contracts, or cooperative agreements, to assist in the oversight and management of public housing (whether or not the housing is being modernized with assistance under this proviso) or tenant-based assistance, including, but not limited to, an annual resident survey, data collection and analysis, training and technical assistance by or to officials and employees of the Department and of public housing agencies and to residents in connection with the public housing program and for lease adjustments to section 23 projects: Provided further, That of the amount available under this heading, the Secretary of Housing and Urban Development may use up to $60,000,000 for a public and assisted housing self-sufficiency program of which up to $5,000,000 may be used for the Moving to Work Demonstration and up to $5,000,000 may be used for the Tenant Opportunity Program: Provided further, That, for the self-sufficiency activities, the Secretary may make grants to public housing agencies (including Indian housing authorities), nonprofit corporations, and other appropriate entities for a supportive services program to assist residents of public and assisted housing, former residents of such housing receiving tenant-based assistance under section 8 of such Act (42 U.S.C. 1437f), and other low-income families and individuals to become self-sufficient: Provided, That the program shall provide supportive services, principally for the benefit of public housing residents, to the elderly and the disabled, and to families with children where the head of household would benefit from the receipt of supportive services and is working, seeking work, or is preparing for work by participating in job training or educational programs: Provided further, That the supportive services may include congregate services for the elderly and disabled, service coordinators, and coordinated educational, training, and other supportive services, including academic skills training, job search assistance, assistance related to retaining employment, vocational and entrepreneurship development and support programs, transportation, and child care: Provided further, That the Secretary shall require applications to demonstrate firm commitments of funding or services from other sources: Provided further, That the Secretary shall select public and Indian housing agencies to receive assistance under this head on a competitive basis, taking into account the quality of the proposed program, including any innovative approaches, the extent of the proposed coordination of supportive services, the extent of commitments of funding or services from other sources, the extent to which the proposed program includes reasonably achievable, quantifiable goals for measuring performance under the program over a three-year period, the extent of success an agency has had in carrying out other comparable initiatives, and other appropriate criteria established by the Secretary: Provided further, That all balances, as of September 30, 1997, of funds heretofore provided (other than for Indian families) for the development or acquisition costs of public housing, for modernization of existing public housing projects, for public housing amendments, for public housing modernization and development technical assistance, for lease adjustments under the section 23 program, and for the Family Investment Centers program, shall be transferred to and merged with amounts made available under this heading.

PUBLIC HOUSING OPERATING FUND

(INCLUDING TRANSFER OF FUNDS)

For payments to public housing agencies for operating subsidies for low-income housing projects as authorized by section 9 of the United States Housing Act of 1937, including the costs associated with congregate care and supportive services, as amended (42 U.S.C. 1437g), $2,900,000,000, to remain available until expended: Provided, That all balances outstanding, as of September 30, 1997, of funds heretofore provided (other than for Indian families) for payments to public housing agencies for operating subsidies for low-income housing projects, shall be transferred to and merged with amounts made available under this heading.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

(INCLUDING TRANSFER OF FUNDS)

For grants to public and Indian housing agencies for use in eliminating crime in public housing projects authorized by 42 U.S.C. 11901–11908, for grants for federally assisted low-income housing authorized by 42 U.S.C. 11909, and for drug information clearinghouse services authorized by 42 U.S.C. 11921–11925, $290,000,000, to remain available until expended, of which $10,000,000 shall be for grants, technical assistance, contracts and other assistance training, program assessment, and execution for or on behalf of public housing agencies, resident organizations, and Indian Tribes and their Tribally designated housing entities (including the cost of necessary travel for participants in such training); $10,000,000 shall be used in connection with efforts to combat violent crime in public and assisted housing under the Operation Safe Home Program administered by the Inspector General of the Department of Housing and Urban Development; and $5,000,000 shall be provided to the Office of Inspector General for Operation Safe Home: Provided, That the term ''drug-related crime'', as defined in 42 U.S.C. 11905(2), shall also include other types of crime as determined by the Secretary: Provided further, That notwithstanding section 5130(c) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11909(c)), the Secretary may determine not to use any such funds to provide public housing youth sports grants.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)

For grants to public housing agencies for assisting in the demolition of obsolete public housing projects or portions thereof, the revitalization (where appropriate) of sites (including remaining public housing units) on which such projects are located, replacement housing which will avoid or lessen concentrations of very low-income families, and tenant-based assistance in accordance with section 8 of the United States Housing Act of 1937; and for providing replacement housing and assisting tenants to be displaced by the demolition, $550,000,000, to remain available until expended, of which the Secretary may use up to $10,000,000 for technical assistance and contract expertise, to be provided directly or indirectly by grants, contracts or cooperative agreements, including training and cost of necessary travel for participants in such training, by or to officials and employees of the Department and of public housing agencies and to residents: Provided, That of the amount made available under this head, $50,000,000 shall be made available, including up to $10,000,000 for Heritage House in Kansas City, Missouri, for the demolition of obsolete elderly public housing projects and the replacement, where appropriate, and revitalization of the elderly public housing as new communities for the elderly designed to meet the special needs and physical requirements of the elderly: Provided further, That no funds appropriated in this title shall be used for any purpose that is not provided for herein, in the Housing Act of 1937, in the Appropriations Acts for Veterans Affairs, Housing and Urban Development, and Independent Agencies, for the fiscal years 1993, 1994, 1995, and 1997, and the Omnibus Consolidated Rescissions and Appropriations Act of 1996: Provided further, That none of such funds shall be used directly or indirectly by granting competitive advantage in awards to settle litigation or pay judgments, unless expressly permitted herein.

NATIVE AMERICAN HOUSING BLOCK GRANTS

(INCLUDING TRANSFERS OF FUNDS)

For the Native American Housing Block Grants program, as authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (Public Law 104–330), $485,000,000, to remain available until expended, of which $5,000,000 shall be used to support the inspection of Indian housing units, contract expertise, training, and technical assistance in the oversight and management of Indian housing and tenant-based assistance, including up to $200,000 for related travel: Provided, That of the amount available under this head, $5,000,000 shall be made available for the credit subsidy cost of guaranteed loans, including the cost of modifying such loans, as authorized under section 601 of the Native American Housing Assistance and Self-Determination Act: Provided further, That these funds are available for the Secretary, in conjunction with Native American groups, Indian tribes and their tribally designated housing entities, for a demonstration on ways to enhance economic growth, access to private capital, and encourage the investment and participation of traditional financial institutions in tribal and other Native American areas: Provided, further: That all balances outstanding as of September 30, 1997, previously appropriated under the headings ''Annual Contributions for Assisted Housing'', ''Development of Additional New Subsidized Housing'', ''Preserving Existing Housing Development'', ''HOME Investment Partnerships Program'', ''Emergency Shelter Grants Program'', and ''Homeless Assistance Funds'', identified for Indian Housing Authorities and other agencies primarily serving Indians or Indian areas, shall be transferred to and merged with amounts made under this heading.

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

For the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (106 Stat. 3739) $6,000,000, to remain available until expended: Provided, That such costs, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $73,800,000.

COMMUNITY PLANNING AND DEVELOPMENT

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

For carrying out the Housing Opportunities for Persons with AIDS program, as authorized by the AIDS Housing Opportunity Act (42 U.S.C. 12901), $204,000,000, to remain available until expended.

CAPITAL GRANTS/CAPITAL LOANS PRESERVATION ACCOUNT

That of any amounts recaptured in excess of $250,000,000 from interest reduction payment contracts for section 236 contracts recaptured during fiscal year 1998, that excess amount shall be available for use in conjunction with properties that are eligible for assistance under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low Income Housing Preservation Act of 1987 (ELIHPA) for projects that are currently eligible for funding, as provided under the VA/HUD Fiscal Year 1997 Appropriations Act: Provided, That the queue shall be reordered so that one project is funded per State using the current order of the funding queue for reordering the queue and 3 projects per HUD region with each project reordered (1) on the basis of

the lowest vacancy rates for the areas where each project is located and, where necessary, (2) using the current order of the funding queue for reordering the queue, where necessary: Provided further, That an owner of eligible low-income housing may prepay the mortgage or request voluntary termination of a mortgage insurance contract, so long as said owner agrees not to raise rents for sixty days after such prepayment: Provided further, that all appraisals of each property in the queue shall be revised to reflect the existing value of the property: Provided further, That, to be eligible, each development shall have been determined to have preservation equity at least equal to the lesser of $5,000 per unit or $500,000 per project or the equivalent of four times the most recently published monthly fair market rent for the areas in which the project is located while considering the appropriate unit size for all of the units in the eligible project: Provided further, That the Secretary may modify the regulatory agreement to permit owners and priority purchasers to retain rental income in excess of the basic rental charge for projects assisted under section 236 of the National Housing Act, for the purpose of preserving the low- and moderate-income character of the housing: Provided further, That, notwithstanding any other provision of law, subject to the availability of appropriated funds, each low-income family or moderate income family who is elderly or disabled or is residing in a low-vacancy area, residing in the housing on the date of prepayment or voluntary termination, and whose rent, as a result of a rent increase occurring no later than one year after the date of the prepayment, exceeds 30 percent of adjusted income, shall be offered tenant-based assistance in accordance with section 8 or any successor program, under which the family shall pay no less for rent than it paid on such date: Provided further, That any family receiving tenant-based assistance under the preceding proviso may elect (1) to remain in the unit of the housing and if the rent exceeds the fair market rent or payment standard, if applicable, the rent shall be deemed to be the applicable standard, so long as the administering public housing agency finds that the rent is reasonable in comparison with rents charged for comparable unassisted housing units in the market or (2) to move from the housing and the rent will be subject to the fair market or the payment standard, as applicable, under existing program rules and procedures: Provided further, That the tenant-based assistance made available under the preceding two provisos are in lieu of benefits provided under subsections 223 (b), (c), and (d) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990: Provided further, That any sales shall be funded using the capital grant available under subsections 220(d)(3)(A) of LIHPRHA: Provided further, That any extensions shall be funded using a non-interest-bearing capital (direct) loan by the Secretary not in excess of the amount of the cost of rehabilitation approved in the plan of action plus 65 percent of the property's preservation equity and under such other terms and conditions as the Secretary may prescribe: Provided further, That any capital grant or capital loan, including rehabilitation costs, shall be limited to four times the fair market rent for fiscal year 1998 for the area in which the project is located, using the appropriate apartment sizes: Provided further, That section 241(f) of the National Housing Act is repealed and insurance under such section shall not be offered as an incentive under LIHPHRA and ELIPHA: Provided further, That notwithstanding any other provision of law, the Secretary shall, at the request of an owner or a priority purchaser, approve a one-time rent increase of up to 10 percent: Provided further, That notwithstanding any other provision of law, priority purchasers may utilize assistance under the Community Development Block Grant program, the HOME Investment Partnerships Act or the Low Income Housing Tax Credit: Provided further, That projects with approved plans of action may submit revised plans of action which conform to these requirements by March 15, 1998, and retain the new priority for funding under these provisos.

