SENATE—*Wednesday, August 3, 1994*

(Legislative day of Wednesday, July 20, 1994)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the Honorable HARLAN MATHEWS, a Senator from the State of Tennessee.

The PRESIDING OFFICER. Today's prayer will be offered by Guest Chaplain Rabbi Maurice Lyons of St. Louis, MO.

PRAYER

Guest Chaplain Rabbi Maurice Lyons, of St. Louis, MO, offered the following prayer:

Let us pray:

Our Father of the arching heavens, and undulating Earth, ruling in sublimity, from the evolution of the first amoeba, to the glorious emergence of man; from the morning-burst of time, to its endless mystical haze, Thou art eternal, and all creation palpitates to Thine imprint.

While Thy rulership holds eternal sway over the universe, we, Thy transitory children, can but exercise dominion over a portion of this small planet, Thy footstool.

Ever since the founding of our beloved country, have we Americans permeated Thy teaching throughout our Government, for the benefit of all our citizens. And, to this end, have we selected, for regnancy, those leaders whom we felt would embrace Thine exhortation of love, mercy, and brotherhood.

And, standing in the effulgence of Thy Shekinah, I feel uplifted by the presence of this august body—the finest of all legislative instruments—in supplication to Thee.

I pray that Thou render sharp and universal, the wisdom of our esteemed Senators, that it reach, therapeutically, across party lines and political differences, to our common, bedrock American heritage.

In the reverential language of King Solomon to the God of Israel, I, too, humbly pray: Grant, O Lord, to each of our beloved Senators, a "discerning heart, to understand between right and wrong." May their speech and, above all, action, reflect the altruism and glory of the Founders of our great country.

And, in conclusion, I rejoice in pronouncing over this esteemed legislative body, the ancient priestly benediction:

"May the Lord bless you, and keep you;

"May the Lord make His face to shine upon you, and be gracious unto you:

"May the Lord lift His countenance upon you, and grant you peace."—Nu. 6:24–26.

Peace of heart; peace of mind; peace in all the paths you may tread, now and forever. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. BYRD].

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, August 3, 1994.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable HARLAN MATHEWS, a Senator from the State of Tennessee, to perform the duties of the Chair.

ROBERT C. BYRD,
President pro tempore.

Mr. MATHEWS thereupon assumed the chair as Acting President pro tempore.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

VA–HUD APPROPRIATIONS ACT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of H.R. 4624, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 4624) making appropriations for the Department of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations and offices for the fiscal year ending September 30, 1995, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Bumpers amendment No. 2444, to reduce funding for the implementation of the space station program for the purpose of terminating the program.

The ACTING PRESIDENT pro tempore. The pending question is the Bumpers amendment No. 2444, on which there remains 1 hour 45 minutes.

The Senator from Maryland [Ms. MIKULSKI] controls 30 minutes; the Senator from Arkansas [Mr. BUMPERS] shall control 60 minutes; and the Senator from Ohio [Mr. METZENBAUM] shall control 15 minutes.

Who yields time?

Ms. MIKULSKI. Mr. President, I suggest the absence of a quorum and ask the time to be charged equally to both sides.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, I yield myself such time as I may use.

The ACTING PRESIDENT pro tempore. The Senator is recognized.

Mr. BUMPERS. Mr. President, last night, I pointed out, and would like to do so again, the cost of the space station. As I said last night, the cost is not just $2.1 billion for 1995. It is going to be $2.1 billion for about 2 or 3 more years, and then it goes up to almost $4 billion a year. And when it is all said and done, it is going to be, according to NASA, $70.8 billion. But that was last week, Mr. President.

Now this week we find that NASA failed to include $1.5 billion for civil service costs. That is almost like buying an automobile and looking under the hood and finding it did not have an engine. Can you imagine NASA giving the U.S. Congress these figures, and we find that they omitted $1.5 billion for civil service costs, which you think would be one of the first things they would have thought of?

I said last night I would be reluctant to ride on the space station designed and built by somebody who forgot $1.5 billion. But now I find that we have to add another $1.8 billion. So now the cost is $72.3 billion. And then you add the $1.8 billion that I am getting ready to tell you about, and you come up to $74.1 billion. The cost has gone up $3.3 billion in the past week.

What is this $1.8 billion? It is what GAO announced the day before yesterday; the cost of bringing the Russians into the plan. We were going to give the Russians $400 million so they could do a part of the contract of building of this space station. And do you remember how the Clinton administration said that by bringing Russia into this it could save $2 billion?.

The day before yesterday we find out it not only does it not save $2 billion,

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

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it is going to cost an additional $2 billion. Now we are up to $74.1 billion. There is no end to the costs of this project. I see the Senator from Iowa on the floor, Senator GRASSLEY. I voted for the Exon-Grassley amendment last year to cut $26 billion out of discretionary spending because I thought we could and should do it. And when we went to conference with the House, that cut was reduced to $13 billion. That means for the years 1995 through 1999, we have to find $13 billion in spending cuts in order to come into compliance with the amendment of the Senator from Iowa and the Senator from Nebraska.

Mr. President, as chairman of the Agriculture Appropriations Subcommittee this year I agonized over how we were going to cut almost $1 billion for 1995, from $14 billion for 1994 to some $13 billion for 1995.

Agriculture appropriations took a $1 billion cut so that some of the other programs, like the space station, could be funded. But that is peanuts compared to what we are going to do next. We have to find $5.4 billion to cut next year.

Do you know where to find it? Eighty percent of it can be found by torpedoing the biggest waste of money we have ever embarked on: $10.4 billion of it can be found by voting "aye" on the Bumpers amendment this morning.

Do you know what is tragic? We will not do it. I said last night the thing I enjoyed about being a trial lawyer was knowing that when I had 12 good and true faithful jurors in front of me and started to argue a lawsuit, I had as good a chance as my opponent of winning. We started out even, and the best man usually won. Sometimes I thought there was a miscarriage of justice, especially when I lost, but I knew those 12 jurors were at the mercy of me and the other lawyers. All they knew about the case was what we were able to deduce from the witnesses and what we told them in our final summation.

Here in the U.S. Senate, you can rail all you want to about anything, but if the lobbyists and the people who pass out the jobs to the various States get to them first their minds are closed. This debate is utterly meaningless, except for the satisfaction a few of us get out of making the point.

The space station does create 14,000 jobs, and they only cost $160,000 a piece. When I was Governor of my State, if I had said to General Motors, "I will give you $160,000 for every job you create in my State," I promise you, the whole General Motors operation would be in Arkansas today.

Think about it, $160,000 per job, and yet that is one of the reasons people will vote against this amendment.

I want you to look at this chart. I do not intend to denigrate my colleagues, but I have to make this point.

Everybody wants to balance the budget. Everybody wants to go home and tell their constituents what fiscal conservatives they are and make them come to their feet and applaud. But look at this. Sixty-three Senators in the U.S. Senate voted last year to amend our precious Constitution to provide for a balanced budget amendment. Forty-three of those sixty-three who said we want to stop all this spending and balance the budget, voted against this amendment last year, and I expect those 43 Senators will do the same thing again this year.

As I said, everybody loves fiscal responsibility, but they love spending just a bit more.

Mr. President, where are we going to find the $5.4 billion that we have to cut next year? All the chairmen of the Subcommittees on Appropriations are going to have to grapple with that. Unfortunately, Senators are not thinking about it, but next year they are going to be squealing like a pig under a gate when they have to face the reality of a $5.4 billion cut.

You can get it out of veterans programs. That will be very popular back home with the veterans. You go home and tell the veterans, "I am really sorry we had to shut down 100 beds in your hospital, but we had this little thing we call the space station that we had to fund. Sorry about that."

You can take it from crime prevention. We just put $30 billion in the crime bill for prevention. We have not agreed to the conference report yet. The Senator from Texas says it is a bad bill, that it is not tough enough. I am not sure we can get an agreement to take $30 billion from crime prevention.

You can take it out of education, the lack of which is at the root of most of the crime problems in this country. Lack of education and poverty are the primary crime breeders. Take it out of education. Maybe we can raise the crime rate a bit higher. Take it out of education because we have to put this space station in orbit and leave it up there for 10 years—for God knows what. Nobody can tell you why we are doing this. To grow crystals? That does not even pass the giggle test. Every physicist in this country will tell you that you can grow better crystals on Earth than you can in space. The Russians have tried it. We have tried it. What is the point in growing crystals in space when we can grow them on Earth?

The Russians, Mr. President, have had seven space stations. Think about that. The Mir that is up there right now is the seventh space station they have built since 1971. Why don't we just buy it? I said last year that we could get it for a year's supply of TV dinners. I am sure they would love to get rid of it. If we think we just have to do something in space, buy the Mir.

The proponents of this say we are going to cure cancer with the space station. The American Cancer Society is adamantly opposed to the space station for the very sensible reason that they know they need the money for cancer research here on Earth.

Take it out of defense. It has a budget of $250 to $280 billion and everyone says that is just bare bones and that you cannot cut anything else out of defense.

And, Mr. President, next Tuesday, we are getting ready to take up the debate on health care, and the reason we cannot have so-called universal coverage is because nobody knows how to pay for it. Think of it; we are embarking on a $74 billion project which, when added to the deficit plus 7 percent interest for the next 35 years, increases to a total of $156 billion. And then we say to the American people that we cannot pass a health care bill that provides universal coverage because we cannot afford it.

I have been in the Senate 20 years, and it has always been a matter of priorities. The reason we have almost a $5 trillion debt is because our priorities have been skewed.

The things that we have started to prove to the world that we were superior to the Soviet Union no longer have any merit. If we wanted to be a big, macho he-man back when the Soviet Union was riding high so we could prove we were smarter and better and richer than they were, that was fine. But that is over. The only reason in God's world we are putting this thing up there is because the Russians had one back when they were the Soviet Union, and on that evening in January 1984 the President said: "We are going to put this space station up; we are going to do it in 10 years; and we are going to do it for $8 billion."

Think of the promise and think of the result. Today, we have spent over $13 billion, and we just now have a design. I have never known of an issue in the Senate where the promise and the result presented as wide a chasm as this one.

Let me repeat something I said last night. We will allow each astronaut 9.2 liters of water per day. There are going to be six of them on board the space station. At that rate, 9.2 liters per day, each astronaut will consume about $320,000 worth of water per day. I said last night that as soon as this debate is over I am going to suggest to Mountain Valley Water down in Hot Springs, AR, to bid on the water contract for the space station. They make by far the finest bottled water in America, so they should bid on that contract.

We are planning to spend $12,880 per pound for every pound of water we ship to the astronauts so they can survive. Think of that. And then total that up for a year. Just providing water to the astronauts is going to cost almost $500 million a year.

Mr. President, if you took this money that we are getting ready to blow on this thing and you went into the poor areas of America and you

picked out the poorest children who had any promise and said, "Child, here is a free education for you," do you think this country would be better off? Or do you think we would be better off if we put six people in space to look at each other for 10 years and grow crystals, which you can grow on the ground, and spend $.5 billion a year getting water up to them? Do you want to see the crime rate go down? Do something about poverty. Do something about education. Do not spend $160,000 on a job.

If nothing else impresses my colleagues, I hope this will. This space station costs 14 times its weight in gold.

I yield the floor.

The ACTING PRESIDENT pro tempore. Under the previous order, the hour of 9:30 having arrived, the Senator from Texas [Mr. GRAMM], is recognized to speak for 15 minutes.

Mr. GRAMM. Mr. President, I thank you for my recognition.

I want to apologize to the dear chairman of the appropriations subcommittee. Yesterday, I was in Whitewater hearings. In fact, I was in those hearings until about 2 o'clock this morning. And since my children, at least during the week, grew up in Washington, DC, I always told them nothing good has ever happened on this planet after 11 o'clock at night. I wish I had taken the advice that I have given, what were then my teenage—one still is—children and gone home and gone to bed at 11 o'clock last night because in reality, even at that important hearing, the later it got the more chaotic it became.

This could well be the last appropriations bill that I work on as a ranking member of this subcommittee because as people leave the Senate, we all change chairs and we often end up on other subcommittees. But I just want to say one thing about the distinguished chairman of this subcommittee. When the Founding Fathers wrote the Constitution and they established the Senate, it seems to me that BARBARA MIKULSKI has to be one of the people they had in mind.

Senator MIKULSKI and I have known each other for many years. We were members of the House Energy and Commerce Committee together. We have disagreed on thousands of issues, but the distinguished chairman of this subcommittee is smart and sincere, and in the service of the greatest Republic in the history of the world, those are clearly the most important characteristics anybody can have. It is said that people often say bad things about each other but go to the grave with good thoughts on their minds.

I just want to say I have the highest regard for the distinguished chairman of this subcommittee. She is a great Senator. I think that she is a tremendous spokeswoman for her State, its interests, and for her view of what America ought to be.

I am proud of this bill in a lot of ways. This is a tougher budget. We were given an allocation of money far below the level that the President requested in his budget. One of my frustrations is that the President writes his budget. He puts all this money in, but the money is not really there, and we end up having to make the hard decisions often without much direction from the White House. That is not a partisan matter. That almost always ends up being the case.

If I were writing this bill by myself, I do not think I need to say to anybody that I would have had the priorities different than those in the bill before us. But I want to say that the distinguished chairman has made me a partner in this process. Given the fact that we are coming at many of these programs from a different perspective, I think we have worked out a reasonable and fair compromise. I support this compromise.

The distinguished Senator from Arkansas has spoken with great passion this morning about killing the space station. I just want to make two important—that is, I think they are important—comments about his proposal.

No. 1, the amendment of the distinguished Senator from Arkansas kills the space station. But every penny that we would save by killing the space station is then available to be spent on something else. So, we are not talking about deficit reduction. Now let me make a bold statement. The Senator from Arkansas would have a tough time writing a budget amendment truly cutting Government spending and lowering the amount we spend that I could not support. In fact, I have offered such proposals, and I take a backseat to no one on this planet in terms of my commitment to cut Government spending. If someone wants to offer an amendment cutting Government spending, and then force us to fight it out as to how we spend the remaining money, I am sure somebody could perhaps craft an amendment that I would not vote for. But I do not believe the Senator from Arkansas could or would. My guess is nobody else could or would either.

I believe the Federal Government is too big. I have talked on many occasions about using my Dicky Flatt test looking at every program of the Government, thinking of some honest to God, flesh-and-blood working person like Dicky Flatt, and asking, "Will the benefits to be derived from spending money on this program be worth taking the money away from a working person in my State?" Dicky Flatt is a printer in my former congressional district. I believe if we used the Dicky Flatt test, the Federal Government over a 5-year period could cut relative Government spending by a third. That is a well-known view that I have. When we have been dealing with real spending cuts, I have voted that way.

But we are not talking about cutting spending here today. We are talking about priorities. It is very important that people understand that.

Given that we are going to spend $1.5 trillion this year at the Federal level in a budget that I voted against because I thought it was too much money—given that we are going to spend that money—should we build the space station, or should we kill it and spend that money on social programs?

Let me remind my colleagues that about 25 years ago we spent 5 percent of the Federal budget on nondefense research and development in technology; 5 percent, 1 nickel out of every dollar we spent in the Federal budget 25 years ago, we spent as an investment in the future in new science, new technology, new know-how—investing not in the next election, but investing in the next generation in technology and science to make America richer, freer, and happy. No nation in history has ever benefited more from science than the United States of America.

What has happened 25 years later? Twenty-five years later, we are spending less than 2 percent of the Federal budget on civilian science and technology, down from 5 percent. We are not spending less money in the total budget. We are spending a lot more money overall. But the point is we are investing the money we are spending in the next election and not the next generation. We are spending it on programs with big political constituencies where the expenditure is going to trigger their response in each November election.

We are not spending the money in areas that will yield a big return to our children and our grandchildren. We have already cut the cost of the space station. We have redesigned the space station. We have brought the Russians into the space station. We have an international agreement with other nations on the space station. As a result of Russian involvement, we are going to spend less and we are going to get more.

The real question before the Senate is, "Are we going to go forward and preserve the 2 percent of the budget that is our seed corn in investing in the future of America in science and technology, pure research, and in this case, in the space program, an overall undertaking that no one would argue that the private sector alone, individual firms acting on their own programs could ever do?" I say the answer to that is yes. I say at a time when we have eaten our seed corn, when we have invested in the next election consistently and not the next generation, the last thing we need to be doing is killing the space station to fund another social program.

We have been debating the space station now for a decade. We have been revising. We have been reengineering.

The clock has been running. The cash register has been ringing. The House has finally decided in a decisive vote to go ahead and build the space station.

I want to ask my colleagues to listen to the debate today, to be respectful of people who disagree with their views, hear them out, but when we decide to vote, let us settle this issue today once and for all.

Let us have a decisive victory for the space station today and from this point on move forward with the design that we have, the design we paid for, the design that we have developed on an international basis, the design that is a commitment through international obligations we have made to the Japanese, to the Europeans, to the Russians, and to the Canadians. Let us go ahead and stop talking and start building.

I want to ask my colleagues, look at this amendment and ask yourself, "Should we be killing what is left of American science in order to allow more spending on other programs that we are already spending money on?" I think the answer to that question is clearly no.

So I want to say to my colleagues, do not just join me in rejecting this amendment, let us reject it by such overwhelming numbers that we do not have this debate next year. Let us go ahead and build the space station. Let us end the debate and get on with the work. We have a good design. We have a good program. I think the time has come to stop debating and to start building. That is what this bill is about.

So I urge my colleagues, look at this amendment. Take note of the fact that not one penny saved by this amendment is going to go to deficit reduction. We are not lowering the spending caps that we have in the budget. We are not saying if you do not spend the money on the space station, you have to apply it to the deficit. Nobody believes that would happen under this amendment. There is certainly no requirement that it happen. This is about priorities. This is the future of America, the future of our children versus the same old past political process which has so often served the Nation and its people so poorly.

So I do not doubt our dear colleague from Arkansas is totally sincere on this amendment. I know he believes everything he is saying. I know he believes what he is saying is right. I believe it is wrong. That is why we have debates here.

To conclude, I want to thank the distinguished chairman again. I am going to yield the rest of my time to my colleague from Texas.

Today, let us not just defeat this amendment. Let us end this debate. Today, let us achieve such a decisive victory on the space station that we will stop debating and start building. That is our duty, I believe, not only to those who have invested their lives in developing the greatest space program in history but also to those future generations that will benefit from the science and technology that will come from it. That is what we can do today.

I yield the remainder of my time to my colleague from Texas.

The PRESIDING OFFICER. The junior Senator from Texas has 3½ minutes remaining.

Mrs. HUTCHISON. Thank you, Mr. President. I thank Senator MIKULSKI for her leadership in this area. No one could do a better job of making the case for the importance of this great project than Senator MIKULSKI has done. And the ranking member, the senior Senator from Texas, has made a great statement talking about the priorities of this country. That is where I want to end our part of this debate.

The Senator from Arkansas has talked about the budget, and he is absolutely right that we have to find the places to cut the budget. But we are never going to make real progress in this country toward eliminating the deficit until we look at the entire budget, as a whole, and decide what our priorities are.

Mr. President, any company, any business, and certainly Government, should look for the long view, which means we have to set out all of the priorities, where this country is going, what we want to do in the future, and have a long-term vision for where this country is going to put its resources. Any corporation or business, and hopefully Government, says we set aside this much for the future, we set aside this much for today, we set aside this much for the needy people in our society, this much for emergencies, and that is the way you plan. That is what planning is.

Any entity that is looking to the future must set aside some amount to make sure that we have seed corn, that we do the research that produces the new technologies that creates the new industries that will give jobs for the future. We will not have jobs in the future if we continue to have a stagnant base. And we will never have jobs for the future if we do not continue to grow and expand our horizons and create knew technology.

Mr. President, when President Kennedy decided we would take off into space, he did not tell us everything we would get. He did not say that we are going to have laser surgery, so that people who used to take 2 weeks to recover from surgery now walk out of the doctor's office in 4 hours. He did not say that because we could never have dreamed that that would be so. He did not say that people would have hearing aids in their ears instead of a big battery in their pocket, because he did not know that is what would come out of space research. He did not say we would have velcro closings on coats and shoes so that people with arthritis could be self-sufficient, and children that are 3 years old could put on their own shoes, because he did not know that is what would happen. But that is why you have research and technology. It is to build for the future.

We cannot dream of all of the things that we will have if we continue our quest and we continue our research. We used to spend 5 percent of our Federal budget on research and technology because we had the commitment for the future. Today, we are down to 1.7 percent of our budget. So I think it is quite consistent. And I say to my colleague from Arkansas that it is entirely consistent to be a budget cutter—which I am—and to say that I want to cut the budget and have a balanced budget amendment, without taking the first priority, which is research and technology—which is thinking for the future—and cutting that first. Of course, you do not do that.

Mr. President, I know my time is up and I thank you for giving me this time. This is not the time to sit back and be stagnant. We must look to the future. That is the American spirit. Thank you, Mr. President.

Mr. BUMPERS. Mr. President, I yield 5 minutes to the Senator from Wisconsin [Mr. KOHL].

Mr. KOHL. Mr. President I rise today in opposition to the $1.9 billion in funding for the space station provided in this bill. I want to commend Senator BUMPERS for taking on this battle every year. I truly hope this is the year we finally win.

Mr. President, the space station is a project that does not do what it is supposed to do, and it does not do it at a very high price. We have all heard of getting something for nothing. But in this case what we are getting is nothing for something. That something has a price tag that could reach $156 billion over the next 35 years.

To justify this cost, the space station would have to do great things for our country. But it does not, Mr. President. In fact, the space station is best described by what it will not do.

For example, the space station will not, as some proponents claim, be a commercially viable, state-of-the-art manufacturing facility able to make crystals for high-tech American companies. It would cost a business $12,880 to ship 1 pound of payload to the station. At that cost, making crystals in space is, in the words of one semiconductor company CEO, "an absurd business proposition."

Nor will the space station bring us closer to understanding other planets and systems in space. As a representative of the American Physical Society testified, unmanned spacecraft have already gone to Venus, Mars, and even the Sun—voyages that no manned space station envisioned today could make.

Finally, the space station is not, as some have argued, a good way to encourage Russian scientists to put their talents toward peaceful means. GAO has recently reported that NASA severely underestimates the cost and overestimates the benefits of cooperation with the Russians on the station. The space station cannot be justified as necessary foreign policy.

So if it is not commercial policy, space policy, or foreign policy, then what is the space station? What justifies the $11.9 billion already spent on the project without the production of even 1 pound of finished hardware? Where did the money go? And where will it go if we continue to appropriate a couple billion dollars every year?

Mr. President, in these last few weeks, we have all savored the memories of the first Moon landing and the courage of the men and women who worked and flew in this country's manned space program. We in this body are fortunate to serve with one of the true heroes of that time, Senator JOHN GLENN. But we do not dishonor the memory of these great feats by arguing against a program that has none of the vision or public support that our earlier manned space flights did.

Mr. President, these are very difficult financial times for our Government and our country. We are in the process of bringing down our deficit, after years and years of struggling with it unsuccessfully. Now, for the first time in 30 or 40 years, we are going to have three consecutive years of deficit reduction. We have worked awfully hard and struggled to achieve this deficit reduction.

So, if we are going to spend billions of dollars on this space station, to me, it is an indication that our zeal and our fervor about reducing our deficit has been waylaid. We also have numberless unmet needs in our country, programs that need to be funded if we are going to develop our country in ways that truly benefit the people, the men and women who live here, and our children, who are struggling to grow up in a society that provides for their welfare. So we should not pursue our dream of traveling to the stars at the expense of the very real needs of people who live in this country.

Mr. President, the space station costs too much and it does too little. So we ought to kill it before it uses any more of our scarce resources.

I urge my colleagues to support the Bumpers amendment.

The ACTING PRESIDENT pro tempore. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I yield 2 minutes of my time to the Senator from Florida [Mr. GRAHAM].

The ACTING PRESIDENT pro tempore. The Senator from Florida [Mr. GRAHAM] is recognized.

Mr. GRAHAM. Thank you, Mr. President, and I thank the floor manager of the bill for affording me the opportunity to make a few remarks in support of the space station.

I would like to pick up on the statements just made by our good friend and colleague from Wisconsin relative to the fact we are sacrificing current needs in order to make this investment in the space station.

Mr. President, that is always the choice that faces mankind. When Christopher Columbus approached Queen Isabella and King Ferdinand, there were needs in Spain at that time that had to be foregone in order to finance that expedition. When Justin Morrill proposed the land-grant college system in the 1860's, there were tremendous needs in this country in the aftermath of the Civil War that had to be foregone in order to make that investment in basic research. Those and many other examples illustrate the fact that by making those types of commitments to the future we not only meet mankind's inevitable quest to explore the boundaries of knowledge but we also add to the prosperity and wealth of that and future generations.

So it is with the space station. No one can tell you today anymore than they could have told those who made the decisions relative to exploration of the New World or those who made the investment to expand the frontiers of American agriculture and engineering what would be the precise end results of those initiatives. No one can tell you what will be the precise end results of our investment in the space station.

I will just suggest three things that I believe will occur. One, in the very short term we will continue what has already been a hallmark of our space program, and that is contributions to the well-being of America and the world. The results in the life sciences, in the extension of life, the ability to explore new approaches to the maintenance of health and mankind have been immediate results of the space program.