COMMUNITY DEVELOPMENT BLOCK GRANTS

(INCLUDING TRANSFERS OF FUNDS)

For grants to States and units of general local government and for related expenses, not otherwise provided for, to carry out a community development grants program as authorized by title I of the Housing and Community Development Act of 1974, as amended (the ''Act'' herein) (42 U.S.C. 5301), $4,600,000,000, to remain available until September 30, 2000: Provided, That $67,000,000 shall be for grants to Indian tribes notwithstanding section 106(a)(1) of the Act; $2,100,000 shall be available as a grant to the Housing Assistance Council; $1,500,000 shall be available as a grant to the National American Indian Housing Council; $30,000,000 shall be for grants pursuant to section 107 of such Act; $12,000,000 shall be for the Community Outreach Partnership program; $30,000,000 shall be made available for ''Capacity Building for Community Development and Affordable Housing,'' as authorized by section 4 of the HUD Demonstration Act of 1993 (Public Law 103–120) with not less than $10,000,000 of the funding to be used in rural areas, including tribal areas: Provided further, That not to exceed 20 percent of any grant made with funds appropriated herein (other than a grant made available under the preceding proviso to the Housing Assistance Council or the National American Indian Housing Council, or a grant using funds under section 107(b)(3) of the Housing and Community Development Act of 1974, as amended) shall be expended for ''Planning and Management Development'' and ''Administration'' as defined in regulations promulgated by the Department.

Of the amount made available under this heading, notwithstanding any other provision of law, $35,000,000 shall be available for youthbuild program activities authorized by subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, as amended, and such activities shall be an eligible activity with respect to any funds made available under this heading. Local youthbuild programs that demonstrate an ability to leverage private and nonprofit funding shall be given a priority for youthbuild funding.

Of the amount made available under this heading, notwithstanding any other provision of law, $60,000,000 shall be available for the lead-based paint hazard reduction program as authorized under sections 1011 and 1053 of the Residential Lead-Based Hazard Reduction Act of 1992.

Of the amounts made available under this heading, $30,000,000 shall be available for the New Approach Anti-Drug program for competitive grants to entities managing or operating public housing developments, federally assisted multifamily housing developments, or other multifamily housing development for low-income families supported by non-Federal Governmental entities or similar housing developments supported by nonprofit private sources; to reimburse local law enforcement entities for additional police presence in and around such housing developments; to provide or augment such security services by other entities or employees of the recipient agency; to assist in the investigation and/or prosecution of drug related criminal activity in and around such developments; and to provide assistance for the development of capital improvements at such developments directly relating to the security of such developments: Provided, That such grants be made on a competitive basis as specified in section 102 of the HUD Reform Act.

Of the amounts made available under this heading $42,000,000 shall be available for the Secretary, in consultation with the Secretary of Agriculture, to make grants, not to exceed $7,000,000 each, for rural and tribal areas, including at least one Native American area in Alaska, to test out comprehensive approaches to developing a job base through economic development, developing affordable low- and moderate-income rental and homeownership housing, and the investment of both private and nonprofit capital.

Of the amounts made available under this heading, $40,000,000 for the Economic Development Initiative (EDI) to finance a variety of efforts, including those identified in the Senate committee report, that promote economic revitalization that links people to jobs and supportive services. Failure to fund any project identified for EDI funds in the Senate committee report shall result in all funding under this paragraph to be allocated as funding under the Community Development Block Grant Program as authorized under title I of the Housing and Community Development Act of 1974, as amended.

For the cost of guaranteed loans, $29,000,000, as authorized by section 108 of the Housing and Community Development Act of 1974: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed $1,261,000,000, notwithstanding any aggregate limitation on outstanding obligations guaranteed in section 108(k) of the Housing and Community Development Act. In addition, for administrative expenses to carry out the guaranteed loan program, $1,000,000, which shall be transferred to and merged with the appropriation for departmental salaries and expenses.

EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES

For grants to Empowerment Zones and Enterprise Communities, to be designated by the Secretary of Housing and Urban Development, to continue efforts to stimulate economic opportunity in America's distressed communities, $25,000,000, to remain available until expended.

HOME INVESTMENT PARTNERSHIPS PROGRAM

For the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101–625), as amended, $1,400,000,000, to remain available until expended: Provided, That up to $7,000,000 shall be available for the development and operation of integrated community development management information systems: Provided further, That $20,000,000 shall be available for Housing Counseling under section 106 of the Housing and Urban Development Act of 1968.

SUPPORTIVE HOUSING PROGRAM

(RESCISSION)

Of the funds made available under this heading in Public Law 102–389 and prior laws for the Supportive Housing Demonstration Program, as authorized by the Stewart B. McKinney Homeless Assistance Act, $6,000,000 of funds recaptured during fiscal year 1998 shall be rescinded.

SHELTER PLUS CARE

(RESCISSION)

Of the funds made available under this heading in Public Law 102–389 and prior laws for the Shelter Plus Care program, as authorized by the Stewart B. McKinney Homeless Assistance Act, $4,000,000 of funds recaptured during fiscal year 1998 shall be rescinded.

HOMELESS ASSISTANCE GRANTS

For the emergency shelter grants program (as authorized under subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act, as amended); the supportive housing program (as authorized under subtitle C of title IV of such Act); the section 8 moderate rehabilitation single room occupancy program (as authorized under the United States Housing Act of 1937, as amended) to assist homeless individuals pursuant to section 441 of the Stewart B. McKinney

Homeless Assistance Act; and the shelter plus care program (as authorized under subtitle F of title IV of such Act), $823,000,000, to remain available until expended: Provided further, That any unobligated balances available or recaptures in, or which become available in the Emergency Shelter Grants Program account, Supportive Housing Program account, Supplemental Assistance for Facilities to Assist the Homeless account, Shelter Plus Care account, Innovative Homeless Initiatives Demonstration Program account and Section 8 Moderate Rehabilitation (SRO) account, shall be transferred to and merged with the amounts in this account and shall be used for purposes under this account.

HOUSING PROGRAMS

HOUSING FOR SPECIAL POPULATIONS

(INCLUDING TRANSFER OF FUNDS)

For assistance for the purchase, construction, acquisition, or development of additional public and subsidized housing units for low income families under the United States Housing Act of 1937, as amended (42 U.S.C. 1437), not otherwise provided for, $839,000,000, to remain available until expended: Provided, That of the total amount provided under this heading, $645,000,000 shall be for capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance, and amendments to contracts for project rental assistance, for the elderly under section 202(c)(2) of the Housing Act of 1959, and for supportive services associated with the housing; and $194,000,000 shall be for capital advances, including amendments to capital advance contracts, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act, for project rental assistance, for amendments to contracts for project rental assistance, and supportive services associated with the housing for persons with disabilities as authorized by section 811 of such Act: Provided further, That the Secretary may designate up to 25 percent of the amounts earmarked under this paragraph for section 811 of such Act for tenant-based assistance, as authorized under that section, including such authority as may be waived under the next proviso, which assistance is five years in duration: Provided further, That the Secretary may waive any provision of section 202 of the Housing Act of 1959 and section 811 of the National Affordable Housing Act (including the provisions governing the terms and conditions of project rental assistance and tenant-based assistance) that the Secretary determines is not necessary to achieve the objectives of these programs, or that otherwise impedes the ability to develop, operate or administer projects assisted under these programs, and may make provision for alternative conditions or terms where appropriate: Provided further, That all obligated and unobligated balances remaining in either the ''Annual Contributions for Assisted Housing'' account or the ''Development of Additional New Subsidized Housing'' account for capital advances, including amendments to capital advances, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for the elderly, under section 202(c)(2) of such Act, shall be transferred to and merged with the amounts for those purposes under this heading; and, all obligated and unobligated balances remaining in either the ''Annual Contributions for Assisted Housing'' account or the ''Development of Additional New Subsidized Housing'' account for capital advances, including amendments to capital advances, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzales National Affordable Housing Act, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for persons with disabilities, as authorized under section 811 of such Act, shall be transferred to and merged with the amounts for those purposes under this heading.

OTHER ASSISTED HOUSING PROGRAMS

RENTAL HOUSING ASSISTANCE

(RESCISSION)

The limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 of the National Housing Act (12 U.S.C. 1715z–1) is reduced in fiscal year 1998 by not more than $7,350,000 in uncommitted balances of authorizations provided for this purpose in appropriation Acts: Provided, That up to $125,000,000 of recaptured budget authority shall be canceled.