Second, we continue to keep America on the forefront of high-technology activities. It is not unrelated that we have made this enormous investment in the space program and have had, as one of our most significant areas of international competitiveness, the aerospace industry.

Third, today we have the opportunity to cement a new relationship not only with our traditional allies but with our former adversaries in the former Soviet Union through exploration of space, taking advantage of Russia's experience in space, particularly long-duration flights. With our technologies we have the opportunity to accelerate the pace of exploration as well as accelerate the pace of a new friendship with our former adversaries.

Mr. President, I believe those are compelling reasons why this investment warrants our continued support.

I urge my colleagues to defeat the amendment before us, which would terminate this important part of America's quest for a better future.

I thank the Chair.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. BUMPERS. Mr. President, how much time do I have remaining?

The ACTING PRESIDENT pro tempore. The Senator from Arkansas has 34 minutes 35 seconds remaining.

Ms. MIKULSKI. Mr. President, how much time do I have?

The ACTING PRESIDENT pro tempore. The Senator from Maryland has 10 minutes 11 seconds.

Mr. BUMPERS. Mr. President, the Senator from Florida has always been a great champion of the space station, and in all fairness I have to say if I were going to get back a lot more money in my State than it was going to cost, I might be for it, too. In the interest of candor I say that.

Three States—Alabama, California, and Texas—are big winners. I thought Maryland was. Maryland is a big loser in this. It is going to cost them much, much more than they will get back.

But I want to say as an example, even if I lived in Texas——

Ms. MIKULSKI. Mr. President, will the Senator yield for a question?

Mr. BUMPERS. I am happy to yield.

Ms. MIKULSKI. What is the Senator's methodology on this about how you win or how you lose? Does he take the gross national revenues of the Nation and divide on this or the total cost of the space station?

Maryland is a big winner in the space program because of Goddard, the Space Institute, the Hubble mission to planet Earth.

In talking about being a big loser in space, what is the methodology?

Mr. BUMPERS. The figures I use deal only with the space station, not the rest of the NASA budget. We are talking about $2.1 billion of it. As I understand it, NASA's budget is about $14 billion next year.

Ms. MIKULSKI. What is the methodology as to how it affects the States?

Mr. BUMPERS. It is not mine. NASA is the one that gave us the figures on how much each State gets in contracts.

Ms. MIKULSKI. I thank the Senator.

Mr. BUMPERS. I know they do not make a mistake, even though they forgot $1.5 billion in civil service costs in these figures. I am willing to accept the figures.

Ms. MIKULSKI. I have a comment on what the Senator says is forgotten.

Mr. BUMPERS. Mr. President, the State of Arkansas is going to pony up $667 million in taxes for this space station. I am not going to go home and ask my constituents if they want to be taxed $667 million to put this turkey in orbit for 10 years? I can tell you the vote would be at least 95 to 5.

I do not care what State you are from. Do you think I would go to South

Carolina and say, "I am going to ask you folks to give $1 billion for the space station?" They would run you out of the State.

Even if I lived in California where they cannot balance the budget but where they do indeed get a big benefit out of the space station, I would hate to run for Governor out there and say, "I am a strong supporter for the space station even though it is going to cost the people of this State $8.5 billion." I guarantee, if you took a vote on it in California, it would be soundly defeated, even though California is one of the big beneficiaries.

Mr. President, when you look at this chart—and I hope all of my colleagues when they walk in will look at this and see what it is going to cost each of their States to build this thing—you may have second thoughts.

I have been waiting for the argument the Senator from Texas made, essentially the argument that if you do not spend it on space, you are just going to waste it.

Nothing could be further from the truth. One of the most important points I have tried to make is that the savings from my amendment would go straight on the deficit, because we have to cut $5.4 billion just next year in order to come into compliance with the Exon-Grassley amendment.

So, yes, we have to cut $13 billion over the next 5 years in discretionary spending in order to get the deficit down to what we promised. If we do not take it out of the space station, we are going to end up taking it out of the other things I mentioned earlier—education, crime prevention, veterans, et cetera.

I am saying the space station is the best place to get 80 percent of what we have to cut over the next 5 years.

Last year, opponents said if we do not spend it on the space station, we would just squander it on something else. I was ready for that argument because I put a provision in the amendment that the savings could only go on the deficit.

All I am saying is that if we do not want to take it out of education, veterans' affairs, crime prevention, research at NIH, and all the other things around here, then vote for my amendment. It provides almost 80 percent of what we will have to cut next year under Exon-Grassley.

Mr. President, Senators will argue that they are for cutting spending by this amount or that amount, and so on. I did a study last year and looked at 20 specific spending cuts proposed on the floor of the U.S. Senate.

Do you know who had the highest percentage of voting to cut spending of anybody in the U.S. Senate? My good friend, Senator KOHL, from Wisconsin. And right behind him was his colleague, RUSS FEINGOLD. Some of the deficit hawks who vote for balanced budget amendments and everything else they can think of so they can go home and make these big pronouncements about what fiscal conservatives they are invariably voted against almost every one of those spending cuts.

So what do they say? They say they vote to cut entitlements. It is easy to hide behind the word "entitlement." You do not even hear anyone say Social Security. You do not even hear anyone say Medicaid. You do not hear anyone say veterans' pensions. You do not hear anyone say Federal employees' pensions. They call it entitlements because 99.9 percent of the people out in the country have no idea what that means. If they have any idea at all, they think it refers to those "shiftless welfare people" getting money. But entitlements around here means Social Security; it means Medicaid; it means pensions; it means school lunches.

So you just go ahead and vote for the space station and everything else you can think of to vote for, and go home and say, "Oh, its those entitlements that are causing the deficit to go up."

I sit on the Subcommittee on Appropriations dealing with the budget of the National Institutes of Health, around $10 billion a year. Every year the National Institutes of Health comes in and tells us that they are only able to fund about 27 percent of the valid, meritorious applications they get for research. A few years ago they were able to fund 35 percent of them, and now they can only fund about 27 percent.

Do you know why the American Cancer Society opposes this space station? Because they know that if you put this money to real, honest-to-goodness research on cancer at the National Institutes of Health and the university medical schools of this country, you might find a cure for cancer. You are not going to find it up there in a microgravity atmosphere.

We have been up there 30 years. What have they been doing in those 30 years? It costs a half-billion to a billion every time the shuttle goes up. They could not even keep newts alive the last trip. They died.

Why are we spending over $70 billion to float somebody in space when we have been up there for 30 years and no cancer cure, no crystals grown, no nothing? "Well, that is the shuttle. If we could just do it on the space station, it would be different."

Do you know what the Russians have to show for having a space station up for 20 years? Zip, zero, zap, nothing. They made a big to-do about a flu vaccine that they developed, until they found out they could make it better and cheaper on Earth.

Mr. President, I take great pride—and the President should take great pride—in the fact that the deficit in this country is declining dramatically.

Last year, as David Broder pointed out in a really good article this morning in the Washington Post—which I recommend to everybody—when we passed the Budget Reconciliation Act, we had a tax increase for the richest 1.2 percent of the people in this country. All over the country we heard wails and yells about how this was going to destroy our economy, small businesses were going to drop by the thousands, and we were raising taxes on the poorest of the poor.

I have been waiting for somebody to write the story that David Broder wrote this morning.

We are so consumed with Whitewater and hate and suspicion, nobody has focused on anything around here that is good.

And I will tell you what is good: The inflation rate. Do you know what else is good? Jobs. We have one of the lowest unemployment rates in recent years. The gross domestic product is holding between 3 and 4 percent, and people are working and they are buying homes. And, best of all, the deficit, which was projected in June of 1993 to be $305 billion this year, is continuing down. Just last week the Congressional Budget Office said it is going to be $200 billion this year, $105 billion less than the prognostication of a year and a half ago.

I have told many of my colleagues in caucus that, if I were up for reelection this year, I would not wait for my opponent to bring up the vote on the budget resolution this last year. I would bring it up myself. I would point to every one of those things, jobs, the deficit, et cetera, and I would point to the fact that, only 1.2 percent of the people in this country are paying more taxes, except for the gasoline tax increase of 4 cents a gallon.

I was doing an interview the other day on what effect religion has in politics. That is a touchy subject, and goes right into "fools walk in where angels fear to tread."

I was taught as a Methodist Sunday school boy that love is the most powerful emotion of all, much more powerful than hate. I have had to change my mind. You know, we all, if we pay attention, do get a little wiser as we grow older.

I am not sure I believe love is more powerful than hate. Hate is so easy to stimulate. It is so easy, as Hitler demonstrated, to point to this one and that one and the other one as the cause of all our problems.

My son-in-law, a very perceptive young man said he disagreed. He thought fear was the greatest emotion of all. And I had to reluctantly agree. I believe that most people in America wake up every morning in fear of something. Sometimes they are deep-seated fears, sometimes they are just nagging, and perhaps there are some lucky people who do not really have much fear of anything.

I fear for my country. I fear for my country because socially and culturally

we have been in decline. And the reason is not because people have suddenly gotten meaner or suddenly gotten less caring or indifferent about their fellow man. It is because our Government has misspent its money.

The Senator from Texas mentioned social programs as though they were about as foul words as he could use. I favor social programs. I favor educating poor children; I favor health care for poor people; I favor health care that cannot be taken away from people like my daughter who has a preexisting condition. I hope everyone is assured of that type of coverage before I die.

I favor school lunches; I favor seniors' centers where they get a meal, where they can visit with each other; I favor Meals on Wheels; I favor everything that helps a youngster lift himself out of poverty. Jack Kennedy's words have never been improved upon: "A rising tide lifts all ships."

But when you spend $74 billion, as the very perspicacious Senator from Wisconsin said, you are getting nothing for something.

Mr. President, I would remind my colleagues that we spent a lot of money going to the Moon, but we have not gone back. Nothing there. And I can tell you that the wisest people who study space will tell you that the purpose of this space station is not to grow crystals or to cure cancer. It is to see how long we can leave men in space so we can determine whether we want to go to Mars or not. That is what this is all about. And if we had a $5 trillion surplus instead of a $5 trillion debt, I would be for going to Mars, too.

Mr. President, I do not want to use up all of my time. I have two or three other people who wish to speak, so I yield the floor.

The PRESIDING OFFICER (Mr. FEINGOLD). The Senator from Maryland.

Ms. MIKULSKI. Mr. President, how much time does the Senator from Arkansas have?

The PRESIDING OFFICER. The Senator from Arkansas has 15 minutes.

Ms. MIKULSKI. How much time do the opponents have?

The PRESIDING OFFICER. The Senator from Maryland has 10 minutes.

Ms. MIKULSKI. And Senator METZENBAUM has 15 minutes; is that correct?

The PRESIDING OFFICER. The Senator from Arkansas has 13½ minutes.

Ms. MIKULSKI. Mr. President, I want to make two points—if I may have the Presiding Officer's attention—I am going to make 2 points and then yield 2 minutes to the Senator from Montana.

First, the Senator from Arkansas wants to talk about what civil service costs are forgotten, in terms of adding their costs. The civil service costs are not charged against total costs of any other Federal procurement.

Let me tell you how this works. For example, when we build an aircraft carrier, we do not estimate the cost of sailors to operate it for 30 years. When we build a new agricultural lab for catfish fertility in Arkansas, we do not add the cost of USDA staff to run it for 30 years, as part of the lab cost to build.

However, NASA has included operation costs of its space station in the estimate of the total space station cost at this chairman's request so we would have a picture of what the life-cycle cost is. They did not forget it. It is never done on any Federal project.

The fact that NASA does not charge off civil service costs of operating and maintenance as part of its space station estimates is not unique. If you want to force NASA to include civil service costs for space station operation and maintenance in the future, then I will offer an amendment that we make it a requirement for every procurement or construction project. That means for every VA hospital that is built, I will want to know its staffing and operation and maintenance for the next 30 years. For every laboratory we build, I will want to know its operation and maintenance for the next 30 years, as its cost; and for every aircraft carrier and every airplane that is built. Then we will make that standard operating procedure.

There is much to be debated in an honorable way about the space station. But I will not let NASA be ridiculed as if they forgot to add something in its civil service costs. No. 2, I do not want NASA to be held to a different standard of accounting, different than any other Federal procurement facility or construction project. So I want to set that record clear.

The other record I want to set clear is this chart, this odd little chart about space station winners and losers. NASA did not make up this chart that is going to be distributed. I want to put everybody who is going to vote on red alert when they come over and get this piece of paper about winners and losers. Whoever made up this unsigned chart in terms of its methodology—there is no signature to this. No one knows where the methodology came from. I do not even know who made this chart up. But NASA did identify what the contracts were.

But this whole thing about paid-in taxes. The Presiding Officer knows that when people pay their taxes they do not earmark for special projects, whether it is soybeans in an agricultural State or whether it is the National Institutes of Health in my State. So when we talk about paid-in taxes, this is some convoluted formula that is as specious as so many other things we get about who pays taxes and who wins and loses.

There is no rationale to the methodology used in this statement. When you ask who are the winners and losers, the question is: Is America in the 21st century going to be a winner, or is America in the 21st century going to be a loser? That is why I advocate the space station, because I want us to be winners in this battle for America's future.

I yield 2 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized for 2 minutes.

Mr. BURNS. Mr. President, I want to make a couple of points here. When we start talking about research and development, reaching into the unknown—when we start talking about the incalculable payoffs in health, ecology, technology, competitiveness, and world relations, we talk about infrastructure—do we pull back and cease to grow; or do we dream and go into the unknown, as all Americans have been known to do?

I think it is Government's role to provide the infrastructure for all of these magnificent things that this society enjoys. Just produce the infrastructure. Then let everybody else sort of take over and do their own thing.

Montana is not one of those States that is actively engaged in building the space station. Nor do we derive a lot from it. But I will tell you this, I think that the young people of Montana do have a vested interest in these kinds of challenges.

I disagree with the argument we cannot afford the space station.

The list of benefits from the space station is a long one:

Establishing an international space laboratory for the advancement of a wide range of scientific and technical research;

Developing new and improved products like solar powered electric generators, high-density batteries, energy saving air conditioners, water purification systems like those in use in Rwanda to save lives, environmentally safe sewage treatments, radiation-blocking sunglasses, ultrasound scanners, and vital body functions monitors used in hospitals and medical clinics throughout Montana;

Challenging students from grade school to graduate school to expand the frontiers of new learning into space;

Building new bridges between nations for peace and mutual prosperity.

It is very clear that the investment in the space station by our Nation's taxpayers is truly small when compared to the incalculable payoffs in health, ecology, technology, competitiveness, and world relations.

As a Senator from a State with little direct involvement in the actual construction of the space station this is a tough vote. But in this job there is no maybe, just yes or no. When I look at this issue, even with the tough budget

constraints under which we are now operating, I see the benefits to Montanans and our Nation clearly outweigh the costs.

While my State may not be participating in the construction of the space station that does not mean Montana is not involved in its mission. Researchers at Montana State University are currently working on a biofilm laboratory with increased resistance to film buildup over long periods of time in space and vibration isolation devices for a higher level of microgravity for experiments in space. A small company in Bozeman is working on ways to incorporate machined plastic parts into the station to reduce its weight which allows the space station to achieve and maintain a higher elevation. A physical therapist in Deer Lodge is developing an all directional isometric exerciser to help maintain muscle and monitor physical conditions of the people living in space.

I want to close with a quote from a letter I received from a veteran from Charlo, MT, Comdr. Ralph F. Stockstad, USN, ret., in support of the space station.

> A vote for the space station is a vote for the future of this great nation—a vote to continue America's economic, scientific and technological leadership in an increasingly competitive global economy.

I could not agree more.

Let us continue to grow. Let us not pull back. I vote for some social programs but I also vote for those activities that provide opportunities and provide an economy so folks can take care of themselves.

This is one of those kinds of projects.

I appreciate the time and I yield the floor.

The PRESIDING OFFICER. Who yields time?

Ms. MIKULSKI. The manager of the bill would like to ask how much time do I have left?

The PRESIDING OFFICER. The Senator has 3 minutes.

The Senator from Arkansas.

Mr. BUMPERS. I was trying to save some time for my chief cosponsor, Senator WARNER. I see my colleague here now.

Mr. President, I yield my colleague from Virginia 10 minutes.

Mr. WARNER. Mr. President, I thank my distinguished friend. I once again commend him for the leadership he has shown on this issue.

I fully support this endeavor. Both of us, on many occasions, have just sat and pondered the future of this country if we continued to have such enormous expenditures accompanied by or coupled with the uncertainty of returns to meet the ever-growing needs of the people of our Nation, be it our health, our education, transportation, or the like.

Certainly, we want to maintain a cutting edge in technology. It is essential to do it in the areas of national defense and medicine. And we have a very viable and active space program under way at this very moment. But this has so many uncertainties attached to it, balanced against the certainty of the many needs that face this Nation, that it calls for the courage of all Members of the U.S. Senate to ask themselves, is this essential? Because we know this country is headed into a most uncertain future with respect to its fiscal stability.

In many ways, fiscal instability is far more dangerous than any threat beyond our shores because it can undermine the very foundation on which this great Nation rests.

Last year, after many attempts by myself and many others, the Congress finally mustered the courage to vote to end the funding for the superconducting super collider project, and America has survived in terms of the impact—and it was a hardship on many employed in that project—but we survived, and those funds now have gone into the mainstream of the higher priority needs of this Nation.

Now this year, Mr. President, I hope that Congress can come to grips with this issue. I see the distinguished manager here, the Senator from Maryland, if I might just address a brief question. We had a short colloquy last night and I made reference to this debate last year, at which time this Senator, and I believe others, gained the impression that the system of checks and balances we put on the authorization last year required a further examination by the subcommittee that dealt specifically with this program.

I commend my good friend from Maryland. Last year, she indicated to the Senate that we would follow certain procedures. In the course of the evening last night, I think she was very candid. I asked the Senator from Maryland and she indicated to me there were reasons why those checks and balances were not fully met as represented to the Senate.

Mr. President, will the Senator from Maryland clarify that?

Ms. MIKULSKI. Yes, and, of course, I remember the spirited debate we had last year with the Senator from Virginia. We kept our fence until June 30 and incorporated many of the questions we had about lifting the fence in our regular appropriations hearing. We still did not lift the fence, though, until after the House vote in June. Then because of the questions that had been answered in our regular hearing process and then through the House vote, we felt that we could just move away and not have a special hearing, though we reserved the right to do that.

Mr. WARNER. Mr. President, in my recollection, and I in no way am trying to indicate criticism to my good friend from Maryland, but it was represented to this Chamber that we would have a certain hearing and my recollection was the February–March timeframe when a second major portion of the funding that was authorized was to fall due; am I not correct?

Ms. MIKULSKI. That is right. Originally, we were going to lift the fence in March, but we did not lift the fence in March. We lifted it in June and incorporated many of the questions that we had about the space station in our regular hearing process.

Mr. WARNER. Mr. President, I thank the distinguished Senator from Maryland. I have complete confidence in the manner in which she has conducted——

Ms. MIKULSKI. I say this to the Senator from Virginia—and I thank him for his courtesy—if we win today and defeat the Bumpers amendment, if the Senator has questions for NASA that he wishes to explore and if there is any foot dragging of someone, I will join with the Senator in a letter to get him the answers that he has a right as a Senator to pursue.

Mr. WARNER. Mr. President, I thank my distinguished colleague.

Mr. President, since the last Congress, I have endeavored to work with other Senators to terminate funding for the space station. I cosponsored legislation to terminate the funding last year in response to President Clinton's request for further cuts in Federal spending.

Last year, the Congress finally voted to end the funding appropriated to build the superconducting super collider project.

This year, Mr. President, the Congress must finally vote to end the funding appropriated for the space station.

The Congress is confronted with an enormous, costly, and, to date, an unmanageable program at a time when the Congress must be prioritizing the numerous programs in the Federal budget and eliminating spending where necessary.

Mr. President, voting to eliminate the funding for this project is not an easy decision for me because elements of this project are being performed by Virginians. If we are successful, it will result in a direct loss of jobs in my State.

Last year, my concern regarding cost increases, questionable value, and schedule delays of this project prompted me to request that the Government Accounting Office [GAO] prepare a detailed analysis of the project, specifically the direct national security benefits, if any, that might be derived from the project. In a nutshell, the space station will not enhance our national security requirements and the Department of Defense has virtually no use for the space station.

Mr. President, we cannot be No. 1 in everything, not when confronted with our staggering debt and burgeoning Federal deficit.

The space station is not a project; it is a black hole in the Federal budget. NASA informed the House of Representatives Science Committee in March 1994 that it will cost $70.8 billion to build, launch, and operate the station. This is 887 percent more than the $8 billion original sticker price presented to Congress in 1984. Since then, American taxpayers have spent $11 billion and have received only pictures and diagrams of a project in the planning stages.

Even by the most cautious and conservative estimate, using U.S. Government figures from NASA, the U.S. Congressional Research Service, and the U.S. General Accounting Office, it is clear that the total cost of NASA's current space station design will exceed $70 billion.

If we look at the spending on the space station since 1985–1993, this adds up to about $11.2 billion: construction of the station from 1994–2002 will add up to about $17.4 billion; the operation of the station for 10 years will be about $13 billion; the launch of the station will add another $32 billion; payments to Russia will be about another $1 billion. The total of these figures does not even include any salary costs of the many NASA employees who will work on the station over two decades. If we add these figures, we will reach a total of over $75 billion for this project.

Mr. President, I along with my colleagues who are cosponsors of this amendment are convinced that the space station would provide few benefits to national security, economic competitiveness, and the well-being of our people.

However, proceeding with this project will certainly mean further cuts in domestic programs to cover the costs of this project. The funding for this project will continue to have a great impact upon many other programs in the Federal budget which are in danger of further reductions in funding.

Mr. President, it is time Congress ends the debate on whether to fund the space station and begin to use these funds to meet the challenges confronting American taxpayers on Earth.

Mr. President, I just want to express my concern, once again, about the cost increases, the questionable value and schedule delays as relates to this project. The distinguished Senator from Arkansas has addressed more specifically those problems. But, again, we are confronted with enormous uncertainties as relates to this program, and we are faced with certainties at home.

I hope, given that choice, that this body will decide in favor of the pressing needs which we know so well at home, as opposed to the speculative returns that this project may some day, long after most of us in this Chamber have gone on to other, let us say, greener pastures, long after that will we ever know the outcome of this project.

Mr. President, I ask unanimous consent to print in the RECORD the debate between myself and the Senator from Maryland [Ms. MIKULSKI], which occurred last year on this subject.

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

AMENDMENT NO. 908

(Purpose: To require the approval of Congress of the expenditure of certain space station funds)

Mr. WARNER. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Does the Senator intend to amend the first committee amendment?

Mr. WARNER. Madam President, I ask unanimous consent the pending amendment be set aside and we proceed to the amendment of the Senator from Virginia.

The PRESIDING OFFICER. Without objection the committee amendments are set aside.

The clerk will report.

The assistant legislative clerk read as follows:

"The Senator from Virginia [Mr. WARNER] proposes an amendment numbered 908.

"On page 60, line 9, after '1994' insert the following: ', and any funds above such $1,000,000,000 may only be obligated with the approval of Congress.'"

Mr. WARNER. Madam President, I send to the desk an amendment in the nature of a second degree.

The PRESIDING OFFICER. The Senator does not have a right to offer an amendment to his amendment at this time.

Mr. WARNER. Madam President, I ask for the yeas and nays on the first amendment.

Mr. GRAMM. On your amendment you ask for the yeas and nays?

Mr. WARNER. The amendment that is at the desk. I ask for the yeas and nays.

Madam 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. WARNER. I thank the Chair. I thank the managers.

Madam President, I spoke to this amendment earlier. I do not wish to prolong unduly the debate which has been a very good one—I said that earlier—on the space station. My concern is that the committee report on Calendar No. 194, page 145, reads as follows:

"Bill language has been included to allocate these funds accordingly. In addition, the committee has included language that limits NASA from obligating more than $1 billion prior to January 31, 1994, for the space station program. This will enable the committee to assess the final design configuration of the station before agreeing to release the remaining funds appropriated in fiscal year 1994."

Madam President, this amendment is a very simple one. It states that rather than the committee making this assessment at some point in time prior to January 31, 1994, that the Senate as a whole, that the House as a whole, that the Congress as a body shall determine whether or not future authorized dollars by the previous amendment should be appropriated to this program. That is all.

I say to my distinguished colleague from Texas, who possibly has in mind a second-degree amendment, I shall repeatedly bring forth one amendment after another until I get an up-or-down vote on this question, because in the judgment of this Senator, I think this program should be reviewed very intensely by the Senate. It will be my hope we continue oversight on a continuous basis because here in the course of the debate on the space station we have learned facts that I find astonishing, that I find unacceptable, in terms of timely action by this body.

We do not have, in my judgment, before us at this time such firm cost estimates for the completion of this program to justify action by this body. Nevertheless, the body did take action.

It is interesting, if you look at a breakout of the votes here, there are 36 Republicans who voted for the program and 23 Democrats. That is a heavy responsibility. This program now has a very close identity with the Republican Party. This party deliberately delivered the margin of vote to assure the program go forward as directed by the committee. I say that with no disrespect to anyone. A fair battle was fought on the amendment. It is over. It is behind us. But I think it is incumbent upon us to engage this body in such further deliberation as necessary to have one single dollar in addition to the $1 billion, and that roughly is $900 million, almost another $1 billion—before $1 of that sum is released. I think it merits the deliberation of this body, its careful attention, and I would anticipate another record vote.

In that way we have fulfilled our responsibility, our continuing responsibility, toward this program and toward the heavy burden we are casting on the taxpayers to continue.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. GLENN. Madam President, I am not sure I understand.

Is this a procedure where we would have to have another affirmative vote in the Senate before any of that money could be spent even though the report was made back?

Let me just give an example. On the Armed Services Committee we fence things and put hurdles in, objectives to be met all the time. We have done that. We did it on B–2. We have done it on several different programs. But the idea on that was not to bring it back for a second vote in the Senate. The idea every time there was to make sure the administration was reporting everything to the committee because we had been misled a few times, reporting everything to the committee and have to report it.

Then, at that point, Members who were either for or opposed to whatever the issue is have a full right to come to the floor, put in legislation, try to alter that. But I would say to my friend from Virginia, if we are to start on appropriations bills and say because we do not like a certain procedure and because we happen to lose a vote on the floor we are then going to come back and require a second vote before anything is released, that is just legislative WPA in the Senate.

The Senate has expressed its vote. It was 59 to 40. Accept it. Why would we have to bring it back again and have another vote on it? I am all for having the report made back here and then if there is objection to the way things are going or it does not come out the way we hoped, we always can bring it back and legislation can be submitted to undo what is being done. But I think we are treading down a path here of just making a lot of excess work for ourselves if every time we have some objection to a thing that passes

here on the floor on an appropriations bill, we require a second vote on it. So I would have to oppose it, regretfully.

Mr. WARNER. I respect my good friend from Ohio. He served with me for many years on the committee. But I ask him to review the language. Where did he see here the word "report"? Where is the fencing report we carefully put in the Armed Services Committee? Will my colleague kindly read the language? Or I will read it for him.

Mr. GLENN. If the Senator will yield for a comment, I have not actually read the language. Maybe it does not require a report. But, certainly, I can guarantee the Senator from Virginia, the Senator from Arkansas, and others are going to be following the progress of the planning for the spending of that money very, very carefully, as they should. Then if there is objection——

Mr. WARNER. I do not know how I follow it, to be honest. There is no obligation for them to report that I see here. There is a report inferred, I might say in all fairness. The sentence simply says "This will enable the committee to assess the final design configuration."

That implies some further evidence will be coming before the committee. But I draw to my colleague's attention, January 31, 1994—the Senate meets for a very few days in January and, hopefully, for a very few days in December. It could be the outcome of this is decided by one or two Senators on behalf of the entire body involving $900 million.

I say to my good friend, I am not prepared to yield that discretion, primarily because of the inadequacy of the facts that were presented to this body in support of the amendment that was just acted on.

Ms. MIKULSKI. Will the distinguished Senator from Virginia yield?

If the distinguished Senator will yield the floor to me, recognizing his right to reclaim the floor?

AMENDMENT NO. 909 TO AMENDMENT NO. 908

(Purpose: To require the approval of Congress of the expenditure of certain space station funds)

Mr. WARNER. Madam President, I will be happy to yield, but before doing so, 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 Virginia [Mr. Warner] proposes an amendment numbered 909 to amendment No. 908.

"Strike all after the first clause and add: 'any funds above such $1,000,000,100 may only be obligated with the approval of Congress.'."

Mr. WARNER. Madam President, I thank the Chair and I thank the distinguished managers.

I yield the floor.

Ms. MIKULSKI. Madam President, I recognize what the Senator from Virginia is trying to achieve. He wants to ensure fiscal accountability and that the redesign of the space station, an American-led space station with Russian participation, is adequate to the three criteria that the ranking minority member and I have articulated: That it do significant science; that it be fiscally achievable; and that it meet the needs and the criteria of our international participating partners. That is not unreasonable.

What I do not want, Madam President, is to bind the hands of this committee, subject to another vote on the space station, without going through the regular appropriations process. However, what I am prepared to do is, we anticipate that this report will be done by Thanksgiving; and I will assure the Senator that we will not unfence until we have had a hearing exactly on the nature, the content, and the fiscal aspects of this new design. Then, at that time, we can decide if it is so significantly different from what we think we have agreed to tonight, that we might have to return to the body.

I would not want to bind us to a vote, but I am prepared to agree to a hearing because I think that the questions the Senator from Virginia has would be the same questions I would have in order to be able to listen to what the design is. But I really encourage the Senator from Virginia to not have us come back to do a second vote when the normal appropriations process is done except on one item.

I am ready to agree to a hearing. Would that satisfy the Senator from Virginia?

Mr. WARNER. Madam President, I thank the manager, the distinguished Senator from Maryland.

I regret to say that I would not find that an acceptable substitute for the goals of the Senator from Virginia, as manifested by the amendment at the desk. I say that with great respect.

Ms. MIKULSKI. I understand that.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Madam President, one of the things that we do to try to see that the will of the Congress and the intent of the law is carried out is to set up a fencing mechanism so that those who are implementing the law have to come back to those of us who write the law and show that, in fact, they have carried out the intent of Congress.

What the distinguished Senator from Virginia has done is sought to magnify a fence that we were trying to use to achieve the purposes that he is supportive of, and now he would like us to have to come back to Congress and bring a bill to the floor of the Senate, which could be filibustered. We could technically have to get a supermajority in order to move ahead with a project that 59 Members of the Senate have just voted in favor of.

Also, this amendment, if adopted, would set what I believe is a very bad precedent because it would either force committees to stop fencing money—and therefore we would lose our ability to have effective oversight—or we would have to subject ourselves to the potential of having multiple votes on basically the same issue.

So I think, again, this is a case—and I made the point when we had the previous debate, and I do not intend to repeat all those speeches tonight—but this is a case where the distinguished chairman and I have tried to exercise oversight; we have tried to hold NASA accountable. The mechanisms we have used, which are conventional mechanisms, in fact, are used routinely by the Armed Services Committee, on which the distinguished Senator from Virginia serves as the senior Republican. What we are trying to do here is simply to exercise oversight. I am afraid if we accepted this amendment, we would be forced to come back and vote on the whole issue again.

I think the Senate has spoken on this subject. I have no doubt that they will speak again with a very clear voice, perhaps with a larger margin, because now we are talking about really attacking the mechanism which the Congress has used to do its work. And so I do not see that we are going to serve any purpose at 7:30 tonight by debating the whole space station again.

The distinguished Senator from Virginia very ably, with great passion and skill, made his case. We had a vote on it. His position did not carry. He is certainly within his right to offer this amendment, but I think that this amendment disrupts what we are trying to do. I think that it discourages the kind of oversight that we all agreed that this project needs.

Therefore, I am opposed to this amendment, and I hope that it will be rejected.

I yield the floor.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Madam President, if I may make a brief reply to my colleague from Texas. During the course of this debate on the amendment, which has now encompassed 2 days, we have had a most astonishing development in the world. The Senator from Arkansas read from the initial reports regarding some developments in Russia which I find are germane to the consideration of this amendment.

I am not going to go back into it, but essentially:

"Boris Yeltsin, the President, moved to take complete control of Russia—"

Complete control of Russia. That is control of this program. That is control of this program; one man——

"in a constitutional coup on Tuesday, ousting the hardline Congress and announcing elections for a new Parliament in December."

One of the more dramatic chapters of this debate is one when we were advised in S-407 that there would be a briefing— regrettably, only five or six Senators showed up, of which I was one, because I felt duty bound—a briefing about how the space program was an integral part of an overall approach by this administration. I commend the President for this overall approach, and I am going to support him. It is an approach whereby we would involve Russia in this program. The sum of $100 million was mentioned.

Madam President, that is just in the brief period of less than 48 hours when the Senate has been dealing with this amendment. I ask my colleagues, I do not know what this report portends for the future of Russian participation in the space station. But I guarantee, Madam President, this Senator wants to know before another dollar is released under the proposed fence. That is why I ask this body to reconvene.

Is it too much to ask this body to spend an hour or two in debate on $900 million? Is that asking too much? This fence delegates to perhaps one or two Senators the responsibility for close to a billion dollars. I say this to my good friend from Texas. He might well be the Senator on this side to make that decision, and he has fought hard for this amendment. He won. He delivered 34 Republican votes. That is a mark of pride.

But I am reminded of my old history professor, I say to my good friend, the senior Senator from Texas. The year was 1946. I came back after a brief tour in the U.S. Navy, matriculated in my father's old school, Washington and Lee University.

The history professor was named Bean, Dr. Bean. He was in his seventies, and he was recognized not only in Virginia, but throughout the Nation, as the foremost expert on that tragic chapter of history from roughly 1860 to 1865. He had a book on his desk, and all students as they walked in, were required to touch the book and then take their seats.

I say to my distinguished colleague from Alabama, my contemporary in life, every student touched that book. The title of that book, a book written by one of Robert E. Lee's aides-de-camp, a man who had traveled with Lee through the various campaigns and had taken an opportunity after that tragic chapter to sit down and write a book, I say to my distinguished friend from Texas, was "The Unbiased History of the Civil War, From the Southern Point of View."

Somehow, I feel the senior Senator from Texas might not apply the objectivity, the depth of analysis, and reasoning that might be required to obligate this body, the U.S. Senate, to $900 million.

I yield the floor.

Ms. MIKULSKI. Madam President, I think there has been said all there is to say on this amendment. I believe we are at an impasse on this, and in a few seconds I will be making a motion which I hope will bring this debate to a close and we can begin to start the debate on ASRM.

I know that when we initially talked about the amendment of the Senator from Virginia it was going to take 15 minutes. It has now taken longer than we anticipated. I believe, whatever the arguments, we would only be repeating ourselves. I truly respect the Senator from Virginia and what he is attempting to do. But, Madam President, I now must move to table Senator WARNER's amendment No. 908, and I ask unanimous consent that the vote on the motion to table occur at 8 p.m.; further, that the amendment be laid aside so that Senator BUMPERS may now offer the ASRM amendment.

The PRESIDING OFFICER. Is there objection?

Mr. HEFLIN. I would just like to ask unanimous consent. It will take 15 seconds.

Ms. MIKULSKI. Could we get this agreement first?

The PRESIDING OFFICER. Is there objection to the agreement?

Mr. BUMPERS. Reserving the right to object, would the distinguished Senator restate the request?

Ms. MIKULSKI. I move to table the Warner amendment No. 908 and ask unanimous consent that the vote on the motion to table occur at 8 p.m.; further, that the amendment be laid aside so that Senator BUMPERS may now offer his ASRM amendment and that we may proceed on the discussion on ASRM.

Mr. WARNER. Madam President, reserving the right to object, I wonder if the distinguished managers of the bill might consider not only laying aside the vote but having the vote occur at some time which would be most convenient to the majority of Senators. It may well be that the distinguished Senator from Arkansas will require a vote later this evening and that the votes could be put back to back. I speak only to accommodate the Senate.

Ms. MIKULSKI. I insist upon my original unanimous consent request.

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

Mr. WARNER. Mr. President, I yield the floor.

Mr. BUMPERS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Five and a half minutes.

Mr. BUMPERS. How much time does the opponent have?

The PRESIDING OFFICER. Three minutes.

Mr. BUMPERS. Mr. President, I want first to correct something, or at least explain something I said earlier when I said I feared for my country. I do, because of the things I mentioned—the cultural and social decline, the crime rate, a whole host of things.

But I am also very hopeful—hope springs eternal—and I am always hoping that the U.S. Congress, which has a whopping 15 percent approval rating among the people of this country, will give the country just cause to raise that percentage. The people of the country who distrust Congress so much do so for the wrong reasons. It is too bad the American people cannot hear this debate.

They know that things are not going well and they know that things are not going well in their lives, and they do not see Congress as doing very much that is relevant to their concerns.

It is true Government cannot solve every problem, but I tell you what Government can do. It can provide health care, it can provide home health care, it can provide a nursing home for Aunt Lucy and the elderly people who cannot afford long-term health care. Those are Government functions that I strongly champion.

But I suppose my greatest fear about the future of the country is the deficit and the continuing fiscal irresponsibility of the U.S. Congress. Here is a golden opportunity to save over $10 billion with virtually no adverse effect, and lower the deficit, but because some States will see increased jobs with the space station we cannot realize that savings. In my State of Arkansas, we have to tax ourselves $667 million to pay for our share of the space station. I can tell you if the people of Arkansas knew they were going to have to pony up $667 million, they would kiss that sucker goodbye so fast it would make your head spin.

I can tell you that if the people of Virginia knew they were going to have to pony up almost $2 billion, they could not wait to get rid of this thing.

And if you are out there waiting for a cancer cure, do not wait until the space station is in orbit. We have been doing experiments on shuttles and the Space Station *Mir* for 30 years, and for what? I invite you to tell me one achievement that has improved people's health. Go home and tell your constituents that each astronaut on this station for 10 long years is going to consume $319,000 worth of water a day. Tell them it is going to cost them $400 million-plus a year just to take water to the astronauts. And tell them almost every physicist in this country says this is an utter waste of money if we are planning to grow crystals. And the American Cancer Society says, it is an utter waste of money if you are looking for a cancer cure.

The Senator from Maryland asked me earlier where my figures came from. As I said, the contract cost for 1994 came from NASA. And the other figures are based on population. The truth of the matter is, instead of California only having to pony up $8 billion —my guess is their average per capita tax rate is much higher than it is in Arkansas—they are probably going to pony up about $10 billion. And now the Vice President, who has lobbied virtually every Senator in this body, says it is important to get these Russian scientists involved.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BUMPERS. Mr. President I ask unanimous consent for 1 minute to wrap up.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BUMPERS. The Vice President said by getting Russia involved it will save $2 billion. And the General Accounting Office said it will not save $2 billion; it will cost NASA an additional $2 billion. Think of that.

To the distinguished floor manager, who is always so courteous and gracious in these debates, I do want to say it was NASA who told CRS: "We did in fact inadvertently forget civil service cost and we apologize."

Mr. President, if I were to win this debate it would be the biggest miracle ever to occur in the Senate, but I invite all of my colleagues to remember that great novel "To Kill a Mockingbird," when Atticus Finch, defending a black man falsely accused of rape, looked at the jury and closed his statement by saying, "For God's sake, do your duty." I issue that same admonition to my colleagues.

Mr. LAUTENBERG. Mr. President, I rise in support of the Bumpers amendment to terminate funding for the space station.

Mr. President, as a member of the VA–HUD Appropriations Subcommittee, which funds NASA's programs, I have closely reviewed the progress of the space station and its funding levels since it was first proposed by President Reagan in 1984.

At that time, NASA estimated that the total cost of the space station would be $8 billion. Unfortunately, that estimate was not even close.

As of fiscal year 1994, we have already spent approximately $11 billion on the space station and look where we are—still on the drawing boards.

Since we have no real space station, no one really knows its cost. The estimates show us that it will at least cost $30 billion to construct and approximately may cost over $100 billion over the lifetime of the project.

Mr. President, some of the opponents of the Bumpers amendment will say that we should not cancel the space station because we have just entered into an agreement with the Russians to jointly build the space station. I would say that we need to be honest with the Russians. We cannot afford to build the space station and we should not delude

them. Frankly, I am not sure they can afford it either.

Furthermore, we should not make the space station the centerpiece of our foreign policy toward Russia and the Republics. I have supported aid to Russia and the Republics in the past but I do not think we should expand it to include the space station.

Also, we should not be linking the future of a multibillion dollar project to the political or economic stability of Russia. We have all witnessed the decline of the Russian economy and the struggles of the Yeltsin government to implement political and free market reform.

Also, I would note that the Russian launch facility is located in Kazakstan and it is deteriorating. Are we certain that this facility will be in friendly hands in the next few years? Are we sure that they will have the money to maintain this launch facility?

Mr. President, when the space station was first conceived, it was argued that it would enhance our national security and help us conduct research in materials science and life science research.

Yet since the 1991 restructuring of the space station, the Space Studies Board and the National Research Council have seriously questioned whether the materials and life science research could actually be done effectively.

Some still argue that there will be biomedical spinoffs resulting from the tests conducted in the weightlessness of the space station. But at what cost?

The space station will cost us over $30 billion for construction before we conduct one biomedical experiment and may cost over $100 billion over the lifetime of the project. To put this into perspective, the National Institutes of Health, the world's premier biomedical research agency, receives a total of $11 billion per year. I say to my colleagues that if we are concerned about investing in biomedical research, we should put more into the NIH, where it probably would do a lot more good.

Mr. President, the space station is a project without a mission that has taken on a life of its own. It adds nothing to the future economic vitality of our Nation. It doesn't contribute to solving our underlying disinvestment in our people and infrastructure, or our technology. And we just can't afford it.

Mr. President, I want to give credit to President Clinton for his initial action on the space station. On February 18, 1993, the President asked NASA to come up with a more cost-effective, redesigned space station. He wanted NASA to present him with redesign options that would cost between $5 and $9 billion over the next 5 years.

After 4 months, NASA came to the conclusion that the space station could not be built for less than $10.5 billion over the next 5 years. And, this so-called redesign is still untested and may be technically infeasible. It certainly will obviate most, if not all, of the original goals of the program.

Mr. President, there is one option available to us to hold the project below $9 billion over the next 5 years. That option is to terminate the space station. It is clear that there is no way to get the cost of this project under control no matter how hard NASA tries to redesign the project.

I urge my colleagues to support the Bumpers amendment.

Mr. DANFORTH. Mr. President, I rise in support of the space station. This year marks the 25th anniversary of the lunar landing of the Apollo 11. In 1969, the United States was torn apart by urban unrest, the Vietnam war, and a host of social problems. However, that year, the exploits of Neil Armstrong, Buzz Aldrin, and Michael Collins helped pull our Nation together and, to this day, their achievement represents the high point of the U.S. space program. Mr. President, we now have the opportunity for an equally remarkable achievement—the construction of an international space station.

We are forced to make some difficult choices among competing national priorities within tough appropriations caps. Unquestionably, the decision to fund a space station is one of those tough choices, but I believe it is the right choice for many reasons.

The space station, and missions like it, are the reason we have a NASA. NASA was never intended to be a typical Government agency. When we think of NASA, we think of pushing American imagination, talent, and resources to the breaking point to accomplish truly remarkable feats. We think of historic milestones like Alan Shepard's manned suborbital flight, JOHN GLENN's orbital flight, and Neil Armstrong's walk on the Moon. At every point in its history, NASA has been in pursuit of at least one bold challenge that has driven and defined our space program. For the next decade, that challenge is the building of a space station.

Once completed, the space station will provide a huge orbital laboratory in which the United States and other nations can conduct important microgravity research. The space station will also provide scientists with information about humans' ability to live and work in space. The data and experience gained from the space station will be critical for any future human missions to the Moon or Mars. I am especially proud that a firm headquartered in my State—McDonnell Douglas—has the task of constructing the massive framework for this international laboratory.

Mr. President, if past missions are any indication, space station research will lead to new drugs, cures for diseases, advanced materials, and breakthroughs in electronics, engineering, and aeronautics. These spinoffs hold the promise of both enhancing the quality of our lives and stimulating U.S. competitiveness. NASA has estimated that, for every dollar invested in past space missions, the U.S. economy has gained $2 in the form of successful private sector spinoffs like pacemakers, communications satellites, and microelectronics. If that holds true for the space station, we can expect enormous long-term benefits from the $30 billion program.

Mr. President, it is important to remember that the space station is an international space mission and that our foreign partners have contributed enormous time, efforts, and money to this project. For instance, Canada is at work on a robotic arm for the space station, and the European Space Agency and Japan are each contributing a laboratory module. So far, our foreign partners have spent about $4 billion of their parts of the project. This massive investment will be wasted if we abandon the space station now. Large space projects are becoming too complicated and costly for any one nation to undertake. If the United States does not honor its commitments to its foreign partners on programs like space station, they will not join with us in any future international projects.

Mr. President, last year marked an historic milestone in the program. The former Soviet Union—our old cold war rival—joined the family of space station partners. The Russians bring 13 years of experience in building and flying space stations. Since 1986, the Russians have had eight space stations. Their current one, Mir, has been in orbit since 1986. Despite recent political and economic troubles in the country, Russia's space program has continued at full speed. Last year, for example, Russia launched 49 spacecraft, with only one failure. By contrast, the U.S. launched 29 spacecraft with 3 failures.

The Russian involvement is one of the main reasons that this latest space station design improves on the previous plan in almost every respect. It reduces space station costs by $2 billion through the completion of its assembly, increases the crew size from four to six, speeds up the assembly schedule, and permits earlier, and greater, research opportunities.

Under current plans, NASA is examining ways of incorporating numerous elements of the Russian space station, including its crew rescue vehicle, its propulsion and navigation systems, and its docking system—to link their shuttle with the space station. These contributions should help the program by eliminating the need for time-consuming research and development in these areas. In addition, the Russians will launch much of the space station hardware, including Russian-built elements, on their own rockets.

Beyond the direct benefits to the space station, Russian participation

also advances important U.S. foreign policy interests. Under the United States-Russia space pact, the United States will pay Russia $400 million over the next 4 years to support wide-ranging cooperative activities including shuttle visits to Mir and cosmonaut trips on the shuttle. This cash infusion should help provide some stability for the Russian economy as it moves toward a market economy.

Equally important, the inclusion of Russia in the space station program will lessen the incentive for Russian scientists to sell their space and missile technology indiscriminately around the world. Significantly, shortly after the United States-Russian space pact negotiations began, the Russians canceled their controversial proposal to sell missile technology to India.

The space station is also critical to maintaining U.S. leadership in aerospace. To cancel the space station would undermine that leadership. Aerospace is one of the few industries in which the United States enjoys a trade surplus—over $31 billion in 1992. Just as important, the aerospace industry employs over 2 million Americans. Cancellation would mean the layoff of the 40,000 workers in 37 States who work on the space station. It would also mean a tremendous economic loss to the communities and small companies that depend on the business of those space station workers.

We cannot afford to lose the space station workers. They are the foundation of the U.S. technology base and are critical to our national security and U.S. competitiveness. Preserving a highly skilled work force is particularly important now that the defense industry is making dramatic cutbacks. Moreover, it has been predicted that the United States will face a severe scientific personnel shortage in the next decade. If we continue the space station, we not only maintain its skilled work force, but we also kindle interest among our young people in math and science careers. Many of today's scientists and engineers picked their profession, inspired by the exploits of NASA astronauts. The space station holds the promise of similarly exciting our young about pursuing work in science and technology.

Finally, Mr. President, the public wants the space station. According to an independent study conducted in May by the Yankelovich Partners—a leading research firm—68 percent of the public supports the space station. This is up 5 percent from last year, indicating that public approval is going up, not down. Also, to those who view the Russian participation in a negative light, I point out that the Yankelovich study also indicates that 57 percent of the public believes the United States should build this space station jointly with Russia and other countries. The House of Representatives' approval of the space station in June—by an overwhelming 123-vote margin in contrast to the 1-vote margin the previous year—only further confirms the strong and growing public support for the program.

Mr. President, now is not the time to turn back. I urge my colleagues to vote for space station. A vote for the space station is a vote for our space program, our economy, and our future.

Mr. KERRY. Mr. President, I am proud to be a cosponsor of the pending Bumpers amendment and rise today to urge my colleagues to support this effort to terminate funding for the National Aeronautics and Space Administration [NASA] Space Station Program.

The issue here comes down to the extent to which this space station and the benefits it might or might not provide measure up against the other pressing priorities among which we are required to choose in the name of the American taxpayer.

When you balance the space station's potential benefits against the current reality of the priorities we need to fund in this country, eliminating the space station is not a hard choice, it is the only choice. It is not a pleasant choice, but it is the only choice.

We have already spent $11.9 billion on the space station and, perhaps not surprisingly, have seen few tangible results to date. In 1984, NASA justified the space station based on eight potential uses. Now only one of these assignments remains. The space station will be used as a research laboratory. However, according to most experts, the space station's value as a science laboratory is dubious. The costs for performing scientific research in space simply outweigh the potential benefits. It will cost $12,880 to ship one pound of payload to the space station, according to NASA. In addition, its research potential is restricted by its small crew size, limited number of test racks for experiments, and limited power. According to the Space Sciences board of the National Research Council, "continued development of Space Station *Freedom* * * * cannot be supported on scientific grounds."

All of us have lived with the extraordinary contributions of the space effort and of our astronauts. But when you balance what this space station offers, against the needs that we have here and now, I do not believe we can justify enormous funding level it receives now and will require in the future. Proponents say the space station will cost $17.4 billion. However, this price excludes costs prior to 1994, projected 10-year operating costs, and approximately 90 shuttle flights to carry necessary construction materials into space. Also, it does not include funds to service and maintain the space station nor civil service costs.

The real cost, using NASA's own statistics, will be $72.3 billion. I believe the time has come to exercise greater fiscal responsibility and terminate funding for the space station immediately in order to reduce the $200 billion Federal deficit. By doing so, we would not only save $1.6 billion next year, but some $165 billion—including interest—over the next 35 years.