FLEXIBLE SUBSIDY FUND

(TRANSFER OF FUNDS)

From the Rental Housing Assistance Fund, all uncommitted balances of excess rental charges as of September 30, 1997, and any collections made during fiscal year 1998, shall be transferred to the Flexible Subsidy Fund, as authorized by section 236(g) of the National Housing Act, as amended.

FEDERAL HOUSING ADMINISTRATION

FHA—MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

During fiscal year 1998, commitments to guarantee loans to carry out the purposes of section 203(b) of the National Housing Act, as amended, shall not exceed a loan principal of $110,000,000,000.

During fiscal year 1998, obligations to make direct loans to carry out the purposes of section 204(g) of the National Housing Act, as amended, shall not exceed $200,000,000: Provided, That the foregoing amount shall be for loans to nonprofit and governmental entities in connection with sales of single family real properties owned by the Secretary and formerly insured under the Mutual Mortgage Insurance Fund.

For administrative expenses necessary to carry out the guaranteed and direct loan program, $333,421,000, to be derived from the FHA-mutual mortgage insurance guaranteed loans receipt account, of which not to exceed $326,309,000 shall be transferred to the appropriation for departmental salaries and expenses; and of which not to exceed $12,112,000 shall be transferred to the appropriation for the Office of Inspector General.

FHA—GENERAL AND SPECIAL RISK PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

For the cost of guaranteed loans, as authorized by sections 238 and 519 of the National Housing Act (12 U.S.C. 1715z–3 and 1735c), including the cost of loan guarantee modifications (as that term is defined in section 502 of the Congressional Budget Act of 1974, as amended), $81,000,000, to remain available until expended: Provided, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, of up to $17,400,000,000: Provided further, That any amounts made available in any prior appropriations Act for the cost (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guaranteed loans that are obligations of the funds established under section 238 or 519 of the National Housing Act that have not been obligated or that are deobligated shall be available to the Secretary of Housing and Urban Development in connection with the making of such guarantees and shall remain available until expended, notwithstanding the expiration of any period of availability otherwise applicable to such amounts.

Gross obligations for the principal amount of direct loans, as authorized by sections 204(g), 207(l), 238(a), and 519(a) of the National Housing Act, shall not exceed $120,000,000; of which not to exceed $100,000,000 shall be for bridge financing in connection with the sale of multifamily real properties owned by the Secretary and formerly insured under such Act; and of which not to exceed $20,000,000 shall be for loans to nonprofit and governmental entities in connection with the sale of single-family real properties owned by the Secretary and formerly insured under such Act.

In addition, for administrative expenses necessary to carry out the guaranteed and direct loan programs, $222,305,000, of which $218,134,000, including $25,000,000 for the enforcement of housing standards on FHA-insured multifamily projects, shall be transferred to the appropriation for departmental salaries and expenses; and of which $4,171,000 shall be transferred to the appropriation for the Office of Inspector General.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES LOAN GUARANTEE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

During fiscal year 1998, new commitments to issue guarantees to carry out the purposes of section 306 of the National Housing Act, as amended (12 U.S.C. 1721(g)), shall not exceed $130,000,000,000.

For administrative expenses necessary to carry out the guaranteed mortgage-backed securities program, $9,383,000, to be derived from the Ginnie Mae-guarantees of mortgage-backed securities guaranteed loan receipt account, of which not to exceed $9,383,000 shall be transferred to the appropriation for salaries and expenses.

POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970, as amended (12 U.S.C. 1701z–1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, $34,000,000, to remain available until September 30, 1999.

FAIR HOUSING AND EQUAL OPPORTUNITY

FAIR HOUSING ACTIVITIES

For contracts, grants, and other assistance, not otherwise provided for, as authorized by title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, and section 561 of the Housing and Community Development Act of 1987, as amended, $30,000,000, to remain available until September 30, 1999, of which $10,000,000 shall be to carry out activities pursuant to such section 561. No funds made available under this heading shall be used to lobby the executive or legislative branches of the Federal Government in connection with a specific contract, grant or loan.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary administrative and non-administrative expenses of the Department of Housing and Urban Development, not otherwise provided for, including not to exceed $7,000 for official reception and representation expenses, $954,826,000, of which $544,443,000 shall be provided from the various funds of the Federal Housing Administration, $9,383,000 shall be provided from funds of the Government National Mortgage Association, and $1,000,000 shall be provided from the ''Community Development Grants Program'' account.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the Inspector

General Act of 1978, as amended, $57,850,000, of which $16,283,000 shall be provided from the various funds of the Federal Housing Administration and $5,000,000 shall be provided from the amount earmarked for Operation Safe Home in the ''Drug Elimination Grants for Low Income Housing'' account.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For carrying out the Federal Housing Enterprise Financial Safety and Soundness Act of 1992, $15,500,000, to remain available until expended, to be derived from the Federal Housing Enterprise Oversight Fund: Provided, That not to exceed such amount shall be available from the General Fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund: Provided further, That the General Fund amount shall be reduced as collections are received during the fiscal year so as to result in a final appropriation from the General Fund estimated at not more than $0.

ADMINISTRATIVE PROVISIONS

EXTENDERS

SEC. 201. (a) ONE-FOR-ONE REPLACEMENT OF PUBLIC AND INDIAN HOUSING.—Section 1002(d) of Public Law 104–19 is amended by striking ''1997'' and inserting ''1998''.

(b) STREAMLINING SECTION 8 TENANT-BASED ASSISTANCE.—Section 203(d) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 is amended by striking ''fiscal years 1996 and 1997'' and inserting ''fiscal years 1996, 1997, and 1998''.

(c) SECTION 8 RENT ADJUSTMENTS.—Section 8(c)(2)(A) of the United States Housing Act of 1937 is amended—

(1) in the third sentence, by striking ''fiscal year 1997'' and inserting ''fiscal years 1997 and 1998'';

(2) in the last sentence, by striking ''fiscal year 1997'' and inserting ''fiscal years 1997 and 1998''.

(3) in the fourth sentence, by striking ''For'' and inserting ''Except for assistance under the certificate program, for'';

(4) after the fourth sentence, by inserting the following new sentence: ''In the case of assistance under the certificate program, 0.01 shall be subtracted from the amount of the annual adjustment factor (except that the factor shall not be reduced to less than 1.0), and the adjusted rent shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area.''; and

(5) in the last sentence, by—

(A) striking ''sentence'' and inserting ''two sentences''; and

(B) inserting '', fiscal year 1996 prior to April 26, 1996, and fiscal year 1997'' after ''1995''.

(d) PUBLIC AND ASSISTED HOUSING RENTS, INCOME ADJUSTMENTS AND PREFERENCES.—

(1) Section 402(a) of The Balanced Budget Downpayment Act, I is amended by striking ''fiscal year 1997'' and insert in lieu thereof ''fiscal year 1998''.

(2) Section 402(f) of The Balanced Budget Downpayment Act, I is amended by striking ''fiscal years 1996 and 1997'' and inserting in lieu thereof ''fiscal years 1997 and 1998''.

DELAY REISSUANCE OF VOUCHERS AND CERTIFICATES

SEC. 202. Section 403(c) of The Balanced Budget Downpayment Act, I is amended—

(1) by striking ''fiscal years 1996 and 1997'' and inserting ''fiscal years 1996, 1997, and 1998''; and

(2) by inserting before the semicolon the following: ''and October 1, 1998 for assistance made available during fiscal year 1998''.

FINANCING ADJUSTMENT FACTORS

SEC. 203. Fifty per centum of the amounts of budget authority, or in lieu thereof 50 per centum of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (Public Law 100–628, 102 Stat. 3224, 3268) shall be rescinded, or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not rescinded or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects approved by the Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section. Notwithstanding the previous sentence, the Secretary may award up to 15 percent of the budget authority or cash recaptured and not rescinded or remitted to the Treasury to provide project owners with incentives to refinance their project at a lower interest rate.

ANNUAL ADJUSTMENT FACTORS

SEC. 204. Section 8(c)(2)(A) of the United States Housing Act of 1937 is amended by inserting the following new sentences at the end: ''In establishing annual adjustment factors for units in new construction and substantial rehabilitation projects, the Secretary shall take into account the fact that debt service is a fixed expense. The immediately foregoing sentence shall be effective only during fiscal year 1998.''.

COMMUNITY DEVELOPMENT BLOCK GRANT

SEC. 205. Notwithstanding any other provision of law, the $7,100,000 appropriated for an industrial park at 18th Street and Indiana Avenue shall be made available by the Secretary instead to 18th and Vine for rehabilitation and infrastructure development associated with the ''Negro Leagues Baseball Museum'' and the Jazz Museum.

FAIR HOUSING AND FREE SPEECH

SEC. 206. None of the amounts made available under this Act may be used during fiscal year 1998 to investigate or prosecute under the Fair Housing Act any otherwise lawful activity engaged in by one or more persons, including the filing or maintaining of a nonfrivolous legal action, that is engaged in solely for the purpose of achieving or preventing action by a government official or entity, or a court of competent jurisdiction.

REQUIREMENT FOR HUD TO MAINTAIN PUBLIC NOTICE AND COMMENT RULEMAKING

SEC. 207. Notwithstanding any other provision of law, for fiscal year 1998 and for all fiscal years thereafter, the Secretary of Housing and Urban Development shall maintain all current requirements under part 10 of the Department of Housing and Urban Development's regulations (24 CRS part 10) with respect to the Department's policies and procedures for the promulgation and issuance of rules, including the use of public participation in the rulemaking process.

BROWNFIELDS AS ELIGIBLE CDBG ACTIVITY

SEC. 208. States and entitlement communities may use funds allocated under the community development block grant program under title I of the Housing and Community Development Act of 1974 for remediation and development activities related to brownfields projects in conjunction with the appropriate environmental regulatory agencies.