Many of my colleagues support the space station because of the jobs it creates for the American people. Certainly, creating jobs should be a high national priority, but the space station is not the way to accomplish it, for several reasons. First, it is a grossly inefficient jobs program costing approximately $161,400 per job. Second, it is an unfair jobs program, benefitting only a handful of States but asking all to pay for it. In 1994, 44 States are net losers, paying more in taxes than they receive in contracts. In my home State of Massachusetts, we paid $50.7 million in taxes but only received $1.2 million in contracts, leaving us with a net loss of $49.5 million.

But the fact that the program is grossly inefficient and unfair as a jobs program is not the only problem. Not only does the security of the American citizen suffer when we fund projects like this, but other scientific research about which I care deeply also suffers. As a member of the Commerce Committee, I have fought alongside the chairman to fund many scientific programs. At times we have had to borrow, pray, and steal from other programs to do so, and in the end we often wind up shortchanging most of these programs. Allowing this extraordinary large science program to receive funding at the expense of these other so-called "small science"—but often more valuable—scientific programs is unacceptable.

The enormous level of funding consumed by the station is crowding out much smaller appropriations for satellites and unmanned space probes, which most experts consider more cost-effective than manned missions. Space research has received enormous funding at the expense of environmental research and other important projects that promise to improve the lives of our citizens or enhance our security more completely. Years ago, NASA announced Mission to Planet Earth, a program that would launch satellites to monitor the Earth's atmosphere. However, because of lack of funding, initiation of this effort is not scheduled until 1998.

As you are aware, the building of the space station has become a joint effort between the United States and Russia. Many of my colleagues view this as an incredible accomplishment in light of the recently ended cold war. We all want to see continued progress in United States-Russian relations. However, we should be encouraging Russia to

house and feed its people, provide jobs, and above all care for its deteriorating nuclear powerplants, and dismantle its nuclear missiles and warheads. Asking Russia to commit its resources to an uncertain and risky space station instead of encouraging it to these important matters is unwise.

We must really stand back and ask the question: Are we still a Congress that in the name of the American people can pretend to be responsible about the deficit and the budget while we continue to fund things because we would like to do so rather than because they are really vital to our national quality of life and our ability to hold together the fabric of our communities? We need to decide for America what we need to spend money on rather than what we would like to spend money on.

People may argue that we have lost our vision if we terminate the space station. We still have vision. But the vision is to restore the American dream to our citizens, to restore their sense of safety on the streets, to invest in technology that will increase our competitiveness and the quality of jobs, to invest in the research that will cure our deadly diseases, and to restore our communities to the condition where children can learn and dream.

Will terminating this program hurt in California? Will it hurt in Texas? Will the loss of $1.2 million hurt in Massachusetts? Yes, it will hurt. But if we measure that loss against the pain that people across the country are feeling because we are not willing to address our fundamental needs as a Nation, it pales in comparison.

It is time to decide. That is what this is about, and I think the American people are watching impatiently to see whether the U.S. Congress can actually do something for once—whether we can really deliver some spending reductions and make some of the choices we ought to make for our future.

I commend the distinguished Senator from Arkansas for his tenacious leadership on this issue. I urge all of my colleagues to vote to terminate the space station.

Mrs. FEINSTEIN. Mr. President, I rise today in support of the space station and to talk about where America's space program is headed 25 years after we landed on the Moon.

"Houston, tranquility base. The *Eagle* has landed." Those were the first words spoken when the *Apollo 11* lunar module landed on the Moon in 1969.

I remember that day well. The world watched in awe as Neil Armstrong stepped onto the Moon's surface and uttered: "That's one small step for man, one giant leap for mankind." I was filled with wonder and pride.

The technological might of the United States, the great will of the American people, and the courage of our space pioneers combined to produce one of the greatest moments in recent history.

That was more than a quarter of a century ago. Since then, there have been several other Apollo missions which sent astronauts to the Moon. Then skylab—the first U.S. space station—was launched in the early 1970's. Currently, the space shuttle program is underway, and has been very successful despite the tragic *Challenger* accident in 1984.

With each mission, we learn more and more about life sciences, materials sciences, earth sciences, engineering research and technology, and commercial development. And with each new mission we explore the unknown and make discoveries that ultimately help to improve life here on Earth.

The cold war race to the Moon required great advances in engineering and technology, advances that continue to fuel our economy and improve our way of life. For example, the cool suit developed for the Apollo program is now helping to improve the quality of life for multiple sclerosis patients.

Under the space shuttle program we have grown crystals in a weightless environment, which has helped advance research into cancer, diabetes, emphysema, parasitic infections, and immune system disorders. These scientific developments are far superior to any we have reached by growing crystals on Earth.

Although productive, the 1- or 2-week space shuttle missions are limited by the short amount of time in which experiments are conducted. Astronauts are simply not in space long enough to carry out long-duration research in a microgravity environment, to make real-time changes to experiments and to do much-needed trial-and-error work.

That is why the United States must continue its exploration in space with the next logical step—a permanently staffed space station.

The international space station, a post-cold-war cooperative alliance that includes the United States, Russia, Canada, Japan, and Europe, will lead the world toward great advances in space exploration. It will be an orbiting laboratory that will conduct a wide range of scientific and technical research.

As many of my colleagues know, when President Clinton took office, he ordered a comprehensive redesign of the original space station *Freedom*.

After months of hard work by NASA officials, negotiations with our international partners, and review by an expert team headed by MIT President Charles Vest, space station *Freedom* was redesigned into the international space station *Alpha*, and Russia was added as a new partner.

The result: Nearly $20 billion in total savings by the year 2012—taking into account 10 years of operations after the space station has been completed. All using 75 percent of the hardware originally designed for space station *Freedom*.

In addition, the capabilities of the space station will be expanded. The size of the crew will be increased from four astronauts to six. The number of pressurized modules—where astronauts live and work—will be increased from 6 to 10. Power will expand from 56 kilowatts to 110 kilowatts. And the ability to observe the Earth from space will be greatly improved.

In a recent letter to the White House, Charles Vest, who headed the President's advisory committee on the redesign of the space station, said: "This program has progressed to an extent that greatly exceeded my expectations." He continued his praise, emphasing the space station's improved research capability.

So in many regards, the redesigned international space station will be even better than the original space station *Freedom*. Many capabilities have increased, costs have decreased, the schedule has remained relatively the same, and international cooperation has been expanded.

I understand that the General Accounting Office [GAO] has raised questions about the cost of Russian participation. But, I find some of GAO's conclusions—which include costs that are not directly tied to the space station program—questionable. For example, GAO states that $746 million from two space shuttle flights should be scored against the savings from Russian participation.

But NASA will fly eight shuttle flights per year regardless of whether the space station program goes forward. Even if you score the two shuttle flights against the savings from Russian participation, marginal costs for each shuttle mission are estimated at only $40 million. However, GAO uses the average shuttle cost of $320 million per mission. I do not think GAO's math adds up.

NASA Administrator Dan Goldin Also disagrees with GAO's conclusions. He states that Russian participation will "save hundreds of millions, if not billions of dollars. For the American taxpayer, it's a win-win situation. More space station for less cost."

Let me now review the international space station by component and which country is contributing the various parts to the program.

SCIENCE

Europe, Japan, Russia, and the United States will all have pressurized laboratory modules on board.

There will be plenty of room and lab racks for microgravity experiments. And 110 kilowatts of electrical power will be supplied by United States and Russian solar arrays.

CREW

The U.S.-built habitation module will carry six permanent crew members.

Russia will provide the Soyuz spacecraft to serve as the assured crew return vehicle, or "lifeboat," in the event of an emergency.

SUPPORT

Service elements will include Russian life-support modules, a Canadian crane that operates in space, and a Russian-built, United States-owned propulsion unit.

Structural elements include a United States-made truss and a joint United States/Russian airlock.

There will be 18 American, 12 Russian, 2 European, 1 Japanese, and 2 joint rocket launches to carry equipment to assemble the space station.

UTILIZATION

The space station will orbit at a 51.6 degree inclination—allowing for 85 percent Earth observing coverage.

Mission control will be located at Houston, with Kaliningrad in Russia serving as the backup.

Astronauts will be able to stay aboard the space station for 6-month periods.

The newly redesigned international space station is an investment in the future. An investment in science and technology. An investment in international cooperation and peace. An investment in American jobs and know-how. An investment which takes the next logical step in human space exploration.

With a permanently human tended space station orbiting above earth, astronauts will have a laboratory to conduct experiments and do research on a wide variety of subjects They will be able to conduct long-duration microgravity investigations, which will allow scientists to look deeper into the mechanics of cell functions, combustion, liquid behavior, crystallization, and electromagnetic.

How will this research better life here on Earth? What applications does space research have on the lives of average Americans? Well, here are some specific examples of how research on the space station will benefit people in the United States and around the world:

Topic	Applications on earth
BIOTECHOLOGY	
Tissue Culture Studies	Knowledge of normal and cancerous tissue development. Key to finding treatments and cures to diseases.
Protein Crystal Growth	Designing of pharmaceuticals which block proteins. Possible target: HIV virus.
COMBUSTION	
Droplet/Pool Burning	Improved understanding of fire propagation for improved fire safety.
FLUID PHYSICS	
Interface Dynamics	Improved industrial films and coatings, oil spill recovery techniques, tracking of ground water contaminants, and processing of semiconductor crystals.
Cloud Formation Microphysics	Useful to meteorologists for improved weather predictions.
GLASSES AND CERAMICS	
Fiber Reinforced Components	More effective pyroelectric devices for disasters and crime prevention, environmental control, and life saving.
ELECTRONIC MATERIALS	
Vapor Phase Crystal Growth	Much higher efficiency and density opto-electronics for the communications industry.
Epitaxy Liquid Phase Molecular Beam Vapor Phase	High-speed switching devices and high-density memory, making smaller, more affordable supercomputers possible.
METALS AND ALLOYS	
Casting Processes	Increased ability to produce defect-free casting for industries relying on high-performance arts such as airplanes, bridges, buildings, nuclear plants, and electronics.
POLYMERS AND CHEMISTRY	
Biomaterial Polymer Encapsulation	Development of new technology for long-term storage of hormones used by the medical industry.
Polymerization Phenomena	Better performance of products in the automotive tire and plastic polymer industries through the understanding of "weak forces."
LIFE AND BIOMEDICAL SCIENCES	
Controlled Ecological Life Support	Better waste management and disposal. Recycling of gaseous and liquid consumables. Food plant experiments to increase yield and shorten growth period without pesticides.
Environmental Health	Improved air and water quality sensors, analyzers, and filtering devices. Automated microbiology system enhances identification of bacteria population.
ENGINEERING RESEARCH AND TECHNOLOGY DEVELOPMENT	
Human Support	Enhanced designs for firefighting suits, toxic waste cleanup suits, deep sea divers equipment. Cooling systems for physically impaired persons.
Spacecraft Materials/Environmental Effects	Lightweight oxygen tanks; high-strength, corrosion-resistant pipes; long-life self-healing paints; solar cells for home power generation.
COMMERCIAL DEVELOPMENT	
Remote Sensing	Agricultural crop monitoring, forest mensuration, environmental assessment, land use planning, storm surge level forecasting, erosion effects prediction, ocean currents tracking, oil field location, digital mapping.
OBSERVATIONAL SCIENCE	
Oceanic Research	Monitoring of sea surface temperature, wind speed and sea roughness, ocean currents, sea life, ice coverage, etc.

Scientific research and experiments like those listed above have real life applications here on earth. Space-based research has led to a variety of innovations and technological advances that have, and continue to help people every day. Among them:

Long-distance telephone networks;
International TV broadcasts;
Car chassis and brake designs;
Heart monitors for ambulances;
Structural designs for bridges;
Laser surgery in hospitals;
Programmable pacemakers;
Navigational systems for airplanes; and
Long-range weather forecasting.

It is clear that an investment in space creates enormous benefits for people here on Earth. In fact, a Midwest Research Institute study in 1988 shows that each dollar invested in space programs yields up to $9 in new products, technologies, and processes here at home.

In addition to the enormous benefits to science, medical research, and technology, the space station also maintains U.S. leadership in space and enhances global competitiveness. As Vice President GORE said, "the aerospace industry is our last surviving jewel," accounting for 10 percent of all U.S. exports in 1990 alone.

The space station will also help inspire our children, foster the next generation of scientists, engineers, and entrepreneurs, and satisfies our ancient need to explore and achieve.

The space station is a powerful symbol of U.S. leadership in a changing world, and it represents an international commitment. Our original international partners—Japan, Canada, and Europe—have already committed $9 billion to the space station program, and are counting on America's continued leadership in space.

The space station has also become a tool in international diplomacy in the post-cold war world. Who would have thought just 5 year ago that the United States and Russia would be cooperating in such a venture?

By asking Russia to join the international space station team, the United States can channel the Russian aerospace industry into nonmilitary pursuits. That will reduce the risk of nuclear proliferation as well as slow traffic in high-technology weaponry to developing nations. In addition, an international space station will use existing Russian space technology, capability, expertise, and hardware to build a better space station for less money.

I have had some concerns about Russian involvement in the program—specifically with regard to whether Russia's involvement enhances space station capabilities or, rather, enables it to exist. I strongly believe that Russia's involvement in the program should enhance the space station—

America is not, nor should it be, dependent on Russia for the space station to exist.

I am pleased with NASA's actions to ensure that the United States retains primary control of the international space station. NASA will buy the FGB propulsion module from Russia, so it will be United States owned and operated. In addition, NASA is altering the assembly sequence to ensure that the space station is not dependent on Russian hardware to function. And, the space station will be controlled from the Johnson Space Center in Houston, with a Russian site serving only as a backup.

In addition to the scientific and diplomatic benefits that the international space station offers, it is also an important source of high-quality, high-skilled aerospace jobs in the wake of defense downsizing. The space station program is defense conversion at its best. It will help create new jobs for our former defense workers, who helped the United States win the cold war in the first place.

More than 10,000 direct jobs rely on the space station program, 4,000 of them in my home State of California. And indirectly, 45,000 jobs nationwide have been created because of space station-related activities. At a time when the country—and California in particular—is just starting to recover from the recession, the space station is an important source of economic activity.

For all the reasons I stated above—scientific benefits, medical research, U.S. leadership in space, global competitiveness, post-cold-war international relations, inspiration of future generations, economic spinoffs, and American jobs—I strongly support the international space station.

I urge my colleagues to oppose the Bumpers amendment and support the next logical step of the U.S. space program: the international space station.

Mr. MACK. Mr. President, I rise today to voice my strong support for continued funding for space station *Alpha*.

It seems fitting that as the country has taken time to fondly remember the 25th anniversary of *Apollo 11* and Neil Armstrong's first steps on the Moon, that we are once again deliberating whether as a nation, we have the foresight and fortitude to make this investment in our future.

I believe a manned space station is the next logical step for NASA; America simply cannot afford to bypass this tremendous opportunity. I commend NASA for restructuring the space station to reduce its cost, and for reaching out to include our friends abroad. For the first time in history a multitude of nations will be working hand-in-hand in space exploration.

The restructured space station offers the United States and our allies an unparalleled ability to gain a better understanding of the universe around us. At the same time, a permanently manned station will enable us to conduct long-term experimentation to help develop solutions to many pressing environmental and biomedical problems.

The distinguished Senator from Maryland, Senator MIKULSKI, has been a champion of the space station. She and I may have differing views on many policy issues, but the space station is not one of them. On May 30, she wrote, "The death of the space station would be a national tragedy." I couldn't agree more.

Several weeks ago the House sent a clear message to the American people and to our international partners that the Federal Government is committed to the space station. If NASA is to do its job, explore space, then we must stop haggling back and forth about this issue year-after-year. The Senate must send a strong statement which once and for all will put an end to the yearly debate about building a space station. We owe it to our posterity to explore the universe to the fullest extent possible. Accordingly, I urge my colleagues to vote against the Bumpers amendment and to support continued funding for space station *Alpha*.

Mr. CHAFEE. Mr. President, I strongly support the Bumpers-Warner amendment to terminate funding for the space station. This program is a black hole in the Federal budget we simply cannot afford. In light of many other more compelling obligations, this program is neither cost-effective research, nor a wise investment in terms of our partnership with the Russians.

In 1984, NASA estimated the space station would cost $8 billion. To date, we have spent closer to $11 billion, with a revised price tag from NASA of $17.4 billion to complete construction. Once built, we will face a whole new set of obligations associated with the maintenance and operation of space station *Alpha*. Where will it end?

Our national debt is rapidly approaching $5 trillion. If uncontrolled Federal spending continues, our debt will increase by an additional $1 trillion by the year 2000. We are mortgaging future generations with this profligate spending. A recent article by Laurence Kotlikoff and Jagadeesh Gokhale, which appeared in Public Interest, drives home this point. To finance today's borrowing, the authors conclude, Americans born at the turn of this century will have paid just over a fifth of their lifetime earnings to the government—while those born after 2000 will have to forfeit closer to half of their overall earnings.

Most research planned for the space station—especially the life sciences—could be done cheaper elsewhere. In 1993, the presidents of 10 scientific societies said in a joint statement that the space station is a:

> * * * multibillion project of little scientific or technical merit that threatens valuable space-related projects and drains the scientific vitality of participating nations.

Finally, Mr. President, Russia simply is not a reliable partner for a long-term investment of this magnitude. It is impossible to ensure stable United States-Russian relations for the decades it will take to complete this project. The space station partnership is not necessary to advance our foreign policy interests. Ample cooperative research among our two nations already exists in the areas of weapons dismantlement and nuclear reactor safety. Moreover, the current plan directly contradicts the United States goal of encouraging more privatization in Russia.

For these reasons, I urge my colleagues to vote for the Bumpers-Warner amendment to terminate space station *Alpha* and to stop this wasteful spending.

INTERNATIONAL SPACE STATION AN IMPORTANT STEP FORWARD

Mr. PELL. Mr. President, I have wrestled with the question of whether to continue funding of the international space station. After careful reflection and review, I decided to support funding. It was a difficult choice and I cannot fault the sincerity of either side of the debate.

I voted against the station last year, when it was largely a wing and a prayer, but this year the station has come light years both in terms of its design and its mission. In addition, I found myself strongly influenced by the foreign policy implications if we were to eliminate funding.

NASA now faces the challenge of living up to its promise—building the station within budget and on schedule. If it succeeds, the Nation and the world will be able to point with pride at a highly visible example of U.S. leadership and international cooperation.

The PRESIDING OFFICER. The Senator from Maryland has 2½ minutes.

Ms. MIKULSKI. Mr. President, I have a rousing and rhetorical speech that I could use to wrap up once again this historic debate on the space station. However, I believe that this is not the time for lyrical words or high sounding rhetoric. It is time to talk reality, and therefore I am going to make a very factual statement and bring to the attention of the American people what I believe they need to know as they watch us vote on this amendment.

The total cost to the American taxpayer is not $71 billion, as some people would say. There is $10.1 billion already spent, $17.4 billion for assembly completion and $13 billion for 10 years of operation. The total cost to the Americans will be $40 billion from the year 1984 to the year 2002.

I also want to bring to people's attention that the space station is now capped at $2.1 billion annually. This is one-seventh of 1 percent of the total

Federal budget, or $9 per year per taxpayer—9 bucks to take us into the future. The total cost is capped at $17.4 billion between now and the year 2002 when it is completely assembled.

Now, let us talk about these new designs that everybody says is just one more cost overrun. During these new designs, we used 75 percent of space station *Freedom* elements that we spent nearly $11 billion to develop. We have got cost savings over space station *Freedom*. It is going to cost us less to assemble, and we are going to have fewer civil servants and fewer managers. *Freedom* was going to have 24 civil servants and now we will have less than that.

Let us talk about the wasted effort. What have we got to show for the $11 billion we already spent besides paper and viewgraphs and arguments that make this seem like a technofolly.

Well, as I said, 75 percent of the design for space station *Freedom* will be used in the international space station *Alpha*; 25,000 pounds of flight-quality hardware for the space station is built and it is in its final qualifications stages; a mission control facility at Johnson Space Center.

The PRESIDING OFFICER. The Senator's time has expired.

Ms. MIKULSKI. I ask unanimous consent for 1 more minute to wrap up.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Ms. MIKULSKI. Everybody says we are starving science and research. Let me just tell you about space science. It is up 69 percent in my bill. Aeronautics is up 42 percent. And space technology and transfer is up 14 percent.

Well, let us look at other scientific research in this appropriations bill. This chairman has funded $16.2 billion for VA medical care, $7.5 billion for EPA. We have increased the funding for the National Science Foundation to $3.5 billion. We are not starving science. We are not starving VA medical care. We are not starving the types of research and regulatory activity to clean up America's environment. The only thing that is being starved in this debate is imagination, the imagination and fortitude to take us into the 21st century.

I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio has the time between now and 10:45.

Mr. METZENBAUM. Mr. President, I rise in support of the amendment offered by the Senator from Arkansas.

It seems that every year we come down to debating this issue. And, of course, each year it takes on a new look. Last year, the space station was a key tool in the President's foreign policy agenda. The year before, building the space station helped promote high-tech jobs. Maybe next year the proponents will argue that building the space station will lead to lower taxes. There is an ingenious suggestion made each year as to why we need the space station.

Frankly, nothing would surprise me in the efforts to preserve the space station. This project has taken on so many faces it is hard to keep track of what we are all talking about. In fact, until last year, we did not even have a picture of the space station. But that did not stop us from spending $8 million—$8 million, yes, $8 million—a day, an incredible amount of money. That is what we spent last year on the space station. That money could go to so many worthwhile projects in this country. It could go to help kids. It could go to prevent crime. It could go to reducing the deficit.

But, no, we spent it on the space station. We hand over money to this program hand over fist, and for what reason? Because of a promise. Well, what that promise is I am not quite sure. Is it a promise to spend more money? You bet. Is it a promise to make technological advances? Well, maybe. Every year we keep hearing about spinoffs, what the space station will do in spinoffs, how building the space station will lead to technological advances that we could never imagine.

In fact, this year the folks down in NASA sent up this booklet on spinoffs. According to the folks at NASA, thousands of necessary items have been developed because of space exploration. Now, let us just take a look at some of those that have been developed by reason of space exploration as indicated in the book: Hair styling appliances. Oh, that is very important. Jewelry design, particularly significant for the American family. Self-adjusting sunglasses. We know that we need something like that. That is worth $8 million a day. The dust buster. Not a bad little implement. It works pretty well. But I am not sure it is worth all that money in order to achieve it. Oh, and then one more—the sports bra. Yes, the folks at NASA claim that a brassiere for athletically active women would not have been developed if we had not spent billions on space exploration.

Thanks so much for this program. What wonderful spinoffs we have had from the space station. Of course, the list goes on and on. But I want to highlight one last item that without space exploration would not have been developed. Do you know what they say? Wood burning heaters. Isn't that magnificent? Wood burning heaters were developed as a spinoff of the space station.

I thought we were using wood burning heaters to warm our homes going back to the early days of this country, and other countries as well. The next thing we will hear about from NASA is that Henry Ford was an engineer for them and without space exploration there would have been no Model T. They did not actually say that, but some of the claims they make are so absurd that maybe they will come up with that one as well.

I recognize that there have been some significant advances made as a result of space exploration. But we have to keep those advances in perspective. When we are contemplating expenditure of upwards of $75 billion—that is with a "b," $75 billion—not only do we need to keep these advances in perspective, but we need to evaluate our priorities, especially when we have limited resources.

We could do a lot, a whole lot, with $75 billion. We could make a tremendous investment in children's nutrition programs. According to some studies, for every $1 invested in the WIC Program, $3 are saved in health care costs. It is difficult to fathom saving $225 billion in health care costs for children. But that is the type of money about which we are speaking. If we spent the money on school lunches, we could provide 40 trillion free school lunches for kids. Put another way, we could provide a free school lunch for 14 million kids every day of the school year for every year until their graduation from high school.

Of course, we could spend the money on other projects as well. For example, for $75 billion we could clean up every single site on the Superfund national priorities list. With $75 billion we could fix every bridge in need of repair in our highway system—every single bridge in the entire country. Relying on figures from the 1990 census, we could buy every homeless person a $100,000 home with the $75 billion saved if the space station is killed.

However, having said that, let me be clear. I am not against having a space program. I believe it serves a purpose. But when you can only afford a Chevrolet, you have no business making a downpayment on a Cadillac. The space program has achieved many things for this country of which all of us are very proud, not the least of which is the famous trip around the globe made by my colleague from Ohio. It seems like every year we just put more and more money down on a project that we simply cannot afford. It is time that we recognize the limits of our resources and cut our losses.

I urge my colleagues to support the amendment offered by the Senator from Arkansas. I particularly address myself to those Members of this body who consider themselves conservatives. If you are a conservative and you continue to spend billions of dollars on this wasteful program, I think you have to go home tonight, look at yourself in the mirror, and say, "How could I continue wasting all those dollars on the space program when all the time I have been in the Senate I have been trying to cut programs having to do

with nutrition, having to do with feeding of kids, having to do with education, having to do with the cleaning up of the environment?" If you are a conservative, your vote on this amendment has to be "yea."

Mr. President, I yield the floor. I yield the remainder of my time.

Ms. MIKULSKI. Mr. President, I ask unanimous consent that letters supporting the bill be printed in the RECORD.

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

COUNCIL OF ENGINEERS AND SCIENTISTS ORGANIZATIONS,
Seattle, WA, August 2, 1994.

DEAR SENATOR, Thank you for all of your help to support the union members over the years. Attached are letters some of support from members of our national workforce coalition. Please enter these letters into the Record on the space station debate. We have worked hard in support of this program and it would be a morale boost for our members to know that their voices are actually being heard in the Congress.

Sincerely,

HAROLD J. AMMOND,
Legislative Director.

COUNCIL OF ENGINEERS AND SCIENTISTS ORGANIZATIONS,
Seattle, WA, July 27, 1994.

Hon. JOHN D. ROCKEFELLER IV,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR ROCKEFELLER, We met yesterday at the I.U.E. convention and took a photo for our newsletter. Here is a copy of the letter that we sent to Senator Mikulski and all other members of the Senate. As the letter states, we are a national coalition of unions in twenty states fighting to save the space station.

I understand that you have already received a letter from Mr. Joseph (Slugs) Smarrella, Treasurer of Local 1190 of the United Steelworkers of America (see copy attached). Mr. Smarrella is a spokesman for a coalition of unions representing steel and aluminum workers in the Midwest who have a stake in the space station program.

We would really appreciate your referencing both our letters in the floor debate over the space station. We will use the photos and the floor statements in our newsletters.

Sincerely,

HAROLD J. AMMOND,
Legislative Director.

COUNCIL OF ENGINEERS AND SCIENTISTS ORGANIZATIONS,
July 18, 1994.

Hon. BARBARA A. MIKULSKI,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR CHAIRWOMAN MIKULSKI: My name is Harold Ammond, I am the legislative director for the Council of Engineers and Scientists Organization (CESO). I represent a national coalition of scientists, engineers and production unions in more than 20 states. The unions building the space station want to thank you for your support during the subcommittee deliberations. We realize that you had a tough job balancing the needs of all the different constituencies under the jurisdiction of your subcommittee. You have taken care of the social constituencies especially those in need of low income housing. However, you have also protected the nation's future by making the investment needed to preserve the industrial base and the jobs of tomorrow. Our aerospace workforce coalition strongly supports your bill and have advised our members accordingly.

Over the years we have testified before House and Senate committees on aerospace issues. We have also testified before special blue ribbon panels such as the Augustine Commission. This year it was too late to testify before your subcommittee. Therefore, we are submitting this letter as written testimony so that senators might understand the impact of their decision on funding the space station on the engineering community and the aerospace production workforce.

In the 1960s, President Kennedy's revolutionary call instilled in us the drive to become the leader in space exploration. His space program generated the university courses in math, science, and electronics that attracted our young engineers and scientists. A whole generation of space-age technology was born that produced the manufacturing jobs of today's aerospace industry. At that time, the nation's commitment to NASA made our space program the envy of the world.

However, much has changed. NASA's budget today is almost half of what it was in the late 1960s. From our perspective, this lack of commitment created instability and serious morale problems throughout the aerospace workforce. The countless changes, downsizing, and rescoping of the space station have created chaos in both the program and its workforce. Today's young people are increasingly discouraged from seeking careers in engineering because the nation appears uncommitted to a viable space program.

When President Clinton came into office, he assigned Administrator Goldin with the task of redesigning the space station. The new design had to meet the needs of the scientific and research community and still fit within a very tight presidential budget. So that the aerospace workforce would be part of the redesigning process, Administrator Goldin met with workers across the country to obtain their input. He took the best elements of the old program and fashioned a new space station that is more capable, less expensive, and includes Russian participation. The unions in our coalition support Russian participation as it is a vital part of the President's foreign policy.

Some people mistakenly believe that the space station is chiefly a high-tech program employing only the nation's white-collar workers. In fact, the space station employs thousands of production workers in the basic industries who provide the specialty steel and aluminum materials for the program. With the disappearance of the defense industry, America's industrial base is now threatened. The space program offers a limited opportunity to reinvigorate the industrial base. Some of the members of our workforce coalition represent the steel, aluminum and other basic industries that provide the materials for the space program. Given the President's commitment to defense conversion, the space program offers a logical alternative for re-employing our skilled aerospace workforce as well as workers in the basic industries.

The entire nation will benefit from completing the space station. The space station will once again challenge our young people to make the sacrifices, pursue the advanced degrees, and become contributors to the general well-being of the country. It must also be remembered that the final product will include manufacturing jobs that are so important to employing America's production workforce. Surely a Congress that supports education and training must see that the space station represents an investment in research and technology that will create tomorrow's jobs and keep our country competitive in the global environment.

Two years ago in a speech on the Senate floor, you challenged the Senate to live up to the 500th Anniversary of the Columbus Voyage to the New World. The Senate vote this week comes on the 25th anniversary of landing on the moon. It is the proper time to support the president and get on with the program.

Sincerely,

HAROLD J. AMMOND,
Legislative Director.

UNITED STEELWORKERS OF AMERICA, LOCAL UNION NO. 3911,
Chicago, IL, July 19, 1994.

Hon. CAROL MOSELEY-BRAUN,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR MOSELEY-BRAUN: As President of the United Steelworkers of America Local 3911, I am writing to ask you to support the space station. The space program means a lot to our members. We know that when the Senate Appropriations bill comes to the floor, there may be an attempt to kill the space station. That is why we are writing to you.

Our local represents production workers at Reynolds Aluminum in McCook, Illinois where our members are producing the aluminum skins used to build the new aluminum-lithium tank for the space shuttle. With the reduced weight of this tank, the shuttle can carry heavier payloads needed to build and service the space station. The new design of the space station requires a more efficient shuttle system to launch the station.

When people think of the space station they think of Texas and California. The fact is that the materials for the station are made in the Midwest by steel and aluminum workers. If the President doesn't get his budget for the space station, where will we go for jobs? The space program provides hope for unions in the basic industries who want to be a part of what could be this nation's industrial future.

Senator, as a member of the Northeast-Midwest Senate Coalition, surely you can see the job implications the space station program holds for the steelworkers in our region. We have lost almost 50% of our members in the past year. Our company has made investments in new mills so that we could be part of the space program. Our industry has a chance at revival through the space program. If the space station goes, the shuttle goes. If the shuttle goes, jobs for the steelworkers go. We urge you to vote against any attempt to kill the space station, and our future. We need your help.

Very truly yours,

FRED REDMOND,
President.

UNITED STEELWORKERS OF AMERICA, DISTRICT 23, LOCAL UNION NO. 1190, AFL-CIO-CLC,
Steubenville, OH, July 19, 1994.

Hon. JOHN D. (JAY) ROCKEFELLER IV,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR ROCKEFELLER: I am writing as a member of a national workforce coalition. The member unions in the coalition are

fighting to preserve the industrial base in this country. I'm writing today to get your help to fund the space station because steel and aluminum workers have an interest in this program. Our industries supply the specialty steel and aluminum alloy metals used in the space program. It's important for members of the Steel Caucus to know how important the space station and shuttle programs are to the tri-state region. Right now, the ferrous and non-ferrous metal industries that employ steelworkers throughout the Midwest contribute to aerospace products. If commercial space programs like the space station are continued, we have a chance to reinvigorate the steel and aluminum industries in the country.

People don't realize that the space program relies on the basic industries for materials. These materials aren't made in California and Texas where everybody thinks the space program is. They're made in the Midwest. Our brother steelworkers of Reynolds Aluminum in Illinois make the aluminum skins for the new lightweight shuttle tank that's assembled by our UAW brothers all the way down in Louisiana. So we're all connected.

If the space station is not given full funding, the cutbacks will go all the way through our members here in the Midwest. If the program continues and is expanded, steel and aluminum companies in the Midwest will make the investments needed for space exploration. This would give our members the opportunity to become more involved in the new technologies that will produce the new jobs. We think this message ought to be given to all the members in the Steel Caucus.

You have always been a champion of the steel and aluminum workers in the tri-state region. We know that you have been a strong supporter of the space program, especially the space station. We want you to know that the workers in the basic industries in our region are counting on you. We hope that you will take the lead in getting other members of the Steel Caucus to understand the importance of the space station to the basic industries in the Midwest.

Sincerely,

JOSEPH SMARRELLA,
Chairman, Ohio Valley Grassroots Coalition of Unions Treasurer.

UAW,
LOCAL 1921,
New Orleans, LA, July 19, 1994.

Hon. JOHN B. BREAUX,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR BREAUX: The members of UAW Local 1921 need your help to support the space station. We understand that several senators are going to offer an amendment to terminate the program. We are part of a national workforce coalition of local unions formed to save the space station. We have joined with our union brothers and sisters in the basic industries who supply the materials for the space programs.

Here in New Orleans, Louisiana, we represent the workers at Martin Marietta who build the external fuel tank for the space shuttle. The aluminum alloys for this tank are produced in the Midwest. Steelworkers in Ohio, West Virginia, Pennsylvania and Illinois are very concerned about the future of the space program because they are producing the special metals that are used in the space program. This is important because the number of ferrous and non-ferrous metal workers has been steadily declining. The years of illegal dumping and trade policies favoring foreign steel producers have all but destroyed America's basic industries.

The United Steelworkers of America once had a membership of over 1,300,000 workers. Today they have less than 300,000. The UAW once had a membership of over 1.5 million workers. Today we have less than 800,000. NASA has awarded a contract for research and development of a new aluminum/lithium alloy to be used in the construction of new fuel tanks. The future for the steelworkers lies in the development and production of these new materials and specialty steels that are used in the space program. The future of UAW members in our local is linked to the production of this new tank. If the space station is cancelled, there will be no need for the shuttle and no need for the tank.

Here in Louisiana, we are trying to develop an industrial base that will support good-paying aerospace jobs for our members. With the decline of the defense industry at the close of the Cold War, employment in the aerospace industry has fallen at an alarming rate. Our future depends upon this program. We ask you to oppose any amendment that would terminate the space station.

Sincerely,

DOUG BURRELL,
President.

Mr. DECONCINI. Mr. President, the space station program has been plagued since it was unveiled by President Reagan. In 1984, NASA estimated the cost would be about $8 billion and would be completed by 1992.

Today it is past overdue and the costs are out of control. Today's NASA reestimate, if you can rely on these ever-changing figures, exceeds $75 billion. In truth, NASA has no true estimate of costs at all. In light of the recently announced United States-Russia collaboration, no one knows what this program is supposed to accomplish. Talk about putting the cart before the horse. This program sets a new standard for premature action.

GAO projects the costs could exceed $40 billion to build—and the lifetime costs a staggering $118 billion. This cost is unthinkable given the myriad unmet needs domestically: Homeless people sleep on the Capitol Grounds; veterans are turned away from VA medical centers and cemeteries; and the deficit mushrooms.

President Reagan put the space station on the national credit card. President Bush put the space station on the national credit card. And, my friends, the time has come to pay the bills. We are well over $14 billion in the hole on this program and the financial bleeding has not stopped. This year's request is for $2.1 billion and over $2.1 billion for each of the next 4 years.

Mr. President, there is something very wrong with our priorities. The budget cutting is not over, and funding this new space station *Alpha*—or international space station as it has been cynically renamed to improve its chances for funding—will force us to cut another $13 billion over the next 4 years.

Mr. President, I am the senior Democrat on the Veterans' Committee and my colleagues and I on the committee have been forced to deal with the consequences of the decision to pursue this white elephant in space. I even offered an amendment in 1987 to delay the space station in order to protect veterans health care. I barely escaped the Chamber with my life and managed to get a mere 12 votes.

Mr. President, I said at that time we could not afford this ill-defined program. I said that veterans health care and other programs would suffer if we did not get control of this program. Well, everyone hates to hear it, but I cannot resist saying, "I told you so," when the truth hurts so much.

Sadly, it is the veteran and his survivors who have been paying the biggest price to date. Today, every widow who cared for a service-connected severely disabled veteran cannot get remarried for the rest of her life without losing her CHAMPUS–VA health insurance and survivor's benefits. That is unfair; if you are the survivor, to keep yourself from losing conceivably the only lifeline left between poverty and desperation, you must remain alone in the time following the most tragic loss one can experience: that of a loved one.

This is only one example; there are many more tough budget decisions which have been made to reduce the deficit. But the question should not be how many more, but what exactly will happen in the future to benefits like these if we continue to pursue this pig-eared elephant in space that will be worth its weight in gold? I am loathe to say that they will disappear all together because of the $75 billion we will have to spend on a space station, a space station that most likely will not be completed before the veterans and families and others it denies adequate benefits die.

In sum, Mr. President, it is time we get our financial house in order on Earth together before we embark upon this great adventure to new worlds. I believe in dreams, but I am not a daydreamer. This program does not make sense and we cannot afford it.

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

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas. 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 36, nays 64, as follows:

[Rollcall Vote No. 253 Leg.]

YEAS—36

Baucus	Bumpers	Conrad
Boren	Byrd	DeConcini
Bradley	Chafee	Dorgan
Bryan	Cohen	Exon

Feingold	Lautenberg	Nunn
Harkin	Leahy	Pryor
Hollings	Levin	Sasser
Jeffords	Lugar	Simon
Kennedy	Mathews	Specter
Kerrey	Metzenbaum	Warner
Kerry	Mitchell	Wellstone
Kohl	Moynihan	Wofford

NAYS—64

Akaka	Feinstein	Mikulski
Bennett	Ford	Moseley-Braun
Biden	Glenn	Murkowski
Bingaman	Gorton	Murray
Bond	Graham	Nickles
Boxer	Gramm	Packwood
Breaux	Grassley	Pell
Brown	Gregg	Pressler
Burns	Hatch	Reid
Campbell	Hatfield	Riegle
Coats	Heflin	Robb
Cochran	Helms	Rockefeller
Coverdell	Hutchison	Roth
Craig	Inouye	Sarbanes
D'Amato	Johnston	Shelby
Danforth	Kassebaum	Simpson
Daschle	Kempthorne	Smith
Dodd	Lieberman	Stevens
Dole	Lott	Thurmond
Domenici	Mack	Wallop
Durenberger	McCain	
Faircloth	McConnell	

So, the amendment (No. 2444) was rejected.

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

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

COMMITTEE AMENDMENT ON PAGE 70, LINE 6

The PRESIDING OFFICER. The Chair will state that the underlying committee amendment on page 70, line 6, is now pending before the Senate.

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the underlying committee amendment on page 70, line 6, be adopted.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

So the committee amendment on page 70, line 6, was agreed to.

The PRESIDING OFFICER. The Chair recognizes the minority leader.

AMENDMENT NO. 2445

(Purpose: To express the sense of the Senate concerning authorization for the deployment of United States Armed Forces in Haiti)

Mr. DOLE. Mr. President, I send an amendment to the desk on behalf of myself, Senator GREGG, and Senator HELMS.

The clerk will report the amendment offered by the Senator from Kansas.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] for himself, Mr. GREGG, and Mr. HELMS, proposes an amendment numbered 2445.

The amendment is as follows:

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

LEGAL EFFECT OF SECURITY COUNCIL RESOLUTION ON HAITI

SEC. . It is the sense of the Senate that United Nations Security Council Resolution 940 of July 31, 1994, does not constitute authorization for the deployment of United States Armed Forces in Haiti under the Constitution of the United States or pursuant to the War Powers Resolution (Public Law 93-148).

FIRST COMMITTEE AMENDMENT ON PAGE 3

The PRESIDING OFFICER. If there is no objection, the pending committee amendment will be set aside for the consideration of the DOLE amendment. Is there objection?

Ms. MIKULSKI. Mr. President, reserving the right to object, first of all, the Senate is not in order. I would appreciate it if Senators would sit down so I could clarify with the minority leader.

The PRESIDING OFFICER. The Senate will come to order.

Ms. MIKULSKI. What is the pending business now before the Senate?

The PRESIDING OFFICER. The Chair advises the Senator from Maryland the business is the first committee amendment on page 3. That is the business pending before the Senate.

Ms. MIKULSKI. What is the status of the amendment just offered by the minority leader?

The PRESIDING OFFICER. The Senator from Kansas offers an amendment that purports to be an insert to the bill, so it will take unanimous consent to set aside the pending amendment.

Ms. MIKULSKI. Mr. President, we want to accommodate the minority leader. I suggest the absence of a quorum so we can clarify how best to proceed.

The PRESIDING OFFICER. The absence of a quorum is noted. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the pending committee amendment be laid aside.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Ms. MIKULSKI. Mr. President, I now propound a unanimous-consent request that there be a time limit of 2 hours, divided between Senator DOLE or his designee and Senator DODD or his designee, on the Haiti amendment, with 40 minutes for Senator DODD and 80 minutes for Senator DOLE; that no amendments be in order to his amendment; and that upon the use or yielding back of the time, the Senate, without any intervening action or debate, vote on Senator GREGG's amendment, with the yeas and nays being ordered.

The PRESIDING OFFICER. Is there objection?

Mr. SPECTER. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, may I ask for a specified time of 10 minutes for myself?

I understand I have been yielded 10 minutes, so that is satisfactory.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. JOHNSTON. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I wonder if we could amend that request by allowing that I be recognized to offer the ethanol amendment immediately after that.

The PRESIDING OFFICER. Does the Senator from Maryland so modify her request?

Ms. MIKULSKI. I so modify that request.

The PRESIDING OFFICER. Is there objection to the unanimous consent request, as modified?

Mr. LEAHY. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. I would ask that the Senator from Vermont, who is chairman of the Senate Agriculture Committee, be recognized at some point in this for 5 minutes.

Ms. MIKULSKI. During what?

Mr. LEAHY. During debate.

Ms. MIKULSKI. On what?

Mr. LEAHY. On the ethanol amendment.

Ms. MIKULSKI. We are not propounding a unanimous-consent request on ethanol. There is no unanimous-consent request on ethanol.

Mr. LEAHY. I was misinformed.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, would the Chair repeat again what the unanimous-consent request is?

The PRESIDING OFFICER. I would ask the Senator from Maryland to repeat the unanimous-consent request.

Ms. MIKULSKI. Mr. President, I say to the Senator from Iowa that I am asking unanimous consent, on the Haiti amendment, that there be a time limitation of 2 hours, divided between Senator DOLE or his designee and Senator DODD or his designee, with 40 minutes for Senator DODD and 80 minutes for Senator DOLE; that no amendments be in order to his amendment; that upon the use or yielding back of the time, the Senate, without any intervening action or debate, vote on Senator GREGG's amendment; and that upon the conclusion of that vote, then the Senator from Louisiana [Mr. JOHNSTON] be recognized with no time limit on the ethanol issue.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Chair recognizes the Senator from Kansas.

Mr. DOLE. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Kansas.

Mr. DOLE. Mr. President, the amendment before the Senate is simple. It states that U.N. authorization does not substitute for the U.S. Constitution or for U.S. law on the question of war powers. The entire world knows that the United Nations authorized an invasion of Haiti. The world should also know that the Congress has not authorized an invasion. President Clinton sought the approval of the members of the U.N. Security Council, but has rejected bipartisan calls for congressional authorization.

While the administration was seeking the support of the United Nations, it would not even share copies of the draft resolution with the Congress. This is in stark contrast to President Bush in 1991 who came to Congress, and emerged with a stronger policy.

Why should the opinion of Nigeria matter more than the views of Congress? Nigeria is currently under sanction for narcotics trafficking, and has overturned the results of democratic elections. Some of the countries whose support we sought—in the name of restoring democracy to Haiti—have never even held democratic elections, yet we go up and ask for their consent to intervene in Haiti. Why do we need the permission of these countries to act in our hemisphere?

There is another troubling issue at stake: What did the U.S. have to give up to get U.N. approval? Published reports cite a deal with Russia: In exchange for United States support for Russian actions in Georgia, Russia allowed the Haiti resolution to proceed. That is a bad deal for Georgia, and that is a bad deal for the United States.

Many newspapers have raised serious questions about the administration's latest move toward military intervention. USA Today said the "case has not been made convincingly—not to Congress, not to U.S. voters." The editorial criticized each and every element of what they termed "Clinton's flimsy invasion rationale."

The Washington Post pointed out, "It is a stretch and then some to say that the junta's internal cruelties imperil international peace and security—the U.N. charter's test for armed intervention." The Post concludes by stating the administration "should not drift into a position where it feels compelled to invade because it cannot think of anything else to do."

The New York Times said, "An invasion of Haiti would be a big mistake." The Times went on to say, "presumably, the Clinton administration will heed its constitutional duty and seek previous congressional approval which it may not get." That is the issue addressed in this amendment.

The Senate has twice gone on record with overwhelming votes in support of prior congressional approval before an invasion of Haiti. As I have said before, this is not an emergency like Panama and Grenada. There is plenty of time to seek congressional approval. And there should be no mistake—the U.N. action on Sunday does not give the President legal authority to invade Haiti.

One of the premier experts on separation of powers issues, Louis Fisher of the Congressional Research Service, recently analyzed the role of U.N. authorization in congressional war powers. He concluded:

> The history of the United Nations makes it very clear that all parties in the legislative and executive branches understood that the decision to use military force through the U.N. required prior approval from both Houses of Congress.

That is the issue: Prior approval of Congress. Let's quit the overheated rhetoric and test the policy in Congress. Let's have a full debate over American interests in Haiti. In 1915, President Wilson invaded Haiti without authorization from Congress. The U.S. occupation became an issue of great domestic controversy. Resolutions requiring U.S. withdrawal were considered by the Congress. In 1929, for example, Senator William H. King, Democrat from Utah, introduced Senate Resolution 158, providing for a withdrawal of U.S. forces. As Senator King said at the time, "I have recited by way of preamble, some of the ugly facts attending the conquest and control of Haiti." The last U.S. invasion and occupation was not the high point of our country's history.

I do not believe this administration wants a prolonged occupation of Haiti as happened earlier this century. I do not think this administration wants divisive debate over the occupation of Haiti as happened earlier this century. I do not think the administration wants to face the 1994 equivalent of Senate Resolution 158, which I just referred to.

So I suggest we have time. There is no emergency there now. If the President wants to seek authorization, now would be the time to come to Congress and ask for it. I hope he will do that tonight in his press conference.

There will be a press conference. It will be a good time for the President to suggest that maybe, if he has such a plan to intervene in Haiti, that he will come to Congress. I hope this amendment will be adopted by unanimous vote. I do not know anyone who would oppose it. It is not critical. It just states a policy that I think we should follow.

I think there are other amendments. Maybe Senator SPECTER will discuss an amendment that he has in mind which may come to fruition if we fail in our efforts to persuade the President to come to us and ask for authorization.

I ask unanimous consent the editorials I referred to be made a part of the RECORD, as well as the study by Mr. Fisher.

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

[From the Washington Post, Aug. 3, 1994]

INVASION COUNTDOWN

The American government is conducting a shadow play intended to make an invasion of Haiti unnecessary by making it seem inevitable. This is the meaning of the attack authorization that the United States extracted from the United Nations over the weekend. The invasion countdown doesn't mean American troops are all set to go in and throw out the junta that ousted Haiti's elected president, Jean-Bertrand Aristide. It is the latest tightening of the screw in an effort to force the junta to step down without a fight.

If it works as planned, the Clinton administration will be able to claim a foreign-policy success. But regardless of the result in Haiti, a price will have to be paid. It is a stretch and then some to say that the junta's internal cruelties imperil international "peace and security"—the U.N. Charter's test for armed intervention. A question of consistency arises when it comes to applying a similar standard to friendly authoritarian countries, like some of those that voted to back the United States in Haiti. A precedent is being set that would allow, say, Russia, to seek a similar license in policing what it calls its near abroad.

Nor does the international authorization translate easily into the approval that President Clinton is going to need at home. The prime factor pushing the administration to do something, the specter of Haitian boat people flooding into Florida, rises and falls with the daily traffic—currently very low. Popular enthusiasm for Haitian democracy and compassion for Haitian suffering must vie with the widespread apprehension—which we share—that an invasion of Haiti would be a colonial solution: It would likely saddle the United States with lone responsibility in a virtually limitless swamp of occupation.

At this late point, many politicians find it awkward to be an invasion skeptic. A seemingly irreversible commitment of presidential prestige has been made: How can Bill Clinton climb down now? Nothing else is "on." The thugs in Haiti, moreover, are quick to take comfort from utterances made in the context of American debate. Most skeptics, we guess, would join the general relief if the junta in Port-au-Prince thought better of its initial defiance of the U.N. resolution and stepped down. But this does not absolve the administration from continuing to seek a political solution. It should not drift into a position where it feels compelled to invade because it can't think of anything else to do.

[From the USA Today, Aug. 2, 1994]

U.N.'S VOTE DOESN'T JUSTIFY HAITI INVASION

Our view: The Clinton administration has failed to make a convincing case for an invasion.

Piece by piece, the Clinton administration's strategy for invading Haiti appears to be falling into place. The latest: the U.N.

The Security Council voted unanimously Sunday to endorse an invasion, putting an international imprimatur on the plan.

That's nice. It's better than invading in defiance of the U.N. But even with the U.N.'s fig leaf of approval, a U.S. invasion of Haiti remains a lousy idea for a whole raft of reasons.

President Clinton can package the mission in Haiti as a liberation, or an intervention or a restoration of democracy. He can even tout it as a multinational adventure by tossing in a few soldiers from Barbados or the Bahamas. But thousands of U.S. combat troops should not be storming the beaches of any country—with some certain to die—unless the need is overwhelming.