PARTIAL PAYMENT OF CLAIMS ON HEALTH CARE FACILITIES

SEC. 209. Section 541(a) of the National Housing Act is amended—

(1) in the section heading, by adding ''AND HEALTH CARE FACILITIES'' AT THE END; AND

(2) in subsection (a)—

(A) by inserting ''or a health care facility (including a nursing home, intermediate care facility, or board and care home (as those terms are defined in section 232), a hospital (as that term is defined in section 242), or a group practice facility (as that term is defined in section 1106)'' after ''1978''; and

(B) by inserting ''or for keeping the health care facility operational to serve community needs,'' after ''character of the project,''.

FHA MULTIFAMILY MORTGAGE CREDIT DEMONSTRATIONS

SEC. 210. Section 542 of the Housing and Community Development Act of 1992 is amended—

(1) in subsection (b)(5) by adding before the period at the end of the first sentence '', and not more than an additional 15,000 units over fiscal year 1998''; and

(2) in the first sentence of subsection (c)(4) inserting after ''fiscal year 1997'' the following: ''and not more than an additional 15,000 units during fiscal year 1998.''.

CALCULATION OF DOWNPAYMENT

SEC. 211. Section 203(b) of the National Housing Act is amended by striking ''fiscal year 1997'' in paragraph (10)(A) and inserting in lieu thereof ''fiscal year 1997 and thereafter''.

SECTION 8 MARK-TO-MARKET MULTIFAMILY HOUSING REFORM

SEC. 212. Subtitle B, the Multifamily Assisted Housing Reform and Affordability Act of 1997'', of title II of S. 947, the Balanced Budget Act of 1997, as passed by the Senate on June 25, 1997, is incorporated by reference in this bill, the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Bill, 1998.

HOPE VI NOFA

SEC. 213. Notwithstanding any other provision of law, including the July 22, 1996 Notice of Funding Availability (61 Fed. Reg. 38024), the demolition of units at developments funded under the Notice of Funding Availability shall be at the option of the New York City Housing Authority and the assistance awarded shall be allocated by the public housing agency among other eligible activities under the HOPE VI program and without the development costs limitations of the Notice, provided that the public housing agency shall not exceed the total cost limitations for the public housing agency, as provided by the Department of Housing and Urban Development.

ENHANCED DISPOSITION AUTHORITY

SEC. 214. Section 204 of the Department of Veterans Affairs and Housing and Urban Development, and independent Agencies Appropriations Act, 1997 is amended by inserting after ''owned by the Secretary'' the following: '', including, for fiscal year 1998, the provision of grants and loans from the General Insurance Fund (12 U.S.C. 1735c) for the necessary costs of rehabilitation or demolition.

HOME PROGRAM FORMULA

SEC. 215. The first sentence of section 217(b)(3) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking ''only those jurisdictions that are allocated an amount of $500,000 or greater shall receive an allocation'' and inserting in lieu thereof the following: ''jurisdictions that are allocated an amount of $500,000 or more, and participating jurisdictions (other than consortia that fail to renew the membership of all of their member jurisdictions) that are allocated an amount less than $500,000, shall receive an allocation''.

INDIAN HOUSING REFORM

SEC. 216. Upon a finding by the Secretary of Housing and Urban Development that any person has substantially, significantly, or materially violated the requirements of any activity under the Native American Housing Block Grants Program under title I of the Native American Self-Determination Act of 1996 or any associated activity under the jurisdiction of the Department of Housing and Urban Development, the Secretary shall bar that person from any such participation in programs under that title thereafter and shall require reimbursement for any losses or costs associated with these violations.

TITLE III—INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchases and repair of uniforms for caretakers of national cemeteries and monuments outside of the United States and its territories and possessions; rent of office and garage space in foreign countries; purchase (one for replacement only) and hire of passenger motor vehicles; and insurance of official motor vehicles in foreign countries, when required by law of such countries; $23,897,000, to remain available until expended: Provided, That where station allowance has been authorized by the Department of the Army for officers of the Army serving the Army at certain foreign stations, the same allowance shall be authorized for officers of the Armed Forces assigned to the Commission while serving at the same foreign stations, and this appropriation is hereby made available for the payment of such allowance: Provided further, That when traveling on business of the Commission, officers of the Armed Forces serving as members or as Secretary of the Commission may be reimbursed for expenses as provided for civilian members of the Commission: Provided further, That the Commission shall reimburse other Government agencies, including the Armed Forces, for salary, pay, and allowances of personnel assigned to it.

CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD

SALARIES AND EXPENSES

For necessary expenses in carrying out activities pursuant to section 112(r)(6) of the Clean Air Act, including hire of passenger vehicles, and for services authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent to the maximum rate payable for senior level positions under 5 U.S.C. 5376, $4,000,000.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Consumer Product Safety Commission, including hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the maximum rate payable under 5 U.S.C. 5376, purchase of nominal awards to recognize non-Federal officials' contributions to Commission activities, and not to exceed $500 for official reception and representation expenses, $45,000,000.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

NATIONAL AND COMMUNITY SERVICE PROGRAMS OPERATING EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the Corporation for National and Community Service (referred to in the matter under this heading as the ''Corporation'') in carrying out programs, activities, and initiatives under the National and Community Service Act of 1990 (referred to in the matter under this heading as the ''Act'') (42 U.S.C. 12501 et seq.), $420,500,000, to remain available until September 30, 1999: Provided, That not more than $25,000,000 shall be available for administrative expenses authorized under section 501(a)(4) of the Act (42 U.S.C. 12671(a)(4)): Provided further, That not more than $2,500 shall be for official reception and representation expenses: Provided further, That not more than $59,000,000, to remain available without fiscal year limitation, shall be transferred to the National Service Trust account for educational awards authorized under subtitle D of title I of the Act (42 U.S.C. 12601 et seq.): Provided further, That not more than $215,000,000 of the amount provided under this heading shall be available for grants under the National Service Trust program authorized under subtitle C of title I of the Act (42 U.S.C. 12571 et seq.) (relating to activities including the Americorps program), of which not more than $40,000,000 may be used to administer, reimburse, or support any national service program authorized under section 121(d)(2) of such Act (42 U.S.C. 12581(d)(2)): Provided further, That not more than $5,500,000 of the funds made available under this heading shall be made available for the Points of Light Foundation for activities authorized under title III of the Act (42 U.S.C. 12661 et seq.): Provided further, That no funds shall be available for national service programs run by Federal agencies authorized under section 121(b) of such Act (42 U.S.C. 12571(b)): Provided further, That to the maximum extent feasible, funds appropriated under subtitle C of title I of the Act shall be provided in a manner that is consistent with the recommendations of peer review panels in order to ensure that priority is given to programs that demonstrate quality, innovation, replicability, and sustainability: Provided further, That not more than $18,000,000 of the funds made available under this heading shall be available for the Civilian Community Corps authorized under subtitle E of title I of the Act (42 U.S.C. 12611 et seq.): Provided further, That not more than $43,000,000 shall be available for school-based and community-based service-learning programs authorized under subtitle B of title I of the Act (42 U.S.C. 12521 et seq.): Provided further, That not more than $30,000,000 shall be available for quality and innovation activities authorized under subtitle H of title I of the Act (42 U.S.C. 12853 et seq.): Provided further, That $20,000,000 shall be available for the America Reads Initiative: Provided further, That not more than $5,000,000 shall be available for audits and other evaluations authorized under section 179 of the Act (42 U.S.C. 12639): Provided further, That no funds from any other appropriation, or from funds otherwise made available to the Corporation, shall be used to pay for personnel compensation and benefits, travel, or any other administrative expense for the Board of Directors, the Office of the Chief Executive Officer, the Office of the Managing Director, the Office of the Chief Financial Officer, the Office of National and Community Service Programs, the Civilian Community Corps, or any field office or staff of the Corporation working on the National and Community Service or Civilian Community Corps programs: Provided further, That to the maximum extent practicable, the Corporation shall increase significantly the level of matching funds and in-kind contributions provided by the private sector, shall expand significantly the number of educational awards provided under subtitle D of title I, and shall reduce the total Federal costs per participant in all programs.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $3,000,000.

COURT OF VETERANS APPEALS

SALARIES AND EXPENSES

For necessary expenses for the operation of the United States Court of Veterans Appeals as authorized by 38 U.S.C. sections 7251–7298, $9,320,000, of which $790,000, shall be available for the purpose of providing financial assistance as described, and in accordance with the process and reporting procedures set fourth, under this heading in Public Law 102–229.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, including the purchase of two passenger motor vehicles for replacement only, and not to exceed $1,000 for official reception and representation expenses, $11,815,000, to remain available until expended.

ENVIRONMENTAL PROTECTION AGENCY

SCIENCE AND TECHNOLOGY

(INCLUDING TRANSFER OF FUNDS)

For science and technology, including research and development activities, which shall include research and development activities under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended; necessary expenses for personnel and related costs and travel expenses, including uniforms, or allowances therefore, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18; procurement of laboratory equipment and supplies; other operating expenses in support of research and development; construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project, $600,000,000, which shall remain available until September 30, 1999.

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

For environmental programs and management, including necessary expenses, not otherwise provided for, for personnel and related costs and travel expenses, including uniforms, or allowances therefore, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18; hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; purchase of reprints; library memberships in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members; construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project; and not to exceed $6,000 for official reception and representation expenses, $1,801,000,000, which shall remain available until September 30, 1999.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project, $28,500,000, to remain available until September 30, 1999.

BUILDINGS AND FACILITIES

For construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of, or for use by, the Environmental Protection Agency, $19,420,000, to remain available until expended.

HAZARDOUS SUBSTANCE SUPERFUND

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended, including sections 111 (c)(3), (c)(5), (c)(6), and (e)(4) (42 U.S.C. 9611), and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project; not to exceed $1,400,000,000 (of which $100,000,000 shall not become available under September 1, 1998), to remain available until expended, consisting of $1,150,000,000, as authorized by section 517(a) of the Superfund Amendments and Reauthorization Act of 1986 (SARA), as amended by Public Law 101–508, and $250,000,000 as a payment from general revenues to the Hazardous Substance Superfund as authorized by section 517(b) of SARA, as amended by Public Law 101–508: Provided, That funds appropriated under this heading may be allocated to other Federal agencies in accordance with section 111(a) of CERCLA: Provided further, That $11,641,000 of the funds appropriated under this heading shall be transferred to the ''Office of Inspector General'' appropriation to remain available until September 30, 1999: Provided further, That notwithstanding section 111(m) of CERCLA or any other provision of law, $68,000,000 of the funds appropriated under

this heading shall be available to the Agency for Toxic Substances and Disease Registry to carry out activities described in sections 104(i), 111(c)(4), and 111(c)(14) of CERCLA and section 118(f) of SARA: Provided further, That $35,000,000 of the funds appropriated under this heading shall be transferred to the ''Science and Technology'' appropriation to remain available until September 30, 1999: Provided further, That none of the funds appropriated under this heading shall be available for the Agency for Toxic Substances and Disease Registry to issue in excess of 40 toxicological profiles pursuant to section 104(i) of CERCLA during fiscal year 1998.

LEAKING UNDERGROUND STORAGE TANK PROGRAM

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out leaking underground storage tank cleanup activities authorized by section 205 of the Superfund Amendments and Reauthorization Act of 1986, and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project, $65,000,000, to remain available until expended: Provided, That no more than $7,500,000 shall be available for administrative expenses.

OIL SPILL RESPONSE

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary to carry out the Environmental Protection Agency's responsibilities under the Oil Pollution Act of 1990, $15,000,000, to be derived from the Oil Spill Liability trust fund, and to remain available until expended: Provided, That not more than $8,500,000 of these funds shall be available for administrative expenses.

STATE AND TRIBAL ASSISTANCE GRANTS

For environmental programs and infrastructure assistance, including capitalization grants for State revolving funds and performance partnership grants, $3,047,000,000, to remain available until expended, of which $1,350,000,000 shall be for making capitalization grants for the Clean Water State Revolving Funds under title VI of the Federal Water Pollution Control Act, as amended, and $725,000,000 shall be for capitalization grants for the Drinking Water State Revolving Funds under section 1452 of the Safe Drinking Water Act, as amended; $100,000,000 for architectural, engineering, planning, design, construction and related activities in connection with the construction of high priority water and wastewater facilities in the area of the United States-Mexico Border, after consultation with the appropriate border commission; $50,000,000 for grants to the State of Texas for the purpose of improving wastewater treatment for colonias; $15,000,000 for grants to the State of Alaska to address drinking water and wastewater infrastructure needs of rural and Alaska Native Villages as provided by section 303 of Public Law 104–182; $82,000,000 for making grants for the construction of wastewater and water treatment facilities and groundwater protection infrastructure in accordance with the terms and conditions specified for such grants in the report accompanying this Act; and $725,000,000 for grants to States, federally recognized tribes, and air pollution control agencies for multi-media or single media pollution prevention, control and abatement and related activities pursuant to the provisions set forth under this heading in Public Law 104–134, including grants under section 103 of the Clean Air Act for particulate matter monitoring and data collection activities: Provided, That notwithstanding any other provision of law, hereafter, States may combine the assets of State Revolving Funds (SRFs) established under section 1452 of the Safe Drinking Water Act, as amended, and title VI of the Federal Water Pollution Control Act, as amended, as security for bond issues to enhance the lending capacity of one or both SRFs, but not to acquire the State match for either SRF program provided that revenues from the bonds are allocated for the purposes of the Safe Drinking Water Act and title VI of the Federal Water Pollution Control Act, respectively, in the same portion as the funds are used as security for the bonds: Provided further, That, hereafter from funds appropriated under this heading, the Administrator is authorized to make grants to federally recognized Indian governments for the development of multimedia environmental programs: Provided further, That, hereafter, the funds available under this heading for grants to States, federally recognized tribes, and air pollution control agencies for multi-media or single media pollution prevention, control and abatement and related activities may also be used for the direct implementation by the Federal Government of a program required by law in the absence of an acceptable State or tribal program: Provided further, That, notwithstanding any other provision of law, the Administrator is authorized to make a grant of $4,326,000 under title II of the Federal Water Pollution Control Act, as amended, from funds appropriated in prior years under section 205 of the Act for the State of Florida and available due to deobligation, to the appropriate instrumentality for wastewater treatment works in Monroe County, Florida.

WORKING CAPITAL FUND

Under this heading in Public Law 104–204, delete the following: the phrases, ''franchise fund pilot to be known as the''; ''as authorized by section 403 of Public Law 103–356,''; and ''as provided in such section''; and the final proviso. After the phrase, ''to be available'', insert ''without fiscal year limitation''.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

For necessary expenses of the Office of Science and Technology Policy, in carrying out the purposes of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6601 and 6671), hire of passenger motor vehicles, and services as authorized by 5 U.S.C. 3109, not to exceed $2,500 for official reception and representation expenses, and rental of conference rooms in the District of Columbia, $4,932,000.

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

For necessary expenses to continue functions assigned to the Council on Environmental Quality and Office of Environmental Quality pursuant to the National Environmental Policy Act of 1969, the Environmental Quality Improvement Act of 1970, and Reorganization Plan No. 1 of 1977, $2,436,000: Provided, That, notwithstanding any other provision of law, no funds other than those appropriated under this heading, shall be used for or by the Council on Environmental Quality and Office of Environmental Quality.

FEDERAL DEPOSIT INSURANCE CORPORATION

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, $34,265,000, to be derived from the Bank Insurance Fund, the Savings Association Insurance Fund, and the FSLIC Resolution Fund.

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

For necessary expenses in carrying out the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), $320,000,000, and, notwithstanding 42 U.S.C. 5203, to remain available until expended: Provided, That none of the funds appropriated for the Federal Emergency Management Agency may be used to perform repair, replacement, reconstruction, or restoration activities with respect to (1) trees and other natural features belonging to State and local governments that are located within parks and recreational facilities, as well as on the grounds of other publicly-owned property; or (2) parks, recreational areas, marinas, golf courses, stadiums, arenas or other similar facilities which generate any portion of their operational revenue through user fees, rents, admission charges, or similar fees.

DISASTER ASSISTANCE DIRECT LOAN PROGRAM ACCOUNT

For the cost of direct loans, $1,495,000, as authorized by section 319 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $25,000,000.

In addition, for administrative expenses to carry out the direct loan program, $341,000.

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, including hire and purchase of motor vehicles as authorized by 31 U.S.C. 1343; uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18; expenses of attendance of cooperating officials and individuals at meetings concerned with the work of emergency preparedness; transportation in connection with the continuity of Government programs to the same extent and in the same manner as permitted the Secretary of a Military Department under 10 U.S.C. 2632; and not to exceed $2,500 for official reception and representation expenses, $171,773,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $4,803,000.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

For necessary expenses, not otherwise provided for, to carry out activities under the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4001 et seq.), the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), the Earthquake Hazards Reduction Act of 1977, as amended (42 U.S.C. 7701 et seq.), the Federal Fire Prevention and Control Act of 1974, as amended (15 U.S.C. 2201 et seq.), the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061 et seq.), sections 107 and 303 of the National Security Act of 1947, as amended (50 U.S.C. 404–405), and Reorganization Plan No. 3 of 1978, $207,146,000: Provided, That for purposes of predisaster mitigation pursuant to 42 U.S.C. 5131 (b) and (c) and 42 U.S.C. 5196 (e) and (i), $5,000,000 of the funds made available under this heading shall be available until expended for project grants for State and local governments.

EMERGENCY FOOD AND SHELTER PROGRAM

To carry out an emergency food and shelter program pursuant to title III of Public Law 100–77, as amended, $100,000,000: Provided, That total administrative costs shall not exceed three and one-half percent of the total appropriation.

NATIONAL FLOOD INSURANCE FUND

(INCLUDING TRANSFER OF FUNDS)

For activities under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973, and the National Flood Insurance Reform Act of 1994, not to exceed $21,610,000 for salaries and expenses associated with flood mitigation and flood insurance operations, and not to exceed $78,464,000 for flood mitigation, including up to $20,000,000 for expenses under section 1366 of the National Flood Insurance Act, which amount shall be available for transfer to the National Flood Mitigation Fund until September 30, 1999. In fiscal year 1998, no funds in excess of (1) $47,000,000 for operating expenses, (2) $375,165,000 for agents' commissions and

taxes, and (3) $50,000,000 for interest on Treasury borrowings shall be available from the National Flood Insurance Fund without prior notice to the Committees on Appropriations. For fiscal year 1998, flood insurance rates shall not exceed the level authorized by the National Flood Insurance Reform Act of 1994.