That case has not been made convincingly—not to Congress, not to U.S. voters.

A look at Clinton's flimsy invasion rationale makes that point:

It's in our back yard. Yes, and so are dozens of other Latin American nations with varying degrees of political and economic problems. We can't invade them all.

Haiti and Cuba are the only non-democracies in the Western Hemisphere. Does that mean we should invade Cuba next?

Haiti is a drug shipment point. True, but Colombia, Peru, Ecuador and other Latin American nations have more lethal connections to drug cartels.

Several thousand U.S. citizens live or work there and many Haitians reside here. Also true, but the same can be said of scores of other countries in and out of this hemisphere. And so far, those in Haiti don't appear to be in any great danger.

Haitians left poor and desperate under the military junta could flood the USA. Kicking out the varmints now running Haiti will not resolve the economic woes of the hemisphere's poorest country. Aside from that reality, massive illegal immigration never justifies military assaults on another nation; otherwise U.S. troops should have been sent to Mexico decades ago.

Clinton, however, has apparently decided he can pull off what no one else has been able to do in Haiti in almost 200 years of independence—impose democracy.

The last time U.S. troops tried—in 1915—they left in failure 19 years later.

This time, the administration says U.S. troops would be needed as part—probably half—of an international peacekeeping force for months, perhaps years.

Yes, Haiti has problems. But they are far from unique and make no case for war.

Clinton has no business setting the USA up as the 911 operator for every nation in turmoil.

[From the New York Times]

A U.N. LICENSE TO INVADE HAITI

If it persuades Haiti's military leaders to leave on their own, then Sunday's U.N. Security Council resolution authorizing a U.S.-led invasion will have done some good. The resolution contains no deadline, and the Clinton Administration has no plans for an imminent military strike.

Perhaps only the treat of force will convince Haiti's top soldiers they should depart. They viscerally oppose the social and economic changes they believe President Jean-Bertrand Aristide would make if he returns. And they are reportedly profiting handsomely from the status quo.

But the threat to use force implies a willingness actually to use it if the military leaders hold fast, and an invasion of Haiti under present circumstances would be a big mistake. Meanwhile, the Administration's strained interpretation of the U.N. Charter to classify the Haitian situation as a threat to regional peace and security damages the U.N.'s legitimacy and invites trouble.

The resolution, orchestrated by Washington, envisions several countries taking part in any invasion, but the operation would remain under direct U.S. military and political control. Presumably, the Clinton Administration will heed its constitutional duty and seek previous Congressional approval, which it may not get. But even a properly authorized invasion would add to the long string of dubious U.S. military interventions in the Caribbean basin during the past century, including a 19-year occupation of Haiti itself.

Some of these actions had nobler ends than others. But very few did any lasting good and each poisoned U.S. relations with the rest of the hemisphere. Significantly, one of the two Latin American members of the Security Council, Brazil, abstained Sunday, while the non-members Mexico, Uruguay, Venezuela and Cuba all spoke out against an invasion. The other Latin member, Argentina, voted yes.

Even though President Aristide implicitly endorsed the resolution, an invasion could weaken his domestic legitimacy while diminishing Haiti's sovereignty. And despite plans to quickly hand off peacekeeping authority to a more broadly based U.N. force, an invasion would saddle the U.S. with political responsibility for controlling the violent vendettas that might erupt once the present repressive structure is disarmed.

To justify the use of U.N. force, Washington recklessly stretched the boundaries of what constitutes a threat to international peace and security under Chapter Seven of the U.N. Charter. Gen. Raoul Cédras's violation of the pledges he made in the Governors Island agreements last year is legitimately an international issue. So is the tide of refugees and systematic violation of human rights. But none of these issues now rise to the threshold necessary to justify invasion. On many of the same grounds, Cuban emigres might well lobby the Clinton Administration to seek U.N. authorization for invading Cuba.

Having taken its lumps trying to be a world police force, the U.N. has now fallen into the unhealthy habit of licensing great-power spheres of influence. In recent weeks the Security Council has commissioned France to send troops to Rwanda and endorsed Russia's "peacekeepers" in Georgia. Now the U.S. is authorized to lead an invasion of Haiti. Such crude power politics damages the U.N.'s standing as an organization valuing the sovereignty of all its member states.

Licensing big-power armies was justified in cases like the Persian Gulf war and the Korean War where the necessary level of force could only be supplied by major military powers. But it is surely not justified in Haiti, with a 7,000-man regular army and a comparable number of lightly armed paramilitary troops.

The Clinton Administration, under attack from critics on the left and right for alleged timidity in deploying U.S. military power, now reveals a dangerously low threshold for using force in Haiti.

CONGRESSIONAL RESEARCH SERVICE,
THE LIBRARY OF CONGRESS,
Washington, DC, August 1, 1994.

Senator ROBERT DOLE,
Washington, DC.

DEAR SENATOR DOLE: UN Security Council Resolution 940 of July 31, 1994, authorizing military action against Haiti, raises the same issue that this country faced in 1950 when President Truman relied on a Security Council resolution to take military action against North Korea. The fundamental question: Is a Security Council resolution a legal substitute for explicit congressional approval?

In a paper to be presented next month at the American Political Science Association annual meeting, I conclude that Truman's action violated the Constitution and violated the UN Participation Act, which calls for congressional approval by bill or joint resolution. The UN Charter, entered into by a President and the Senate, was never a means of eliminating the constitutional role of the House of Representatives. In short, UN resolutions are not an appropriate or legal mechanism for circumventing Congress.

If I can be of any further assistance, please contact me at 707-8676.

Sincerely,

LOUIS FISHER,
Senior Specialist in Separation of Powers.

THE KOREAN WAR: ON WHAT LEGAL BASIS DID TRUMAN ACT?

In June 1950, President Harry Truman ordered U.S. troops to Korea without first requesting congressional authority. For legal footing he cited resolutions passed by the United Nations Security Council, a beguiling but spurious source of authority. In 1990 the Bush administration tried the same tactic, relying on the Korean War as an acceptable precedent for taking offensive action against Iraq, again without seeking congressional approval. Like Truman, Bush claimed that UN resolutions were a sufficient base of authority. In Bosnia, President Clinton has relied on UN resolutions and NATO agreements as sufficient authority to use military force without first seeking congressional approval.

UN machinery is not a legal substitute for congressional action. If that were possible, the President and the Senate, through treaty action, could strip from the House of Representatives its constitutional role in deciding questions of war. Following that same logic, the President and the Senate, through the treaty process, could rely on the UN to determine trade and tariff matters, again bypassing the prerogatives of the House of Representatives. The history of the United Nations makes it very clear that all parties in the legislative and executive branches understood that the decision to use military force through the UN required prior approval from both Houses of Congress.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. Mr. President, I designate the remainder of our time to Senator GREGG. He can yield time.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. Mr. President, I yield 10 minutes to Senator SPECTER.

The PRESIDING OFFICER. Senator SPECTER is recognized for 10 minutes.

Mr. SPECTER. I thank the Senator from New Hampshire.

Mr. President, I support the amendment offered by the distinguished Republican leader. But I am concerned, as Senator DOLE stated in his closing comments, that it does not go far enough or is not sufficiently explicit to assert the constitutional authority of Congress that the President not engage in war in Haiti without prior congressional approval, as is mandated by article I, section 8, of the U.S. Constitution

which gives Congress the sole power to declare war.

Call it what you may, as a matter of semantics, if the President of the United States orders an invasion of Haiti by United States military troops, that is a war. There is absolutely no justification in the sequence of events which have arisen, where there is no emergency, for the President to exercise his authority as Commander in Chief to invade Haiti.

From time to time we have discussed on the floor of this Senate a number of amendments. The Senator from New Hampshire [Mr. GREGG] has offered amendments. Senator MITCHELL has offered amendments. They are sense-of-the-Senate amendments, and I am concerned they do not go far enough.

On Monday of this week I discussed with the majority leader the issue as to whether there was an expectation that there would be a request for authorization by the Congress for the use of force in Haiti, which would be equivalent to what was done in Iraq back in 1991, and the majority leader said at that time that he had no plan to do so. I have discussed with both the majority leader and the Republican leader my intention to offer such a resolution so there could be a clear-cut decision, yes or no, on whether the Senate of the United States is prepared to authorize the use of force. Under the Constitution the concurrence of the Senate is indispensable. Only the Congress can declare war, and an invasion is an act of war.

Regretfully, we have seen that the United States has been involved in wars without a declaration of war as required by the Constitution. There is no doubt that the Korean conflict—the Korean war—was in fact a war. That is a subject about which I have questioned a number of Supreme Court nominees in order to try to bring to the fore this very serious constitutional issue. And until Judge Breyer was willing to categorically answer the question on Korea during his recent confirmation hearings—that the incident in Korea was in fact a war—no other nominee was willing to address that subject.

Judge Breyer said it in very candid terms, that the Korean war was in fact a war. And, where you have an invasion by U.S. military troops, that is in fact a war. Were the founders of the Constitution supposed to talk about police actions or about invasions? They made it very plain. If war is to be declared, it is the responsibility of the Congress to do so.

We have learned through the bitter experience of Vietnam that this country cannot sustain a war without public support. And as the Constitution mandates, the best indication of public support is when the Congress of the United States declares war. Now we have the President of the United States going to the United Nations and working very hard in the United Nations to get United Nations authorization for the use of force in Haiti and setting up the responsibility of the United States to undertake the making of that war.

It is amazing to me that President Clinton goes to the United Nations for authorization to have a war in Haiti instead of coming to the Congress of the United States for authority, as is required by the Constitution.

President Clinton has sworn to uphold the Constitution of the United States. He is the Chief Executive Officer of the United States, and under the Constitution, President Clinton has responsibilities to the United States of America. He does not have those responsibilities to the United Nations.

It is a source of amazement as to why we do not confront this issue directly, why the President does not come to the Congress in advance. The only explanation for that is that he does not want to take a risk of having an adverse determination by the Congress which he would have to follow.

Mr. President, I suggest to President Clinton that, whether or not he comes to the Congress and whether or not there is a binding determination by the Congress, it would be unconstitutional for him under these circumstances to initiate an invasion in Haiti.

The amendment, which Senator DOLE offered, I think, answers itself on its face. The resolution says that:

> It is the sense of the Senate that United States Security Council Resolution 940 does not constitute authorization for deployment of United States Armed Forces in Haiti under the Constitution of the United States or pursuant to the war powers resolution.

But I think it is incumbent on the Congress that our declaration and our instruction to the President be unequivocal so that there is no doubt that he does not have the authority to invade Haiti and to engage the United States in war.

I urge the adoption of the resolution, and I look forward to a further statement which will be even more unequivocal that President Clinton does not have the authority to engage the United States in war.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. I yield 10 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized for 10 minutes.

Mr. NICKLES. Mr. President, first, I would like to congratulate my colleague from New Hampshire, Senator GREGG, for his persistence on this issue, as well as Senator DOLE. I ask unanimous consent to be added as a cosponsor to this resolution.

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

Mr. NICKLES. Mr. President, a matter of the highest importance, in my opinion, is the Clinton administration's not undertaking an invasion of Haiti without first addressing the question, Under whose authority are we invading? The authority of the United States? Or the authority of the United Nations? That is the question raised by this amendment.

Article I, as Senator SPECTER alluded to, of the U.S. Constitution gives Congress the sole authority to declare war, but the Clinton administration has not been clear as to what authority they intend to exercise. Do they need a declaration of war to invade Haiti? Do they intend to ask for a declaration of war, even authorization from Congress of the type President Bush received for the Persian Gulf war? We do not know. They have not said. Maybe they have not even thought about it.

The Dole-Gregg amendment also mentioned the War Powers Act of 1973. This is a very controversial piece of legislation. Many Senators doubt its constitutionality, and every administration has questioned its validity. So what about the Clinton administration? Do they consider the War Powers Act to be good law or not? Do they intend to abide by its provisions? Again, we do not know, and I doubt that they have given it serious consideration.

All we really know, Mr. President, are two things. First, the Clinton administration, driven by domestic political considerations—a hunger strike, bullying by the liberal leadership of the Black Caucus—has been talking tough about Haiti for several months now. They have painted themselves into a corner with their constant flip-flops and contradictions. So maybe now all they can do is invade.

Second, we know they now have Resolution 940 of the United Nations Security Council, which passed last Sunday, which they feel gives them all the authority they need. As a result, the talk of an invasion is bigger than ever. For example, take the saber-rattling message by U.N. Ambassador Madeleine Albright in the wake of the Security Council's vote speaking symbolically to Haiti's current military regime. This was reported in the Washington Post, August 1, 1994:

> You can depart voluntarily and soon, or you can depart involuntarily and soon. The Sun is setting on your ruthless ambition.

With all due respect to the Ambassador, there appears to be some of this "ruthless ambition" she is talking about in this administration. This sounds to me like President Clinton feels he has the green light from the United Nations Security Council and they can care less what the Congress or the American people have to say about it.

About a week ago, before the Security Council vote, Secretary of State Christopher was asked about the precise question raised by the Dole-Gregg amendment on ABC Good Morning,

America. This is on June 25. The question:

I'm curious why we're going to the United Nations. Why aren't we going to Congress to seek authorization to go in?

I think that is an excellent question. Why are they not? Here is how Secretary Christopher responded:

Well, we're going to the United Nations because we think it's very important to view this problem as an international one. It's very important to the United States, but it's important to many of the countries of the world, especially in this hemisphere, to have democracy overthrown by a military coup in Haiti, so I think we want to be sure there's international backing for what we do, but that's not exclusive of the Congress. We're in close consultation with the Congress, meeting with them on a regular basis * * * So it's not either/or, * * * We need to keep in very close touch with both.

At this point, the Secretary needs a reality check. He says it is not "either/or" between Congress and the United Nations. So why does the Clinton team go to the Security Council for authorization but Congress only gets consultation? Secretary Christopher says it is important to "view this problem"—that is Haiti—"as an international one." But is it not even more important to see it as an American one? You can talk all you like about other countries and what they think, but the bottom line is this: If we go into Haiti, it will be overwhelmingly Americans fighting and possibly even dying.

It seems to me that Secretary Christopher has this exactly backwards. They should be coming to Congress for authorization and keeping the United Nations consulted, not the other way around.

In that connection, I would like to draw my colleagues' attention to an article in the Washington Post on August 2. The headline reads: "Menem, Despite Opposition, Asks for Authority To Send Invasion Force for Haiti."

The article describes the President of Argentina, which voted with the United States in the Security Council to authorize an invasion of Haiti, going to the Argentine Congress for their authorization. The President of Argentina apparently understands the Security Council resolution is not a substitute for his own country's constitutional order, but it seems the President of the United States does not understand that.

If it is important for Argentina to pay attention to its own constitution and laws, it is even more important for the United States. The United States has far greater responsibilities than Argentina in this hemisphere and in the world. This point was raised in that interview given by Secretary Christopher last week that I referred to earlier. He was asked the following question:

Well, incidentally, going to the United Nations, though—doesn't that mean, in effect, we put an end to the Monroe Doctrine? I mean, why would we go there [that is, the United Nations]? What if they said no?

I think that is another excellent question. As it turned out, the Security Council agreed with the Clinton administration's position, but what if the Security Council had said no? Would that mean the United States could not go into Haiti? Are we now saying the United Nations Security Council has the power to tell the United States what we can and cannot do in the Western Hemisphere? Here is what Secretary Christopher had to say:

Well, we certainly are not giving up any of our rights to use unilateral action, but I think it's much better if we can do this under the international umbrella with the support, with the concurrence of the international organizations. It makes it far more acceptable. * * * So I think it's desirable from the standpoint of the American people that we have—we internationalize this and we share the burdens.

Mr. President, I am appalled by the confusion displayed here, which has been typical of this administration, not just in Haiti but also in Bosnia, in North Korea, in Somalia—you name it. Secretary Christopher says we need to internationalize this to share the burden. But everybody knows that if we go into Haiti—or at this point, more like when we go into Haiti—the United States will bear almost the entire burden, U.N. resolution or no U.N. resolution.

Secretary Christopher says having international authority from the United Nations is "better" and "more acceptable." But he does not say why that is. Why is it better for American troops to take action and risk their lives because of the United Nations and not because the elected representatives of the American people authorized it? It seems to me that he has that backward as well.

Secretary Christopher says we are not giving up any of our rights to use unilateral action, but by implication we are. If we ask the United Nations for authorization, we are saying they have the right to say no. In fact, by seeking Security Council authorization while ignoring the Congress, the Clinton administration has done great damage to the Monroe Doctrine. I note that Charles Krauthammer reaches the same conclusion in his essay in the Washington Post on August 2, called: "Goodbye, Monroe Doctrine."

Mr. President, I ask unanimous consent to print that article in the RECORD.

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

[From the Washington Post, Aug. 2, 1994]

GOODBYE, MONROE DOCTRINE

(By Charles Krauthammer)

The Clinton administration, preparing for a possible invasion of Haiti, went to the United Nations to ask for prior approval. Sunday it got it. Seems like a simple act of international propriety. On the face of it, Clinton is merely aping what George Bush did before the gulf war.

But Iraq is very different from Haiti. Iraq is far away. It had a formidable army that threatened serious fighting. The United States needed allies to share the perhaps considerable burdens ahead. It needed Saudi territory to stage a counterinvasion. To induce others to sign up, it needed international cover.

Cover, leverage, allies: In Haiti none of this applies. It is a pushover perched on a tiny nearby island. The invasion will be almost unopposed. There is no need for allied soldiers or foreign staging rights.

In fact, the appropriate analogy is not Bush in Iraq but Bush in Panama. Bush determined that Noriega was a threat to American interests. Confident that he had right, power and American interests on his side, he did the job and asked questions later.

The Clinton administration is deeply uncertain about right, distrustful of American power and disoriented regarding American interests. It is, accordingly, the first administration in U.S. history to ask United Nations approval for intervention in our own hemisphere.

And Clinton did not just ask permission. He had already dealt away American interests in order to get it. In a deal largely unremarked except by Lally Weymouth in The Post [op-ed], July 24], the United Nations last month quietly approved Russian "peacekeeping" troops in formerly Soviet Georgia. Russia had threatened to veto U.N. approval of a Haiti invasion if refused a free hand in its former colony.

These are the same Russian troops that stirred up the Georgian trouble they are now charged with pacifying. Their role is less to keep peace than to restore a small piece of the old Soviet empire and signal Russia's intent to reestablish hegemony over the rest.

The Russians might restore their hegemony regardless, but they covet international recognition of their power grab. And in the Security Council we gave it to them. In return for what? For Haiti—a living hell for which we have no desire and even less need.

Only last month, Clinton led off a string of justifications for intervention in Haiti by saying, "first of all, it's in our back yard." One does not ask permission to put out a fire in one's own back yard.

We come here to the root weakness of the Clinton foreign policy: It has no conception of the prerogatives of power. It appreciates the obligations of power—in Rwanda, for example, the world cries out for someone to "do something" and Clinton (rightly) rushes in. But with obligations come prerogatives. And to these prerogatives the administration is dead.

It is the prerogative of a great power to do what it must to secure its interests without asking. China sends warships to secure a South China Sea oil patch it claims from Vietnam. Deng Xiaoping does not ask for U.S. approval. Yet Clinton, absurdly, seeks Deng's approval to act in Haiti. (Sunday, at the Security Council, he got an abstention.)

Moreover, unlike China, we are a global superpower. We shoulder unique responsibilities. We are not a country like any other. Yet the Clinton administration, running around the U.N. gathering signatures for our Haitian send-off, acts as if we are.

Such thinking comes naturally to the lawyers who make up the Clinton team. After all, here everyone is equal under the law. When Warren Christopher represented his clients, the rules applied to everyone.

But the international system is utterly different. In that arena, the players are radically unequal, the law is but a piece of paper, and there is no outside source of enforcement. In fact, the only enforcer is the big guy on the block, the superpower, which in this post-Cold War era happens to be us.

It is we who take the risk to restore order when disorder arises. It is we who bear the brunt of war to secure the oil supplies of Japan and Germany and the world's other free riders. It is we who mount the great air relief to Rwanda.

We are not an ordinary player. We are the world's fireman, on whose exertions the rest of the world rides free. In return, we are entitled to certain prerogatives. When our interests are threatened, we have well earned—from those who benefit from our actions elsewhere—room to maneuver. A nation with such global burdens both needs and is owed the prerogative to act expeditiously and independently to secure its own interests.

A great power does not ask for such prerogatives. (Once you've asked for it, you've forfeited it.) A great power feels it, asserts it, exercises it. Yet this administration does not move unless the United Nations nods, Micronesia applauds and a dozen allies hold our hand.

I happen to believe that invading Haiti is a bad idea. But if Clinton thinks Haiti is an important national interest, he should act. Scrounging for prior approval from Security Council members Djibouti and Oman is not an act of propriety. It is an act of flaccidity. It betrays not just a lack of self-confidence but a profound misapprehension of America's place in the world.

Mr. NICKLES. Mr. President, the Dole-Gregg amendment is not just a typical sense-of-the-Senate resolution. This is not just, "we think you ought to do this" or "we think you should not do that." In my opinion, this is far more serious. We are giving what amounts to a formal interpretation of the Constitution and laws of the United States with respect to the President's ability to short circuit our own domestic institutions for the United Nations. Who authorizes the Armed Forces of the United States to invade another country, the Congress of the United States or the United Nations Security Council? That is the issue. And I hope my colleagues will support this amendment.

Mr. President, I think an invasion of Haiti would be a serious mistake. I do not think that Mr. Aristide or reinstating Mr. Aristide is worth the loss of one U.S. life.

Again, I wish to compliment my colleagues, Senator GREGG, Senator DOLE, and others, in trying to reaffirm that the U.S. Congress, solely, has the power and the right to declare war, and we should not delegate that responsibility to the United Nations Security Council.

I thank my friend and colleague.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Connecticut [Mr. DODD].

Mr. DODD. Mr. President, I ask unanimous consent that I be allowed to proceed for 5 minutes, and then I would like to be able to yield to the distinguished chairman of the Foreign Relations Committee, because he has another appointment to make——

The PRESIDING OFFICER. Senator DODD is recognized for 5 minutes.

Mr. DODD. I would like to yield whatever time he may need. But I want to take just a couple minutes if I can at the outset, Mr. President.

First of all, Mr. President, I ask unanimous consent that I be included as a cosponsor of the Dole amendment.

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

Mr. DODD. I begin by doing that because I think all of our colleagues understand, ought to understand, that there is absolutely nothing in this amendment that ought to cause any Member of this body to oppose this amendment. The amendment states very clearly what would be the law as far as I am concerned, that the action by the United Nations does not constitute the authority of the Constitution or the war powers resolution to commit United States forces to Haiti. That is self-evident, in my view, and so I would hope that all Members—since a recorded vote has already been requested and approved—would support this amendment by the Senator from Kansas. So for those reasons, Mr. President, I asked to be considered as a cosponsor.

But if I can, I would like to make a few brief remarks in these minutes to comment on it. Before I turn to the substance, Mr. President, of the pending amendment, I would like to commend our U.N. Ambassador, Madeleine Albright, for her tireless efforts to help galvanize the international community behind a united strategy to restore democracy in Haiti.

I am somewhat stunned that that action is being challenged here. It seems to me that while we may disagree about what tactics to employ, I would hope there is no significant debate about the present conditions in Haiti and what occurred in Haiti. Whether one likes President Aristide or not is not really a relevant question; 70 percent of the people of that country decided to elect him President in the fairest election that nation has ever seen.

It is not our business as a matter of policy to decide that we will support or oppose democracy based on what that system produces through the electoral process. We all can, I think, join in a common voice in deploring the hijacking of that democracy by a group of military thugs and their supporters. That was a great tragedy. We now have two countries in this hemisphere, Cuba and Haiti, which do not have democratically elected governments.

The human rights violations, the mass of humanity that is trying to leave Haiti, many of them trying to come to our shores, the substantial allegations about these thugs also engage in significant drug trafficking, are some matters that ought to be considered of significant concern. So the fact that our Ambassador at the United Nations is trying to build some international support to try to deal with the problem in Haiti is one that I assume most people would think is the right way to go.

In fact, I recall most people here—because I think President Bush deserves, in my view, historically, the credit for initiating a new approach to diplomacy worldwide, and that is to try to build, where you can, international support. You are not going to be able to do it in every case, but where you can it is of value in the conduct of foreign policy to try to build international cooperation. That is what President Bush did in the Middle East, and I think he was absolutely right to do so. He did not do so with the thought in mind that every single foreign policy problem that this country faces ought necessarily be solved, or could be solved, through international cooperation. But where possible that ought to be the strategy that the United States follows.

So Madeleine Albright, our Ambassador, is merely building on that concept and idea in Haiti, to try to build international support so that we can all collectively examine ways in which to try to reverse the deplorable conditions, politically, socially and economically, that exist in that country.

It was a remarkable decision by the U.N. Security Council and speaks, I think, of Madeleine Albright's effective leadership. During the Security Council's consideration of this resolution, Ambassador Albright, I think, expressed very succinctly the history of the efforts to restore democracy to the people of Haiti. She said in part, Mr. President:

> This Council has pursued patiently a peaceful and just end to the Haitian crisis. The Organization of American States has pursued a parallel effort. Member States, including my own—

For example, speaking of our country:

> have taken steps independently to encourage the illegitimate leaders to leave. Together, we—the international community—have tried condemnation, persuasion, isolation and negotiation. At Governors Island, we helped broker an agreement that the military's leader signed but refused to implement. We have imposed sanctions, suspended them, reimposed them and strengthened them. We have provided every opportunity for the de facto leaders in Haiti to meet their obligations.

She concluded as follows—and I ask for 1 additional minute.

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

Mr. DODD. She concluded as follows:

> The status quo in Haiti is neither tenable nor acceptable. Choices must be made. And although the choice in Haiti is complex, this

choice is as simple as the choice between right and wrong. Today, the Council has made the right choice—in favor of democracy, law, dignity and relief from suffering long endured and never deserved.

Mr. President, Madeleine Albright's views I think are ones that all of us can share in this body.

Now, for those reasons I think we ought to try at least to speak with one voice about conditions there. The President, if it is warranted, will come before this body and ask for authorization.

I would point out to my colleagues that in both the case of Panama and Grenada, no such authority was sought. Now, there the President made a case that it was of such an emergency nature that he had to act.

I mentioned to my colleagues here a few weeks ago that I received a call about 1 a.m. from then Secretary of State Jim Baker. That was the consultation. Planes were in the air. Troops were already landing. Within 4 hours, I was appearing on broadcast television supporting President Bush's decision. I think it was the right one to make under those circumstances.

I would hope, as we talk about the conduct of foreign policy, we would at least leave the door open here for Presidents to be able to act. Ideally, he would come before us and ask for permission ahead of time. I wish that had been done in a lot of situations around the world over the last 4 or 5 decades. But to suggest somehow that the President is prepared and ready to charge into Haiti militarily, I do not think is the case.

And so I hope that we would adopt this resolution. It states the obvious. But not imply by that, necessarily, that this President has any less authority than his predecessors, including his immediate past predecessor, to use the powers of the executive as Commander in Chief to respond to situations where military force may be warranted.

With that, Mr. President, again I commend the Senator from Kansas for his amendment; I am glad to cosponsor it; I hope we all do so; because it states the obvious. But let us not engage here in a debate that would suggest by implication, particularly to the leaders of Haiti, that we think that what they did in 1990–91 was tolerable, acceptable or anything with which anyone in this body ought to be associated.

Mr. President, I yield 6 minutes to the distinguished chairman of the Foreign Relations Committee.

The PRESIDING OFFICER. The Senator from Rhode Island [Mr. PELL] is recognized for 6 minutes.

Mr. PELL. Mr. President, I thank my colleague from Connecticut. I agree with his statement and the views he expressed.

I would like to comment on several issues raised by the Senator from New Hampshire when the amendment was first offered on this past Monday.

First, the Senator said that the United States support of the U.N. resolution is inconsistent with the sense-of-the-Senate resolution passed overwhelmingly by the Senate on June 29. The Senate resolution in fact does not specifically relate to the U.N. resolution, but more generally to potential United States military operations in Haiti. It expresses the sense of Congress that no funds should be obligated or expended for military operations in Haiti unless authorized by Congress in advance. If such authorization is not provided in advance, the resolution calls for the President to submit a report to Congress that the commitment of troops meets various criteria set forth in the resolution.

As we all are well aware, at this time there is no military operation in Haiti. Thus, the administration has not taken any action inconsistent with the Senate resolution.

Second, the Senator from New Hampshire stated the administration has decided to use force in Haiti. The authorization by the United Nations for multinational force in no way implies that the President has decided to use force in Haiti. In fact, I have advised the President not to use force. But the administration has made it clear that no decision has been made on using military force; that, in fact, its objective is to persuade the military junta to step down without—and I emphasize the word "without"—having to use force.

Third, the Senator raised an issue of great concern to all of us that the Senate be fully consulted on all aspects of United States policy towards Haiti, specifically on United States actions in the United Nations. It is my view that the administration has adequately consulted with the Senate, particularly with regard to the U.N. resolution supported on Sunday.

Only days after the Secretary General issued a report recommending that the United Nations authorize a multinational force to facilitate the restoration of democracy, our State Department briefed the Foreign Relations Committee on the U.N. report and indicated its intention to seek a U.N. resolution within the following 2 weeks, which is just what happened. One week later, the State Department sent a letter to all members of the Senate Foreign Relations Committee regarding the United States intention to support the U.N. resolution. The next day the State Department briefed our committee in detail about the U.N. resolution. So the implication that the administration pays more attention to the United Nations than to the Congress is simply incorrect.

Congress has and will continue to have ample opportunity to express its opinion on United States policy toward Haiti. As my colleagues will recall, the full Senate has debated amendments regarding Haiti twice, two times, in recent weeks, and administration officials have appeared at 70 hearings, briefings, and consultations on Haiti since President Clinton took office. Last month alone, the administration briefed the Foreign Relations Committee on five separate occasions on various aspects of United States policy toward Haiti.

Mr. President, I do not oppose the amendment. I believe, though, it is not necessary, and that it is important to set the record straight regarding the administration's efforts to consult the Senate on an issue of such great importance to the American people.

Mr. GREGG addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from New Hampshire.

Mr. GREGG. Mr. President, how much time is remaining?

The PRESIDING OFFICER. The Senator from New Hampshire controls 57½ minutes, and the Senator from Connecticut controls 27 minutes.

Mr. GREGG. I yield 20 minutes to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona [Mr. MCCAIN], is recognized for 20 minutes.

Mr. MCCAIN. Thank you, Mr. President.

Mr. President, at the outset, I would like to say to the Senator from Connecticut that I appreciate his cosponsoring this amendment. I say to him that he somewhat, in his remarks, trivializes this amendment by pointing out that it is just something that we all recognize.

The Senator from Connecticut should understand that this amendment is a way to prevent a full-scale debate on this floor as to whether we should authorize an invasion of Haiti, such as suggested by the Senator from Pennsylvania. Unless the President of the United States begins a consultative process, unless the Senate of the United States—I cannot speak for the other body—feels that they are involved in this decision which puts American lives at risk, the Senator from Connecticut should understand that there will probably be forces from both sides of the aisle seeking to prevent an invasion of Haiti, something that I think personally would set a very dangerous precedent for the future of this country.

So if I were the Senator from Connecticut, I would not trivialize this debate. I would not trivialize this amendment. I would understand that, unless there is some kind of sign that we are not going to invade Haiti, or a sign that, if an invasion is planned, the American people—far more importantly, the American people, I say to the Senator from Connecticut—who now overwhelmingly oppose an invasion of Haiti, and their elected leadership are going to be consulted on both

sides of the aisle, we will see this body wrapped in a debate which I think would not really, in the long run, serve any useful purpose.

So I suggest to the Senator from Connecticut and other Members of this body that they pay careful attention not only to what goes on in this debate over the Dole-Gregg amendment, but also to what is going to go on in the country in response to a possible invasion of a country which could entail the loss of American lives not only in the short run, but in the long run.

Mr. President, as I said, I support the amendment. I commend the sponsors for reminding us that the United Nations Security Council cannot authorize the deployment of American troops into combat, or anywhere else, for that matter, without further authorization by the officials whom the American people have elected to exercise this grave and solemn responsibility. Thankfully, the day has not yet arrived when the lives of American servicemen and women are subjected in law to the supreme authority and frequently vacillating, frequently contradictory, and frequently reckless collective impulses of the United Nations.

As I have often stated on this floor, I have strong reservations about prospectively limiting the President of the United States' role as Commander in Chief. I have no such scruples about limiting the U.N. Secretary General's role as commander in chief of the armed forces of the member states of the United Nations.

Congress, of course, has the constitutional authority to declare war or to withhold that declaration. We also have the authority, under the War Powers Resolution, to terminate any U.S. military involvement in overseas hostilities by declining to authorize the operation 60 days after its initiation.

Like many of my colleagues, I am concerned that we have established several precedents for undertaking military operations without congressional authorization before or after they have commenced. For years now, Congress has been in the absurd position of acquiescing by inertia with efforts to circumvent the law Congress has written.

I question the constitutionality of the War Powers Resolution, and I frequently oppose efforts to prospectively restrict the President's ability to use force in defense of American interests abroad. But I am also greatly concerned that by simply ignoring the law of the United States requiring Congress' consent for military operations we are undermining the authority of Congress overall.

Moreover, until we resolve this quietly and routinely ignored contradiction in our practicing checks and balances, we are seriously weakening the connection—the critically important connection—between the brave men and women who risk their lives in service to this country and the men and women who are directly elected by the people of the United States to represent their interests.

It is in no one's interest, Mr. President—not the President's, not Congress', not the United States Armed Forces, and not the American people's—it is in no one's interest for this contradiction to be left uncorrected any longer.

Those who have volunteered to risk life and limb on behalf of all Americans know what their responsibilities are to us. They have a right to know who is responsible for sending them into harm's way. It is unconscionable that Congress would assume in law this responsibility and then, again and again, relinquish it to the President, barely without comment, because Congress will not risk the opprobrium for a mission's failure while expecting the approbation for a mission's success. It is unconscionable and hypocritical.

Mr. President, it is time for the administration and Congress—both houses and both parties—to sit down in good faith and resolve this contradiction. And I hope the leaders and the President will give serious consideration to doing so immediately. Otherwise, with every security question that involves the use of American force and which lacks unanimous support in Congress, we will have occasions where the merits of the case are debated, but the responsibility for the decision deferred.

Today, we are debating whether that decision is the sole authority of the U.N. Security Council. I should think that few of my colleagues, if any, seriously believe that such is the case. Nevertheless, the debate is timely given the increasing likelihood that the United States will soon intervene militarily in a civil dispute in Haiti.

The President, by mistakes of omission and commission, has created an environment in which diplomatic and domestic political imperatives are providing powerful incentive to take the grave step of sacrificing American lives on behalf of a man who—although freely elected by the people of Haiti—hardly qualifies as an enlightened champion of the rights of man.

This amendment and debate is useful because it serves as a needed reminder to the President about his responsibility and ours to never risk the lives of any American unnecessarily. Should we invade Haiti; should that intervention be successful—as it will—in deposing the military thugs who run that police state and in restoring Aristide, at least temporarily, to his presidency; and even if we withdraw from the operation in a relatively short time; even if all these things occur—and I am very concerned that our withdrawal will be much harder to effect than our entry—we can still expect some casualties. We have casualties, Mr. President, in peaceful military exercises. We will certainly have some, though I expect they will be minimal, in offensive military action in Haiti.

Mr. President, Congress will bear some responsibility for the consequences of this operation if the mission somehow goes wrong or, as is more likely, we are unable to extricate ourselves from a situation in which we become little more than a semipermanent presidential guard for Mr. Aristide. And, now, apparently, the Security Council will share some of that responsibility. But let us be very clear, Mr. President, we all know who will shoulder the greatest burden for the mission's failures or receive the greatest credit for the mission's success—the President of the United States.

The anguish the President feels over the loss of American lives in a military operation will not be alleviated by the recollection that the use of force was an international decision. And should those losses occur unnecessarily, the blame will not be shifted by pointing a finger toward the United Nations, or toward the President's supporters in Congress.

Whether others in the administration or the Congress or the United Nations are involved in the decision or not, the President of the United States is a lonely man in a dark room when the casualty reports come in.

Before we intervene, the President should contemplate this unavoidable burden of leadership very carefully and weigh it against the diplomatic and political imperatives that be believes require our involvement in Haiti. It is clear to me, Mr. President, that no vital U.S. interests were placed at risk by President Aristide's unlawful removal from office.

As an advocate for democratic values, I did not welcome his overthrow, but I did not fear its effect on the security of the United States or our allies. Likewise, while the coup in Haiti did not advance the democratization of Haiti's political structures, Aristide's return to power may not advance that process either—given the fact that his own governing philosophy is suspected of leaning toward the tyrannical, and given the fact that he would have been returned to power at the point of American bayonets—a foreign intervention that will predictably incite some popular opposition in Haiti.

Why then is the President considering this intervention? Because in place of a policy for Haiti based on a realistic assessment of Haiti's impact on our security in this hemisphere or on our ability to protect our interests in other regions of the world, the President substituted a policy—or more correctly several policies—which only responded to political exigencies of the moment;

be those exigencies an aversion to illegal immigration or concern about a political hunger strike.

In response to these various political pressures, the President has backed any number of policies with the credibility of the United States. Now, that policy has settled on one imperative only: the current unlawful Haitian regime will be terminated, by American force of arms if necessary, and President Aristide will be returned to power.

At no time during most of the recent saga of United States policy toward the situation in Haiti was any thought given to how Haiti relates to other international concerns of the United States.

One of the most frequent and fair criticisms of this administration's foreign policy is that it lacks a strategic rationale—premised on a sound prioritization of global challenges to the interests and values of the United States—that links our foreign policies in important respects from region to region and country to country. Beyond managed trade, I am uncertain what strategic concept energizes the administration's approach to the post-cold war world.

Conceptual thinking that would respond to the connections between problems for the United States in the Middle East and problems in Argentina, for example—connections that would indicate for the administration what our global priorities should be—has not been evident in much of the administration's foreign policy initiatives. It has certainly been missing in our policies for Haiti.

Among the many serious challenges that cry out for American leadership—the proliferation of weapons of mass destruction; the reemergence of nationalist enmities that had been sublimated to the cold war; the rise of militant Islamic fundamentalism; the political and economic crises in the former constituent republics of the Soviet Union; political and military rivalries in Asia; and many other developments with global implications—nowhere is the situation in Haiti a contributing factor. Nowhere.

But our ability to use the power and prestige of the United States to affect some resolution of these global challenges is—it is now argued—being eroded by the situation in Haiti. Let us be clear about one thing, Mr. President, it is not the Haitian crisis that is eroding our strength. It is the administration's haphazard, poorly reasoned, vacillating, and inexplicable vesting of our credibility in that crisis' outcome that has put our credibility—and, hence, our power—at risk.

The notion that United States failure to restore Aristide will undermine our credibility from Tehran to Pyongyang is becoming more and more a self-fulfilling prophesy with every not-so-veiled administration threat to General Cedras and company—threats that occur almost hourly from almost any administration official who happens to be near a microphone.

I am concerned about the loss of American credibility over Haiti. Just as I am concerned about the loss of credibility incurred in our innumerable policy reversals elsewhere and in the exposure of our empty threats in Bosnia, in Korea, in Somalia, in China, and in Japan. In some instances those policy reversals and withdrawn threats were foolishly made, and despite the damage done to our credibility they deserved to be corrected—especially with regard to China and Japan.

We remain in the world's only superpower, however. We do have some margin for error. It is arguable that the administration has nearly exhausted this margin. But I don't think one more policy change for Haiti will put us over the top. I believe we can still recover enough credibility to positively affect some progress in the critical global problems I have just mentioned.

The administration should begin by investing considerable manhours into arriving at some coherent and realistic strategic rationale for our involvement in the post-cold-war era. I know such an undertaking is not an easy one. Today's international challenges are varied and complex, but they are not incomprehensible. Relations between nations are more chaotic today, but they are not unmanageable.

The threats which deserve our priority attention are recognizable. I have identified some of the more salient ones. They are linked in small ways and large. And the United States, with our long history of imaginative and resourceful statesmanship, should be able to see and address these connections. With the power and prestige that has accrued to us—not only by reason of our economic might and our abundant resources, but by a century of success in the world through two world wars and one long, cold struggle with a militarily powerful adversary—we should be able to affect considerable progress in many, if not all, of the most pressing problems of our time whether or not President Aristide recovers his office.

We must recognize our own abilities and accept as ours the real responsibilities of the sole remaining superpower. We have the largest stake in international stability. As the world's greatest democracy, we have the largest interest in the ascendance of democratic values. But we must, in short, put things in perspective. We must see the currents that are running through this period of world history. We must see how they are related: how each affects one another; how each affects the interests of the United States.

We must prioritize problems and where no impact to our vital interests occurs and where no link to larger problems exists we must assign some problems a lower priority. Problems which have a lower priority—under few, if any circumstances—warrant the use of force to resolve.

If Americans must perish in a foreign conflict—it better be because no other remedy is available and because the cost of leaving the problem unattended is greater than the cost of a single American life. That, Mr. President, is a dimension that the Haiti problem does not possess.

If the administration fails to reorder its statesmanship, then, I fear, the remaining days of the Clinton administration—whether those days consume 2 or 6 years—will be very dangerous days for America and for our interests and values in the world.

There will be other Bosnia's: where American prestige is squandered in a rapidly changing array of policies; where force is easily threatened and just as easily withheld; where we seek to affect some more equitable balance of power and are convinced by others to abandon that pursuit; where at the end of the day all our exertions have only left the situation in about the same condition we found it.

There will be other Somalias: where we thoughtlessly allow—almost without notice—a humanitarian mission to become something for which our troops were not told they would fight and our leaders could not define. Perhaps, it will occur in Rwanda where the President has rightly ordered our troops to help relieve the terrible suffering in that tragic country. Will we soon detect mission creep there which pulls Americans into a political and military quagmire of unimaginable dimensions? We will if we have not learned the lessons of Somalia.

There will be other Koreas: where enormous risks to the most vital interests of the United States are addressed by little more than wishful thinking because the problem is vastly more difficult than a weekend spent restoring a dubious democrat to office in Haiti; where the stability of much of the world is allowed to rest on the whims of an heir presumptive to a tyrant's office; where the ball is always in our adversary's court and never our own.

There will be other Haiti's; where the problems—sad as they are—of a small country whose fortunes will not affect by one degree the security of others or the progress of democracy elsewhere in the world are allowed to consume the foreign policy attention of the greatest Nation in the world; where other problems fester for lack of attention by a distracted superpower; where the United States vests a part of its credibility in the political success of someone whose authority Americans would reject were he in office in this country.

Mr. President, the problem in Haiti is not a grave crisis for the United States. And the aspect of our policy for

Haiti we are considering today is but a small part of the Haiti debate.

But within this debate we see the outlines of a leadership failure that is undermining the interests and aspirations of the United States globally. It is a failure that will cost us dearly in the months ahead if it is not addressed comprehensively. I urge the President and his administration to do so immediately.

For now, let us begin by recognizing that Mr. Aristide's fortunes are not a compelling reason for the sacrifice of American lives. Yes, we have lost some credibility in our feckless response to this problem thus far. But there is probably another way to see that an emerging democracy is not permanently extinguished in Haiti.

Let us call for new elections without requiring the restoration of Aristide's presidency. Let us be mindful that resistance to Aristide will not disappear with the exodus of a few Haitian commanders. The rank and file of the Haitian security apparatus are no more hospitable to Aristide's well-being than General Cedras is.

Mr. President, the administration is apparently prepared to allow North Korea to possess at least two nuclear weapons rather than risk war to prevent this serious calamity from continuing. Surely, the problem in Haiti is not so grave, nor the remedy so difficult nor the cost to our prestige so substantial that we must ransom with blood the office of Haiti's president.

Let us put Haiti in perspective. Accord it the attention that it merits in a world of far more serious threats to the United States. Seek a reasonable resolution of that country's problems that does not require the most serious, the most solemn, the most tragic action the United States can take—the ordering of brave, young Americans into combat. And let us begin, Mr. President, to pursue our interests and promote our values in the world in a manner, that befits the strongest, most enlightened and most benevolent nation on Earth.

The PRESIDING OFFICER. Who yields came?

Mr. GREGG. Mr. President, I yield the Senator from South Dakota 5 minutes.

The PRESIDING OFFICER. The Senator from South Dakota [Mr. PRESSLER] is recognized for 5 minutes.

Mr. PRESSLER. Mr. President, I join in support of this amendment. I have predicted an August invasion of Haiti that will take place when Congress goes home. Such an invasion would be a great mistake for reasons stated on this floor.

It seems the Clinton administration is determined to invade Haiti. They have gone to the United Nations. They have fulfilled all the prerequisites, laying the groundwork for invasion. I have attended some of the briefings. They seem to have the military all ready to go.

But nobody, except the President and the Black Caucus, is for an invasion. Of a 40-member Black Caucus, 38 are for it.

Somehow, as I understand the Congressional Black Caucus, they believe it is almost a racist thing if the United States does not invade. I think that perception is very unfortunate because I have not before seen foreign policy made by one small group, nor have I seen the White House respond with a military invasion at the behest of just one group in the Congress.

Invasion of Haiti would be a great mistake. It would neither put democracy in place, nor would it solve the economic problems in Haiti.

What we should have regarding Haiti is a clear, clear policy. Right now our policy is unclear. First we should state very clearly that the United States is not going to invade. Then the Haitians would start trying to solve their own problems instead of anticipating or expecting American troops to solve their problems for them.

Second, we should make it very clear that we want to lift the economic embargo because the economic embargo on Haiti is hurting the poor the most. It is a fact that these embargoes always hurt the poor the most.

Third, we should, of course, state that we are for democracy and human rights, and we are. But those are not going to be instituted by sending United States troops into Haiti.

We should also state and have a clear, clear policy that we are going to follow normal refugee asylum programs insofar as Haiti is concerned, so people stop getting into boats expecting to come to the United States.

What we have instead is this unclear policy driven by the Congressional Black Caucus, and a President who seems determined to have a military adventure. I think maybe the President feels he needs to have military stripes, or something. Unfortunately, invading that little, tiny country will not give him many military stripes.

Let us take a close look at the situation. This Congress should be able to vote on authorizing United States troops to invade Haiti, just as we did for the Persian Gulf war. That has not happened.

The President wants to invade while we are out of town in August during the August recess that runs to September 12. So some time during that period the President seems determined to invade Haiti, and it is just nonsense. It is driven by one group here in Congress, the Congressional Black Caucus. Nobody else is calling for it. Nobody else will stand up on this floor and advocate an invasion. And that is very unwise American foreign policy. It will cost our taxpayers a great deal.

Once we are in, we cannot get out. Once we are in Haiti, people are going to be suing us for years to come for damages, and we are a country that pays restitution and is responsible. We are going to have one or two of our people killed or captured, and it is going to cause a nationwide reaction.

It is true that American Presidents seem to gain popularity by invading very small countries. I do not think that ploy is going to work this time either.

I would plead with President Clinton not to invade Haiti. Instead make a clear, clear policy we are not going to, make a clear, clear policy that our refugee status is going to stay the same, make a clear policy we are going to lift the embargo, make a clear policy the Haitian people have to solve their own problems and develop their own democracy. That is the only way it should be.

If we go in and invade, we will delay democracy and delay human rights.

I strongly urge that this resolution pass as another signal to the President not to engage in this adventure. This White House seems to be determined to have military adventures overseas to prove they are supportive of the military. As a former lieutenant in the Army who served in Vietnam, I can assure the administration it is not that much fun to really go and do it.

I will accept the President as my Commander in Chief, even without invading this little, tiny country.

I yield the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Florida. It is the Chair's understanding the Senator is yielded time under the control of the Senator from Connecticut.

Mr. GRAHAM. Mr. President, I yield myself 20 minutes.

The PRESIDING OFFICER. The Senator from Florida [Mr. GRAHAM], is recognized for 20 minutes.

Mr. GREGG. Parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. How much time is remaining to the Senator from Connecticut?

The PRESIDING OFFICER. The Senator from Connecticut has 28 minutes remaining, and the Senator from Florida has yielded 20 minutes of the 28 to himself. The Senator from New Hampshire controls 32 remaining minutes.

Mr. GREGG. I thank the Chair.

The PRESIDING OFFICER. The Senator from Florida is recognized.

Mr. GRAHAM. Mr. President I hope the time taken requesting how much time was remaining will not be counted against my time.

The PRESIDING OFFICER. The Chair assures the Senator it is not.

Mr. GRAHAM. Mr. President, the statement of the resolution before us is self-evident. Obviously, action by the U.N. Security Council does not constitute authorization for the deployment of United States forces in Haiti

under the Constitution of the United States or the United States War Powers Act.

Mr. President, I ask unanimous consent to be listed as an original cosponsor of the amendment.

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

Mr. GRAHAM. Mr. President, the purpose of this resolution is not to just restate the obvious, but rather to again afford a platform and a forum to raise issues about the President's policy in Haiti and his intentions in Haiti.

I would like to respond to some of the comments that have been made. There has been reference that there has been inadequate consultation between the President and his administration and the Congress relative to our policy in Haiti.

Mr. President, I ask unanimous consent to have printed in the RECORD five pages of meetings which have been held since the commencement of this session of Congress relative to the administration providing information to various committees and other agencies of the Congress relative to Haiti.

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

HEARINGS AND BRIEFINGS ON HAITI, 103D CONGRESS, 2D SESSION

2 August 1994 Briefing: Special Advisor Gray briefed Republican members: Goss; Chris Smith; Livingston; Fowler; Ros-Lehtinen; Hobson; Shaw; Mica; Boehlert; Houghton; Coble; Hunter; Bateman; Hutchinson; and Buyer.