ADMINISTRATIVE PROVISION

The Director of the Federal Emergency Management Agency shall promulgate through rulemaking a methodology for assessment and collection of fees to be assessed and collected beginning in fiscal year 1998 applicable to persons subject to the Federal Emergency Management Agency's radiological emergency preparedness regulations. The aggregate charges assessed pursuant to this section during fiscal year 1998 shall approximate, but not be less than, 100 per centum of the amounts anticipated by the Federal Emergency Management Agency to be obligated for its radiological emergency preparedness program for such fiscal year. The methodology for assessment and collection of fees shall be fair and equitable, and shall reflect the full amount of costs of providing radiological emergency planning, preparedness, response and associated services. Such fees shall be assessed in a manner that reflects the use of agency resources for classes of regulated persons and the administrative costs of collecting such fees. Fees received pursuant to this section shall be deposited in the general fund of the Treasury as offsetting receipts. Assessment and collection of such fees are only authorized during fiscal year 1998.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER FUND

For necessary expenses of the Consumer Information Center, including services authorized by 5 U.S.C. 3109, $2,419,000, to be deposited into the Consumer Information Center Fund: Provided, That the appropriations, revenues and collections deposited into the fund shall be available for necessary expenses of Consumer Information Center activities in the aggregate amount of $7,500,000. Appropriations, revenues, and collections accruing to this fund during fiscal year 1998 in excess of $7,500,000 shall remain in the fund and shall not be available for expenditure except as authorized in appropriations Acts: Provided further, That notwithstanding any other provision of law, the Consumer Information Center may accept and deposit to this account, during fiscal year 1998 and hereafter, gifts for the purpose of defraying its costs of printing, publishing, and distributing consumer information and educational materials and undertaking other consumer information activities; may expend those gifts for those purposes, in addition to amounts appropriated or otherwise made available; and the balance shall remain available for expenditure for such purpose.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

HUMAN SPACE FLIGHT

For necessary expenses, not otherwise provided for, in the conduct and support of human space flight research and development activities, including research, development, operations, and services; maintenance; construction of facilities including repair, rehabilitation, and modification of real and personal property, and acquisition or condemnation of real property, as authorized by law; space flight, spacecraft control and communications activities including operations, production, and services; and purchase, lease, charter, maintenance and operation of mission and administrative aircraft, $5,326,500,000, to remain available until September 30, 1999: Provided, That of the amount appropriated or otherwise made available by this heading, $1,000,000 may be available for the Neutral Buoyancy Simulator program.

SCIENCE, AERONAUTICS AND TECHNOLOGY

For necessary expenses, not otherwise provided for, in the conduct and support of science, aeronautics and technology research and development activities, including research, development, operations, and services; maintenance; construction of facilities including repair, rehabilitation, and modification of real and personal property, and acquisition or condemnation of real property, as authorized by law; space flight, spacecraft control and communications activities including operations, production, and services; and purchase, lease, charter, maintenance and operation of mission and administrative aircraft, $5,642,000,000, to remain available until September 30, 1999.

MISSION SUPPORT

For necessary expenses, not otherwise provided for, in carrying out mission support for human space flight programs and science, aeronautical, and technology programs, including research operations and support; space communications activities including operations, production and services; maintenance; construction of facilities including repair, rehabilitation, and modification of facilities, minor construction of new facilities and additions to existing facilities, facility planning and design, environmental compliance and restoration, and acquisition or condemnation of real property, as authorized by law; program management; personnel and related costs, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; travel expenses; purchase, lease, charter, maintenance, and operation of mission and administrative aircraft; not to exceed $35,000 for official reception and representation expenses; and purchase (not to exceed 33 for replacement only) and hire of passenger motor vehicles; $2,503,200,000, to remain available until September 30, 1999.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $18,300,000.

ADMINISTRATIVE PROVISIONS

Notwithstanding the limitation on the availability of funds appropriated for ''Human space flight'', ''Science, aeronautics and technology'', or ''Mission support'' by this appropriations Act, when any activity has been initiated by the incurrence of obligations for construction of facilities as authorized by law, such amount available for such activity shall remain available until expended. This provision does not apply to the amounts appropriated in ''Mission support'' pursuant to the authorization for repair, rehabilitation and modification of facilities, minor construction of new facilities and additions to existing facilities, and facility planning and design.

Notwithstanding the limitation on the availability of funds appropriated for ''Human space flight'', ''Science, aeronautics and technology'', or ''Mission support'' by this appropriations Act, the amounts appropriated for construction of facilities shall remain available until September 30, 2000.

Notwithstanding the limitation on the availability of funds appropriated for ''Mission support'' and ''Office of Inspector General'', amounts made available by this Act for personnel and related costs and travel expenses of the National Aeronautics and Space Administration shall remain available until September 30, 1998 and may be used to enter into contracts for training, investigations, costs associated with personnel relocation, and for other services, to be provided during the next fiscal year.

Of the funds provided to the National Aeronautics and Space Administration in this Act, the Administrator shall by November 1, 1998, make available no less than $400,000 for a study by the National Research Council, with an interim report to be completed by June 1, 1998, that evaluates, in terms of the potential impact on the Space Station's assembly schedule, budget, and capabilities, the engineering challenges posed by extravehicular activity (EVA) requirements, United States and non-United States space launch requirements, the potential need to upgrade or replace equipment and components after assembly complete, and the requirement to decommission and disassemble the facility.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

During fiscal year 1998, gross obligations of the Central Liquidity Facility for the principal amount of new direct loans to member credit unions, as authorized by the National Credit Union Central Liquidity Facility Act (12 U.S.C. 1795), shall not exceed $600,000,000: Provided, That administrative expenses of the Central Liquidity Facility in fiscal year 1998 shall not exceed $203,000.

NATIONAL SCIENCE FOUNDATION

RESEARCH AND RELATED ACTIVITIES

For necessary expenses in carrying out the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875), and the Act to establish a National Medal of Science (42 U.S.C. 1880–1881); services as authorized by 5 U.S.C. 3109; maintenance and operation of aircraft and purchase of flight services for research support; acquisition of aircraft; $2,524,700,000, of which not to exceed $228,530,000 shall remain available until expended for Polar research and operations support, and for reimbursement to other Federal agencies for operational and science support and logistical and other related activities for the United States Antarctic program; the balance to remain available until September 30, 1999: Provided, That receipts for scientific support services and materials furnished by the National Research Centers and other National Science Foundation supported research facilities may be credited to this appropriation: Provided further, That to the extent that the amount appropriated is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally: Provided further, That $40,000,000 of the funds available under this heading shall be made available for a comprehensive research initiative on plant genomes, including the corn genome: Provided further, That $359,000,000 of the funds available under this heading shall not be made available for initiatives in Knowledge and Distributed Intelligence and Life and Earth's Environment until the agency submits appropriate milestones to be achieved by the initiatives in fiscal year 1998.

MAJOR RESEARCH EQUIPMENT

For necessary expenses of major construction projects pursuant to the National Science Foundation Act of 1950, as amended, $85,000,000, to remain available until expended.

EDUCATION AND HUMAN RESOURCES

For necessary expenses in carrying out science and engineering education and human resources programs and activities pursuant to the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875), including services as authorized by 5 U.S.C. 3109 and rental of conference rooms in the District of Columbia, $625,500,000, to remain available until September 30, 1999: Provided, That to the extent that the amount of this appropriation is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally.

SALARIES AND EXPENSES

For salaries and expenses necessary in carrying out the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875); services authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; not to exceed $9,000 for official reception and representation expenses; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; rental of conference rooms in the District of Columbia; reimbursement of the

General Services Administration for security guard services and headquarters relocation; $136,950,000: Provided, That contracts may be entered into under ''Salaries and expenses'' in fiscal year 1998 for maintenance and operation of facilities, and for other services, to be provided during the next fiscal year.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General as authorized by the Inspector General Act of 1978, as amended, $4,850,000, to remain available until September 30, 1999.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

For payment to the Neighborhood Reinvestment Corporation for use in neighborhood reinvestment activities, as authorized by the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8101–8107), $50,000,000.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

For necessary expenses of the Selective Service System, including expenses of attendance at meetings and of training for uniformed personnel assigned to the Selective Service System, as authorized by 5 U.S.C. 4101–4118 for civilian employees; and not to exceed $1,000 for official reception and representation expenses; $23,413,000: Provided, That during the current fiscal year, the President may exempt this appropriation from the provisions of 31 U.S.C. 1341, whenever he deems such action to be necessary in the interest of national defense: Provided further, That none of the funds appropriated by this Act may be expended for or in connection with the induction of any person into the Armed Forces of the United States.

TITLE IV—GENERAL PROVISIONS

SEC. 401. Where appropriations in titles I, II, and III of this Act are expendable for travel expenses and no specific limitation has been placed thereon, the expenditures for such travel expenses may not exceed the amounts set forth therefore in the budget estimates submitted for the appropriations: Provided, That this provision does not apply to accounts that do not contain an object classification for travel: Provided further, That this section shall not apply to travel performed by uncompensated officials of local boards and appeal boards of the Selective Service System; to travel performed directly in connection with care and treatment of medical beneficiaries of the Department of Veterans Affairs; to travel performed in connection with major disasters or emergencies declared or determined by the President under the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act; to travel performed by the Offices of Inspector General in connection with audits and investigations; or to payments to interagency motor pools where separately set forth in the budget schedules: Provided further, That if appropriations in titles I, II, and III exceed the amounts set forth in budget estimates initially submitted for such appropriations, the expenditures for travel may correspondingly exceed the amounts therefore set forth in the estimates in the same proportion.

SEC. 402. Appropriations and funds available for the administrative expenses of the Department of Housing and Urban Development and the Selective Service System shall be available in the current fiscal year for purchase of uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901–5902; hire of passenger motor vehicles; and services as authorized by 5 U.S.C. 3109.

SEC. 403. Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811–1831).

SEC. 404. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 405. No funds appropriated by this Act may be expended—

(1) pursuant to a certification of an officer or employee of the United States unless—

(A) such certification is accompanied by, or is part of, a voucher or abstract which describes the payee or payees and the items or services for which such expenditure is being made, or

(B) the expenditure of funds pursuant to such certification, and without such a voucher or abstract, is specifically authorized by law; and

(2) unless such expenditure is subject to audit by the General Accounting Office or is specifically exempt by law from such audit.

SEC. 406. None of the funds provided in this Act to any department or agency may be expended for the transportation of any officer or employee of such department or agency between his domicile and his place of employment, with the exception of any officer or employee authorized such transportation under 31 U.S.C. 1344 or 5 U.S.C. 7905.

SEC. 407. None of the funds provided in this Act may be used for payment, through grants or contracts, to recipients that do not share in the cost of conducting research resulting from proposals not specifically solicited by the Government: Provided, That the extent of cost sharing by the recipient shall reflect the mutuality of interest of the grantee or contractor and the Government in the research.

SEC. 408. None of the funds in this Act may be used, directly or through grants, to pay or to provide reimbursement for payment of the salary of a consultant (whether retained by the Federal Government or a grantee) at more than the daily equivalent of the rate paid for level IV of the Executive Schedule, unless specifically authorized by law.

SEC. 409. None of the funds provided in this Act shall be used to pay the expenses of, or otherwise compensate, non-Federal parties intervening in regulatory or adjudicatory proceedings. Nothing herein affects the authority of the Consumer Product Safety Commission pursuant to section 7 of the Consumer Product Safety Act (15 U.S.C. 2056 et seq.).

SEC. 410. Except as otherwise provided under existing law or under an existing Executive Order issued pursuant to an existing law, the obligation or expenditure of any appropriation under this Act for contracts for any consulting service shall be limited to contracts which are (1) a matter of public record and available for public inspection, and (2) thereafter included in a publicly available list of all contracts entered into within twenty-four months prior to the date on which the list is made available to the public and of all contracts on which performance has not been completed by such date. The list required by the preceding sentence shall be updated quarterly and shall include a narrative description of the work to be performed under each such contract.

SEC. 411. Except as otherwise provided by law, no part of any appropriation contained in this Act shall be obligated or expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), for a contract for services unless such executive agency (1) has awarded and entered into such contract in full compliance with such Act and the regulations promulgated thereunder, and (2) requires any report prepared pursuant to such contract, including plans, evaluations, studies, analyses and manuals, and any report prepared by the agency which is substantially derived from or substantially includes any report prepared pursuant to such contract, to contain information concerning (A) the contract pursuant to which the report was prepared, and (B) the contractor who prepared the report pursuant to such contract.

SEC. 412. Except as otherwise provided in section 406, none of the funds provided in this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such department or agency.

SEC. 413. None of the funds provided in this Act to any department or agency shall be obligated or expended to procure passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon.

SEC. 414. None of the funds appropriated in title I of this Act shall be used to enter into any new lease of real property if the estimated annual rental is more than $300,000 unless the Secretary submits, in writing, a report to the Committees on Appropriations of the Congress and a period of 30 days has expired following the date on which the report is received by the Committees on Appropriations.

SEC. 415. (a) It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

SEC. 416. None of the funds appropriated in this Act may be used to implement any cap on reimbursements to grantees for indirect costs, except as published in Office of Management and Budget Circular A–21.

SEC. 417. Such sums as may be necessary for fiscal year 1998 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. 418. None of the funds made available in this Act may be used for any program, project, or activity, when it is made known to the Federal entity or official to which the funds are made available that the program, project, or activity is not in compliance with any Federal law relating to risk assessment, the protection of private property rights, or unfunded mandates.

SEC. 419. Corporations and agencies of the Department of Housing and Urban Development which are subject to the Government Corporation Control Act, as amended, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Act as may be necessary in carrying out the programs set forth in the budget for 1998 for such corporation or agency except as hereinafter provided: Provided, That collections of these corporations and agencies may be used for new loan or mortgage purchase commitments only to the extent expressly provided for in this Act (unless such loans are in support of other forms of assistance provided for in this or prior appropriations Acts), except that this proviso shall not apply to the mortgage insurance or guaranty operations of these corporations, or where loans or mortgage purchases are necessary to protect the financial interest of the United States Government.

SEC. 420. Notwithstanding section 320(g) of the Federal Water Pollution Control Act (33 U.S.C. 1330(g)), funds made available pursuant to authorization under such section for fiscal year 1998 and prior fiscal years may be used for implementing comprehensive conservation and management plans.

SEC. 421. Such funds as may be necessary to carry out the orderly termination of the Office of Consumer Affairs shall be made available from funds appropriated to the Department of Health and Human Services for fiscal year 1998.

AMERICORPS STUDENT LOAN REPAYMENT

SEC. 422. Not withstanding any other provision of law, the term ''qualified student loan'' with respect to national service education awards shall mean any loan made directly to a student and certified through an institution of higher education as necessary to assist the student in paying the cost of attendance, in addition to other meanings under section 148(b)(7) of the National and Community Service Act.

SENSE OF THE SENATE CONCERNING CATASTROPHIC NATURAL DISASTERS

SEC. 423. (a) FINDINGS.—The Senate finds that—

(1) catastrophic natural disasters are occurring with great frequency, a trend that is likely to continue for several decades according to prominent scientists;

(2) estimated damage to homes, buildings, and other structures from catastrophic natural disasters has totaled well over $100,000,000,000 during the last decade, not including the indirect costs of the disasters such as lost productivity and economic decline;

(3) the lack of adequate planning for catastrophic natural disasters, coupled with inadequate private insurance, has led to increasing reliance on the Federal Government to provide disaster relief, including the appropriation of $40,000,000,000 in supplemental funding since 1989;

(4) in the foreseeable future, a strong likelihood exists that the United States will experience a megacatastrophe, the impact of which would cause widespread economic disruption for homeowners and businesses and enormous cost to the Federal Government; and

(5) the Federal Government has failed to anticipate catastrophic natural disasters and take comprehensive action to reduce their impact.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that Congress should consider legislation that embodies the following principles:

(1) Persons who live in areas at risk of natural disaster should assume a practical level of personal responsibility for the risks through private insurance.

(2) The insurance industry, in partnership with the Federal Government and other private sector entities, should establish new mechanisms for the spreading of the risk of catastrophes that minimize the involvement and liability of the Federal Government.

(3) A partnership should be formed between the private sector and government at all levels to encourage better disaster preparation and respond quickly to the physical and financial impacts of catastrophic natural disasters.

SEC. 424. It is the sense of the Senate that Congress should appropriate for the Department of Veterans Affairs for discretionary activities in each of fiscal years 1999 through 2002 an amount equal to the amount required by the Department in such fiscal year for such activities.

SEC. 425. (a) Not later than 60 days after enactment of this Act, the Senate Committee on Veterans' Affairs shall hold one or more hearings to consider legislation which would add the following diseases at the end of section 1112(c)(2) of title 38, United States Code:

(1) Lung cancer.
(2) Bone cancer.
(3) Skin cancer.
(4) Colon cancer.
(5) Kidney cancer.
(6) Posterior subcapsular cataracts.
(7) Non-malignant thyroid nodular disease.
(8) Ovarian cancer.
(9) Parathyroid adenoma.
(10) Tumors of the brain and central nervous system.
(11) Rectal cancer.

(b) Not later than 30 days after enactment of this Act, the Congressional Budget Office shall provide to the Senate Committee on Veterans' Affairs and the Senate Appropriations Committee an estimate of the cost of the provision contained in subsection (a).

This Act may be cited as the ''Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998''.

NATIONAL GEOLOGIC MAPPING REAUTHORIZATION ACT OF 1997

Mr. COCHRAN. I ask unanimous consent that the Energy Committee be discharged from further consideration of H.R. 709 and, further, that the Senate proceed to its immediate consideration.

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

The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 709) to reauthorize and amend the National Geologic Mapping Act of 1992, 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. COCHRAN. Mr. President, I ask unanimous consent that the bill be considered read the third time, and passed, the motion to reconsider be laid upon the table, and any statements relating to the bill appear at this point in the RECORD.

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

The bill (H.R. 709) was considered read the third time, and passed.

TAXPAYER BROWSING PROTECTION ACT

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 39, H.R. 1226.

The PRESIDING OFFICER. Without objection, the clerk will report.

A bill (H.R. 1226) to amend the Internal Revenue Code of 1986 to prevent the unauthorized inspection of tax returns or tax return information.

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. COCHRAN. Mr. President, I ask unanimous consent that the bill be considered read the third time, and passed, the motion to reconsider be laid upon the table, and that any statements relating to the bill appear at this point in the RECORD.

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

The bill (H.R. 1226) was considered read the third time, and passed.

OAS-CIAV MISSION IN NICARAGUA

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 114, S. Con. Res. 40.

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

The clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 40) expressing the sense of the Congress regarding OAS-CIAV Mission in Nicaragua.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the concurrent resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table and that any statements relating to the resolution appear at this point in the RECORD.

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

The concurrent resolution (S. Con. Res. 40) was agreed to, as follows:

S. CON. RES. 40

Whereas the International Support and Verification Commission of the Organization of American States (in this resolution referred to as the ''OAS–CIAV'') was established in the August 7, 1989, Tela Accords by the presidents of the Central American countries and by the Secretaries General of the United Nations and the Organization of American States for the purpose of ending the Nicaraguan war and reintegrating members of the Nicaraguan Resistance into civil society;

Whereas the OAS–CIAV, originally comprised of 53 unarmed Latin Americans, successfully demobilized 22,500 members of the Nicaraguan Resistance and distributed food and humanitarian assistance to more than 119,000 repatriated Nicaraguans prior to July 1991;

Whereas the OAS–CIAV provided seeds, starter plants, and fertilizer to more than 17,000 families of demobilized combatants;

Whereas the OAS–CIAV assisted former Nicaraguan Resistance members in the construction of nearly 3,000 homes for impoverished families, 45 schools, 50 health clinics, and 25 community multi-purpose centers, as well as the development of microenterprises;

Whereas the OAS–CIAV assisted rural communities with the reparation of roads, development of potable water sources, veterinary and preventative medical training, raising basic crops, cattle ranching, and reforestation;

Whereas the OAS–CIAV, together with the Pan-American Health Organization (PAHO), trained local paramedics to staff 22 health posts in the Atlantic and Pacific regions of Nicaragua and provided medical supplies to treat mothers, young children, and cholera patients, among others, in a five-month program that benefited nearly 50,000 Nicaraguans;

Whereas the OAS–CIAV, with 15 members under a new mandate effective June 9, 1993, has investigated and documented more than 1,800 human rights violations, including 653 murders and has presented these cases to Nicaraguan authorities, following and advocating justice in each case;

Whereas the OAS–CIAV has demobilized 20,745 rearmed contras and Sandinistas, as well as apolitical criminal groups, and recently brokered and mediated the successful

May 1997 negotiations between the Government of Nicaragua and the largest rearmed group;

Whereas the OAS–CIAV has resolved hostage crises successfully, including the 1993 abductions of UNO party Congressmen, the Vice President and the French military attache, and the 1996 kidnappings of an Agency for International Development contractor and 28 Supreme Electoral Council employees;

Whereas the OAS–CIAV created 86 peace commissions and has provided assistance and extensive training in human rights and alternative dispute resolution for their members, who are currently mediating conflicts, including kidnappings and demobilization of rearmed groups, in every municipality of the zones of conflict;

Whereas the OAS–CIAV assistance and training by the OAS–CIAV of rural Nicaraguans has led to a decrease in violence in the zones of conflict since 1994, in some areas as much as 85 percent;

Whereas the OAS–CIAV has assisted children wounded by land mines;

Whereas the OAS–CIAV has provided assistance to disabled war veterans and widows of combatants;

Whereas the OAS–CIAV provided and distributed 44,010 birth certificates to rural Nicaraguans in early 1996, allowing them to participate in the 1996 presidential and parliamentary elections; and

Whereas the OAS–CIAV provided transportation to and communication with remote areas or areas of conflict, assuring a secure climate for voter registration and the elections: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Senate—

(1) commends and congratulates Santiago Murray and Sergio Caramagna, the first and current directors, respectively, of the OAS–CIAV and all members of the OAS–CIAV team for their tireless defense of human rights, promotion of peaceful conflict resolution, and contribution to the development of freedom and democracy in Nicaragua; and

(2) expresses its support for the continuation of the role of the Organization of American States (OAS) in Nicaragua described in the resolution passed by the OAS General Assembly in Lima, Peru, on June 4, 1997.

SEC. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President with the request that he further transmit such resolution to the Secretary General of the Organization of American States.

RELATIVE TO THE SITUATION ON CYPRUS

Mr. COCHRAN. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of Calendar No. 115, Senate Concurrent Resolution 41.

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

The clerk will report.

The assistant legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 41) calling for a United States initiative seeking a just and peaceful resolution of the situation on Cyprus.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the concurrent resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the resolution appear at this point in the RECORD.

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

The concurrent resolution (S. Con. Res. 41) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, is as follows:

S. CON. RES. 41

Whereas the Republic of Cyprus has been divided and occupied by foreign forces since 1974 in violation of United Nations resolutions;

Whereas the international community, Congress, and successive United States administrations have called for an end to the status quo on Cyprus, considering that it perpetuates an unacceptable violation of international law and fundamental human rights affecting all the people of Cyprus, and undermines significant United States interests in the Eastern Mediterranean region;

Whereas the international community and the United States Government have repeatedly called for the speedy withdrawal of all foreign forces from the territory of Cyprus;

Whereas there are internationally acceptable means to resolve the situation in Cyprus, including the demilitarization of Cyprus and the establishment of a multinational force to ensure the security of both communities in Cyprus;

Whereas during the past year tensions in Cyprus have dramatically increased, with violent incidents occurring along cease-fire lines at a level not reached since 1974;

Whereas recent events in Cyprus have heightened the potential for armed conflict in the region involving two North Atlantic Treaty Organization (NATO) allies, Greece and Turkey, which would threaten vital United States interests in the already volatile Eastern Mediterranean area and beyond;

Whereas a peaceful, just, and lasting solution to the Cyprus problem would greatly benefit the security, and the political, economic, and social well-being of all Cypriots, as well as contribute to improved relations between Greece and Turkey;

Whereas a lasting solution to the Cyprus problem would also strengthen peace and stability in the Eastern Mediterranean and serve important interests of the United States;

Whereas the United Nations has repeatedly stated the parameters for such a solution, most recently in United Nations Security Council Resolution 1092, adopted on December 23, 1996, with United States support;

Whereas the prospect of the accession by Cyprus to the European Union, which the United States has actively sup- ported, could serve as a catalyst for a solution to the Cyprus problem;

Whereas President Bill Clinton has pledged that in 1997 the United States will ''play a heightened role in promoting a resolution in Cyprus''; and

Whereas United States leadership will be a crucial factor in achieving a solution to the Cyprus problem, and increased United States involvement in the search for this solution will contribute to a reduction of tension on Cyprus: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) reaffirms its view that the status quo on Cyprus is unacceptable and detrimental to the interests of the United States in the Eastern Mediterranean and beyond;

(2) considers that lasting peace and stability on Cyprus could be best secured by—

(A) a process of complete demilitarization leading to the withdrawal of all foreign occupation forces;

(B) the cessation of foreign arms transfers to Cyprus; and

(C) the provision of alternative internationally acceptable and effective security arrangements with guaranteed rights for both communities as negotiated by the parties;

(3) welcomes and supports the commitment by President Clinton to give increased attention to Cyprus and to make the search for a solution a priority of United States foreign policy, as witnessed by the appointment of Ambassador Richard Holbrooke as Special Presidential Emissary for Cyprus; and

(4) calls upon the parties to lend their full support and cooperation to United States, United Nations, and other international efforts to promote an equitable and speedy resolution of the Cyprus problem—

(A) on the basis of international law, the provisions of relevant United Nations Security Council resolutions, and democratic principles, including respect for human rights; and

(B) in accordance with the norms and requirements for accession to the European Union.

Mr. BIDEN. I rise to congratulate the Senate on having adopted Senate Concurrent Resolution 41, which calls for a United States initiative seeking a just and peaceful resolution on the situation on Cyprus.

Senator SMITH of Oregon and I submitted this resolution last week in the Committee on Foreign Relations, where it received speedy and favorable action. I applaud my colleagues for having adopted the resolution today.

For 23 years Cyprus has been divided, with the northern part occupied by Turkish troops, and the southern part home to the Greek Cypriot community. Tensions remain high, and since Cyprus has become one of the most heavily armed places in the world, the possibility for serious hostilities is high. So, Mr. President, it is clear that the status quo on Cyprus is detrimental to U.S. interests in the volatile Eastern Mediterranean region.

The resolution declares that lasting peace and stability on Cyprus could best be served by complete demilitarization leading to the withdrawal of all foreign occupation forces, the cessation of foreign arms transfers to Cyprus, and the provision of alternative internationally acceptable and effective security arrangements with guaranteed rights for both communities as negotiated by the parties.

The resolution also welcomes and supports President Clinton's commitment to give increased attention to Cyprus as witnessed by Ambassador Holbrook's appointment as Special Presidential Emissary for Cyprus.

Finally, the resolution calls upon the parties to lend their full support and cooperation to United States, United Nations, and other international efforts to promote an equitable and speedy resolution of the Cyprus problem on the basis of international law,

relevant U.N. Security Council resolutions, and democratic principles, including respect for human rights, and in accordance with the norms and requirements for accession to the European Union.

This last item is important, Mr. President, giving the naming earlier this month of Cyprus to the first group of candidate countries for final membership negotiations with the European Union, along with Poland, the Czech Republic, Hungary, Slovenia, and Estonia.

Mr. President, the intolerable situation on Cyprus must be changed. Face to face negotiations between the two parties have resumed, and there are some grounds for optimism. I hope that this resolution will serve to energize the parties to come to a just and lasting agreement.

I thank the Chair and yield the floor.

ORDERS FOR THURSDAY, JULY 24, 1997

Mr. COCHRAN. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9:45 a.m. on Thursday, July 24. I further ask that on Thursday, immediately following the prayer, the routine requests through the morning hour be granted and the Senate immediately resume consideration of S. 1033, the Agriculture appropriations bill.

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

PROGRAM

Mr. COCHRAN. Mr. President, for the information of all Senators, tomorrow, the Senate will resume consideration of S. 1033, the Agriculture appropriations bill. By previous consent, there will be 10 minutes of debate, equally divided, between Senator COCHRAN and Senator WELLSTONE on the Wellstone amendment regarding school breakfast. Also by consent, at 10 a.m., the Senate will proceed to a series of rollcall votes on the remaining amendments to the agriculture appropriations bill, including final passage. Following disposition of the agriculture appropriations bill, it is the intention of the majority leader that the Senate proceed to the consideration of the transportation appropriations bill. Therefore, Members can anticipate rollcall votes throughout Thursday's session of the Senate.

ADJOURNMENT UNTIL 9:45 A.M. TOMORROW

Mr. COCHRAN. Mr. President, 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 8:26 p.m., adjourned until Thursday, July 24, 1997, at 9:45 a.m.

NOMINATIONS

Executive nominations received by the Senate July 23, 1997:

DEPARTMENT OF STATE

WILLIAM F. WELD, OF MASSACHUSETTS, TO BE AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF THE UNITED STATES OF AMERICA TO MEXICO.

EXECUTIVE OFFICE OF THE PRESIDENT

RITA D. HAYES, OF SOUTH CAROLINA, TO BE DEPUTY UNITED STATES TRADE REPRESENTATIVE, WITH THE RANK OF AMBASSADOR, VICE WILLIAM BOOTH GARDNER, RESIGNED.