2 August 1994 Briefing: Special Advisor Gray briefed Majority Leader Gephardt.

2 August 1994 Meeting: Secretary of State met with Rep. Berman on Haiti and other issues.

29 July 1994 Briefings: Haiti Refugee Issues. State and Justice briefed HFAC and House Judiciary Committee staff.

28 July 1994 Briefing: State DAS George Ward briefed SFRC and CJS on the UN Security Council Resolution on Haiti.

27-28 July 1994 Briefings: Haiti Resolution; 5-Day Advance Notice. State DAS Chapman briefed HFAC, CJS, HASC, SFRC, SFRC, House and Senate Appropriations, and Sen. Dole's staff.

22 July 1994 Phone Calls: Ambassador Albright and Under Secretary Tarnoff telephone Members of Congress on U.N. Secretary General's report on U.N. Mission in Haiti peacekeeping force proposal. Members included: Sens. Pell; Helms; and Hollings; and Reps. Obey; Livingston; Mollohan; Payne; Rogers; Gilman; and Torricelli.

21 July 1994 Briefing: Deputy Secretary Talbott briefed Sen. Nunn.

21 July 1994 Meeting: Deputy Secretary Talbott spoke with Rep. Richardson regarding his trip to Haiti.

21 July 1994 Briefing: Special Advisor Gray briefed Senator Wellstone.

21 July 1994 Meeting: Special Advisor Gray met with the Senate Democratic Policy Committee.

21 July 1994 Briefing: Special Advisor Gray briefed Rep. Major Owens.

20 July 1994 Briefing: Special Advisor Gray briefed Rep. Porter Goss.

19 July 1994 Briefing: Special Advisor on Haiti William Gray briefed HFAC members in a closed session.

14 July 1994 Briefing: Assistant Secretary of State Gati and officials from CIA and Justice brief Senate Select Intelligence Committee on Haiti and Iran.

13 July 1994 Briefing: Secs. Christopher, Perry, Ambassador Albright, National Security Advisor Lake, and General Shalikashvili briefed the Senate and House Leadership "Consultative Group" (leadership, chairs and ranking of HFAC/SFRC; HASC/SASC; Intelligence; Appropriations—full committee/DoD/Foreign Operations/Commerce, State, Justice) separately.

13 July 1994 Hearing: OAS Ambassador Babbitt and State DAS Skol testified on Dominican Republic elections and Haiti before the HFAC subcommittee on Western Hemisphere.

13 July 1994 Briefing: Peacekeeping Monthly State official Bob Loftis briefed SASC staff.

13 July 1994 Briefing: Coast Guard officials briefed House Merchant Marine committee members and staff.

13 July 1994 Briefing: State officials briefed House Appropriations staff on Emergency Refugee and Migrant Assistance.

12 July 1994 Briefing: Peacekeeping Monthly State DAS Ward briefed HFAC staff.

12 July 1994 Briefing: Peacekeeping Monthly Ambassador Dobbins briefed senior House staff.

12 July 1994 Briefing: Peacekeeping Monthly State DAS George Ward briefed SFRC staff.

7 July 1994 Briefing: Ambassador Dobbins briefed majority and minority SFRC staff.

7 July 1994 Briefing: Special Advisor Gray briefed HFAC chairman Lee Hamilton.

5 July 1994 Phone Calls: State officials made phone calls to Congressional staff of SFRC and HFAC, and Judiciary on "safehaven" policy.

28 June 1994 Hearing: U.S. Policy Towards Haiti Special Advisor Gray, Assistant Secretary of State Shattuck, State DAS McKinley testified before SFRC Subcommittee on Western Hemisphere Affairs.

28 June 1994 Meeting: Secretary of State met with Speaker Foley on Haiti and other issues.

20 June 1994 State and DoD officials briefed HFAC staff on Dominican Republic elections and the Administration's sanctions-monitoring efforts.

16 June 1994 Briefing: State, DoD, and CIA officials briefed SSCI staff on drug trafficking in Haiti.

15 June 1994 Hearing: Haitian Asylum-seekers; State DAS Brunson McKinley testified before the House Judiciary Subcommittee on International Law, Immigration, and Refugees on Legislation on Haiti introduced by Reps. Meek and Dellums.

8 June 1994 Hearing: Special Advisor Gray testified before House Foreign Affairs Committee

8 June 1994 Briefing: Assistant Secretary of State Watson briefed Senator Bob Graham on Haiti and other regional issues.

1 June 1994 Briefing: Haiti Refugee Processing; State and Justice staff brief HFAC staff.

26 May 1994 Briefing: Ambassador Dobbins briefed Reps. Dixon, Richardson, and Reed prior to their trip to Haiti.

26 May 1994 Briefing: Ambassador Dobbins briefed Rep. Rangel.

25 May 1994 Briefing: Haiti Intelligence Community Briefing (closed) HPSIC Members and Staff. Briefers: CIA/NIA Lattrel, INR, others

24 May 1994 Briefing: Haiti Pre-trip Intelligence Community Briefing, Rep. Dixon and HPSCI staff. Briefers: CIA, INR, DIA, DEA, NSA, JCS/J-2

18 May 1994 Briefing: State and INS officials briefed Senate Judiciary committee staff on Haitian refugee processing.

17 May 1994 Briefing: Special Advisor Gray briefed House Democratic Leadership.

17 May 1994 Briefing: Special Advisor Gray briefed Senate Democratic Leadership.

17 May 1994 Briefing: Special Advisor Gray briefed Congressional Black Caucus.

17 May 1994 Briefing: Special Advisor Gray briefed Senate Republican Leadership.

17 May 1994 Briefing: Special Advisor Gray briefed House Republican Leadership.

17 May 1994 Briefing: Acting Refugee Policy Director Oakley and INS Commissioner Meissner briefed Reps. Mazzoli, Canady, and Lamar Smith on Haiti refugee processing.

12 May 1994 Briefing: Haiti Refugee Policy. House Judiciary Subcommittee on Immigration; RP & INS.

3 May 1994 Briefing: Haiti Refugee Issues: HFAC Staff with RP, ARA, and INS.

3 May 1994 Briefing: Haiti. Senator Dodd and other SFRC Members. Briefers: Acting Secretary Talbott and NSC Sandy Berger.

24 March 1994 Meeting: Assistant Secretary of State Shattuck met with Rep. Joe Kennedy regarding Haiti.

8 March 1994 Hearing: Haiti. SFRC Subcommittee on Western Hemisphere. Witness: Ambassador Pezzullo.

2 March 1994 Meeting: Ambassador Swing met with Rep. Torricelli on Gen. Cedras.

9 February 1994 Hearing: Ambassador Pezzullo and AID official Schneider met with HFAC members in a closed session to brief Members on humanitarian relief.

14 January 1994 Meeting: Assistant Secretary of State Watson met with Sen. Dodd to discuss recent developments in Haiti.

9 November 1993 Briefing: Haiti: Hafac Western Hemisphere Members Briefing; (Amb. Pezzullo).

3 November 1993 Briefing: Haiti (closed); HPSCI Members & Staff. Briefers: State/CIA/DIA/DOD.

27 October 1993 Briefing: Haiti-Intelligence; House Republican Policy Committee Members. Briefers: CIA, DI.

20 October 1993 Hearing; Roundtable on Haiti, HFAC.

20 October 1993 Briefing: Recent Events in Haiti: House Intelligence Committee; State witness TBD (Pezzullo or Watson).

21 July 1993 Hearing: Recent Developments in Haiti; HFAC W. Hemisphere.

21 July 1993 Hearing: Governor's Island Implementation; HFAC.

18 June 1993 Briefing: Haiti; Cong. Toricelli and HFAC staff. Briefer: Amb. Pezzullo.

26 May 1993 Briefing: Assistance from Haiti; Sen. Leahy. Briefers: ARA Pezzullo & Watson.

18 May 1993 Briefing: Haiti; SACFO Minority Staff. Briefers: ARA-Pezullo, AID.

13 May 1993 Briefing: Haiti; SACFO Minority Staff. Briefers: ARA-Pezullo, AID.

13 May 1993; Briefing: Haiti; HAC Foreign OPS Subcommittee and Associate Staff. ATA/Pezzullo, AID, and DOD.

3 May 1993 Briefing: Situation in Haiti/Request for Contingency Fund; SACFO Majority and Minority Staff Briefers: ARA-Pezzullo, AID—Williams.

10 March 1993 Briefing: Haiti; for HAC Foreign OPS Minority Staff w/Majority Staff.

9 March 1993 Briefing: Haiti; for HAC Foreign OPS Minority and Majority Staff. Briefer: ARA.

27 January 1993 Vote: Haiti; HAC Foreign OPS Subcommittee Staff. ARA/Gelbard.

12 January 1993 Briefing: Update on Haiti; Senate Judiciary Committee Staff Briefers: ARA/RP/INS.

Mr. GRAHAM. Mr. President, in fact, this has not been an issue held in the shadows, but an issue which has been receiving increasing visibility before the U.S. public.

I take some offense at the suggestion that the only people who are concerned about our policy in Haiti are members of a particular caucus within the House of Representatives. In fact, the latest public opinion polls indicate that now more than a majority of the American people, if asked the question, "Do you believe it is appropriate and in the national interest to commit U.S. forces if that is necessary in order to avoid a flood of refugees into the United States?" a majority of the American people today, Mr. President, support the use of military force in order to accomplish that objective.

The Senator from South Dakota issued the second challenge in 24 hours to stand up on the floor and make a clear statement. The first challenge was issued yesterday on national television by our majority leader, GEORGE MITCHELL, on another subject in which he challenged those who today are opposing universal health care coverage because of its requirement of employer responsibility, that anyone who wants to stand up and call for the repeal of Social Security because of its requirement of employer responsibility, to do so. I hope someone would have the courage to take that position and be consistent in terms of their public policy.

A challenge has been issued by the Senator from South Dakota for someone to stand up and say they believe the United States should be prepared to use military force in Haiti, to take that position. The United States, in my judgment, cannot afford to take either of the other two alternatives to the use of military force.

One of those alternatives is to continue a policy which started with the Bush administration when, within hours of the ousting of President Aristide in September 1991, now almost 3 years ago, President Bush stated that the policy of the United States was to restore President Aristide to his democratically elected position as President of Haiti. That has continued now in the administration of President Clinton to be the U.S. policy.

I believe that we cannot surrender from that position. I do not believe that we can continue to have a policy which tightens down on the conditions of the mass of Haitians without prospect of accomplishing the objective of a restoration of democracy in Haiti. And, to use the statement of the Senator from Arizona, who stated that the preconditions for the use of U.S. military force should be that no other option is available, I would suggest that, after 3 years of intensive economic and political isolation and sanctions, we are reaching the conclusion that they are unlikely to accomplish the result of a volunteer transfer of power from the current thugs, who took power by the gun, back to the democratically elected President.

The second position of the Senator from Arizona is that the U.S. interest would be more adversely affected by a passivity, by abstaining from action, accepting the consequences, than the consequences to the United States of affirmative action, including the use of force.

In my judgment, we are at that point. We are at the point where the consequences of inaction are greater to America's national interest than the consequences of the use of force.

I would state that case as follows: First, Mr. President, in this post-cold-war era, I believe there is going to be, and in the U.S. interests should be, a regionalization of national security interest.

I, for one, have been very reticent about the United States exposing itself to active involvement in Bosnia. One of the reasons I have resisted such an involvement is that I believe that is essentially a European conflict. I believe that our European allies, such as France and Great Britain, who have had much deeper experience in the Balkans, a greater understanding of the nuances of conflicts in that very volatile region, should assume the leadership for the alliance in terms of policies in that area. Therefore, I am prepared to give considerable weight and deference to the judgment of those European nations as to what our international policy should be in Bosnia.

Conversely, the Western Hemisphere is an area in which the United States has had a similar depth of understanding, a long history of involvement in the affairs of this hemisphere. I believe that this is an area of the world in which we do have a special responsibility. And so, as I look at issues around the globe, those that are within essentially our area of special knowledge and, I believe, responsibility, the Western Hemisphere, to me take on a greater weight in terms of their potential effect on our national interest.

We have seen a confusion in Haiti between causes and effects. The cause in Haiti has been the fact that a democratic regime, which carried with it the embodiment of a long-felt desire by the people of Haiti to rid themselves of authoritarian rule, that democratically elected President was ousted after slightly more than 7 months in office.

We are not here debating an individual. We are debating the principle that the people of Haiti have the right to elect and have the right to expect a political leader to serve his or her term in office. And in this case, the people of Haiti, by a margin of better than 2 to 1, selected President Aristide to be that political leader.

As a result of that ouster, there has been a reign of terror in Haiti—a country which has known terror throughout its 200-year history—unknown in that long history, and a series of political murders, rapes, and abductions have fallen on that country. Now, in the last few weeks the regime has forced the United Nations human rights observers, who were providing some window, some light to shine on those abuses, and knowledge to be made available in a credible form to the world—the regime has forced those human rights observers to leave. So now even a darker cloud has descended over Haiti.

The ouster of the democracy in Haiti has resulted in a signal being sent, not just to that nation, but also to the nations of the Caribbean and Latin America. Twenty-five years ago, you could have counted the fingers on your hand the number of democracies in this hemisphere. Today, 1994, all nations in the Western Hemisphere live under the benefits of a democratic government except for Cuba and Haiti.

Many of those democracies are new, fragile, vulnerable. In many of those democracies there sits in the barracks the son or grandson of the former President of that country. In many of those cases that son or grandson feels that he is superior to the person who has been elected by the people of their country, just as those generals in Haiti thought they were superior to the person that 67 percent of the people of Haiti elected.

So as Haiti goes, we can expect other nations in our hemisphere to go. If the signal is sent and received that it is acceptable behavior, and that there will not be an effective international sanction against the ouster of a democratic government by a military coup, we are planting the seeds for a long summer of those kinds of military actions.

There are consequences to what has happened in Haiti, in our own country. One of those consequences is the increased use of Haiti as a platform from which to ship drugs into the United States. Haiti has become an increasingly favored spot for the international drug cartel to run its traffic through, from South America to the United States. We are seeing the consequences in our streets, from the east coast to the west coast.

We also see the effects of what has happened in Haiti in the increasing number of refugees. We had a surge of refugees in the period from late June to early July. The numbers are down now, but I believe we can anticipate a reemergence of the desire of Haitians to leave when they are able to get access to the materials to continue to build their boats, and when the climate makes it propitious again for them to go to the high seas.

In my judgment, there are important national interests of the United States, national interests that are put more at risk by our willingness to accept the regime that is in Haiti, than the risks

which are obviously entailed by committing the United States to a multinational effort to oust the regime in Haiti.

It has been suggested that it is inappropriate to think that the restoration of a single person, President Aristide, to his position as President of Haiti will immediately bring democracy to that country. Obviously that overstates. But it is a prerequisite to the hard work that is going to have to be done, primarily by the Haitian people, but with partnership of the international community, in order to secure the benefits of a democracy in Haiti.

I believe some of the steps that are going to be required in the aftermath of the restoration of President Aristide, and steps that will be made possible by his restoration, include the following:

First, the establishment of a security capacity in Haiti which will be done through a U.N. Peacekeeping Corps, a corps which is currently being assembled.

Second, political reform. A long agenda of political reform. At the top of that list will be a separation of the police function from the military function. Today, Haiti's Army also operates as its police. And it is through that organization that the people are terrorized and maintained in a state of subservience.

I, personally, believe we have an opportunity now, while we have large numbers of refugees in safe havens such as at Guantanamo Naval Station, that we ought to be identifying those persons who can become the foundation of an independent police force for Haiti, and commence the training of those individuals. That would accelerate the time in which there would be a professional, democratic police capability for Haiti. That would, in turn, accelerate the time when the U.N. peacekeepers would be able to turn over security responsibilities.

Three, there will be the need for economic reform—reform in the private sector which had provided a substantial amount of the employment base for Haiti, and in the public sector, such as rebuilding much of the shattered infrastructure in that country.

Back a year ago when the Governors Island Accord was signed—and Mr. President, I point out signed both by President Aristide and by General Cedras. General Cedras' subsequent denial and withdrawal from that agreement is just one evidence of how unlikely it is that current group in control of Haiti is going to voluntarily turn over power—but during that period, the international community had committed $1.5 billion over the next 5 years to the economic rebuilding of Haiti. We need to assure that financial support will continue to be available in the period after the restoration of President Aristide.

Those are some of the things that are going to have to happen and which can occur if President Aristide is restored, which will be necessary in order to deepen the roots of democracy in Haiti.

Mr. PRESSLER. Will my friend yield?

Mr. GRAHAM. Mr. President, I am almost at the conclusion and I will then yield.

I would bring to the attention of the Senate that this debate we are having today, and I am certain we will have in future days, is a fundamental one in terms of U.S. policy in the post-cold-war era. It is fundamental in terms of how the United States is going to organize itself with the international community in order to effectively use force.

I believe it is appropriate that the United States has worked through organizations such as the United Nations and the Organization of American States, to build an international consensus prior to unilateral action. I believe it is appropriate for the United States to recognize that we have a special responsibility in the Western Hemisphere, and thus events such as are occurring in Haiti have a resonance and a impact outside that immediate island nation.

I hope out of this debate and the honest disagreements that are so clearly evident, that we would begin a process of restoring what was so fundamental to the United States in the period immediately after the last great war—not a cold war but the hot war of World War II. This Chamber had a spirit of bipartisanship. A U.S. Senator from Michigan, Republican, Arthur Vandenberg, joined with President Truman in fashioning what became the fundamentals of U.S. foreign policy for almost half a century. We need to begin to restore that spirit of bipartisanship because our Nation is going to be facing equally murky and difficult challenges in the next 50 years, as we faced in the last 50 years. And we need to do it together as Americans.

I yield.

The PRESIDING OFFICER (Mr. EXON). The time of the Senator from Florida has expired. Who yields time?

Mr. GREGG. Mr. President, I yield 5 minutes to the Senator from Indiana.

The PRESIDING OFFICER. The Senator from Indiana is recognized.

Mr. COATS. Mr. President, I want to thank the Senator from New Hampshire for focusing our attention on what I think is a very important subject.

In many of today's newspapers, there is a cartoon which I believe adequately sums up the situation in regard to Haiti. In the first four frames of the cartoon, we see a battle-ready clerk and his commanding officer running through items on a check list:

Marine landing force? Check.

Naval support group? Check.

Cooperation from Central American countries? Check.

United Nations support? Check.

The final frame shows the commanding officer and his assistant standing on the foredeck of a battleship in the midst of a full-blown U.S. invasion force:

"Can you think of anything else," asks the officer?

"Er . . . just one thing, sir," says the clerk. "Why are we doing this?"

Mr. President, the question is a good one. And while the cartoon may be amusing, the situation is not. The fact is there is no reason good enough to justify sending United States military men and women into Haiti. There is even less reason for even one of them to die while they are there.

Yet, the action taken this week by the Clinton administration to actively seek United Nations approval for an armed United States invasion of Haiti is dangerous for other reasons as well.

First, it is dangerous because it builds upon the flawed premise of Clinton foreign policy, that any conflict, wherever it might occur, poses a threat to U.S. national interests and is a wrong that must be righted, and that righting those wrongs is a policy that must be part of our national military and security strategy.

Second, like Somalia and Bosnia, United States engagement in Haiti further reinforces the precedent—established for entirely different and justified reasons during the Persian Gulf war—that grants the United Nations Security Council the power to authorize military action, "as may be necessary" against any nation that the United Nations deems "a threat to international peace and security."

Third, it further undermines the ability of the United States to act unilaterally when our own national interest is at stake. And particularly in this case, when the country in question lies within our own hemisphere, it effectively discards the Monroe Doctrine which has guided United States policy for more than a century. Whether or not one agrees that the United States has such a vital interest in Haiti that we ought to send our troops there, a valid question must be raised and addressed as to whether or not the United States needs the cover of U.N. Security Council authorization to take such action.

Fourth, it completely ignores the lessons of recent history with regard to vital national interest and the use of force.

This is yet another example of how this administration uses foreign policy to pursue public relations rather than national security goals.

And most importantly, Mr. President, it demonstrates that the President has not yet learned that it is not enough to successfully make his case in the world court if he has not yet

made it credibly to the Congress and to the American people.

Mr. President, I support this resolution offered by the Senator from New Hampshire. I think it is important that this Congress, that this Senate, go on record today in response to the misguided direction of the policy that is emanating from 1600 Pennsylvania Avenue.

I yield back whatever time I have not used.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. Mr. President, I yield 5 minutes to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 5 minutes.

Mr. McCONNELL. Mr. President, I want to thank the Senator from New Hampshire for his leadership on this most important issue and pick up on what the Senator from Indiana just said.

"President Clinton, it is time to come to Congress." As the Senator from Indiana pointed out, the troops are ready, President Clinton has gone to the United Nations and asked for permission, obviously an abrogation of the Monroe Doctrine. Everything is in place, except the President has not come to Congress to ask for the authority for the invasion that we all know is coming.

I suggest that President Clinton surely must have a rationale, a convincing rationale that he can make to the Congress of the United States to give him the authorization that clearly he needs prior to this invasion. There is no indication that there is any emergency; no indication American lives in Haiti are in danger. Clearly, this is a premeditated plan to invade Haiti. He has to come to Congress. He has asked everybody else, but not us. It is time, it is time, President Clinton; come up here and make your case to the representatives of the people of the United States so they can authorize or fail to authorize this imminent invasion.

The Haiti policy today has only made matters worse. Just last month, policy flip-flops generated over 15,000 refugees. As Charles Krauthammer pointed out in a column on July 22, the refugee flows show a striking mathematical relationship between Clinton's ever changing asylum policies and the number of Haitians taking to their boats.

That policy shift, as we all know, was in response to domestic political considerations. The first thing the President ought to do is lift the embargo because it is making poor people in Haiti more and more desperate and more and more likely to try to get to the United States, thereby exacerbating the problem.

I will concede that it might be possible for President Clinton to establish a rationale for the invasion of Haiti, but I would like to hear it and I would like to say, as for this Senator, I will not rule out in advance listening to the President's argument. There are some on our side who do not believe an invasion of Haiti would be appropriate under any circumstances and would not be open to any argument that might be made.

I for one am willing to listen. I am having a hard time thinking of what kind of rationale the President can make to convince me to support an authorization for the invasion of Haiti, but I am willing to listen.

In any event, whether or not there is a compelling case to be made, the Constitution is clear. This is a premeditated, planned invasion. It requires congressional approval. The President, obviously, felt he needed U.N. approval. I question that. I do not know that we need to ask the United Nations for permission to have our own policy in effect in this hemisphere. We have not done that before, we should not do it now or in the future.

Clearly, the President has to get a handle on what he has in mind. And what the Senator from New Hampshire is saying in this resolution, which will probably be adopted without opposition, is a statement of the obvious, but a very important statement: The United Nations does not determine what we do. Authorization from the United Nations does not get the job done, President Clinton. We are waiting. We are waiting for you to come up here with your rationale for this invasion.

As for me, I am willing to listen to the argument, but it is long overdue. We have been watching this invasion build for months and months and months. We know it is coming. We suspect it is coming when we are not in session, and we in the Senate keep saying to the administration in every way we can: "Don't you do that without our authorization."

Deputy Secretary Talbott has characterized the administration's recent policy shifts as "refinements" of an existing strategy rather than flip-flops and reversals.

In May, responding to Randall Robinson's hunger strike, Clinton offered the possibility of asylum hearings to anyone who could make it to a U.S. ship.

It should have come as no surprise when refugees began arriving at the rate of 1,000 a day.

By July the policy veered course again and we began sending refugees to third countries. Haitians stayed home.

I think Krauthammer had it about right when he said:

> These wild fluctuations in refugee flow are not a function of Haiti's military repression—the repression continues unabated—but of the prospect of admission to the Promised Land. People genuinely in fear of their lives are not terribly fastidious about where they are granted safe haven.

The Haiti policy, like other foreign policy positions taken by the administration seem to be monuments to the mood of the moment—not enduring, principled, well-constructed edifices.

We have all been disheartened by the perilous policy twists and turns—that may be policy refinement in the Clinton play book, but the public cannot understand his calls.

As we creep closer and closer to the use of force, no one understands why.

The administration now has the approval of the United Nations to use all necessary means to remove the coup leaders from power and no one understands why.

I support this amendment because I believe the President needs to explain to the public and to the Congress just what the American national security interests are that could risk American lives.

Right now, there is no clear consistent message.

Vague official commentary about restoring democracy is overshadowed by internal criticism of the alleged symbol of democracy, Aristide.

Concern about the consequences of a tidal wave of refugees is muddled by senior officials who understandably engage in public hand wringing over images of children starving.

And, the talk of invasion, purportedly to protect American lives is rejected by the very Americans who the administration wants to save.

I think Carl Rowan was right when he said he thought the President was about to invade because he didn't have the foggiest notion what else to do.

We have been reduced to this option because we have squandered our credibility and forfeited our resolve in enforcing any other option.

At the end of the day a few thousand poorly trained, barely armed thugs have terrorized a nation and intimated the United States.

In public and private comments the military leadership in Haiti scorns the United States and speaks with contempt at the prospect of an invasion. Bravado? Maybe, but so far they have little reason to believe we are as good as our word.

Mr. President, I have heard senior officials lament time and time again that the policy appears confusing because the situation is changing rapidly and new circumstances must be evaluated and addressed. They are feeling their way through troubled waters.

The administration needs to chart a course and stick with it. Just as the public was skeptical about the Persian Gulf during the build up, when a clear message was consistently delivered, when the economic and political principles at stake were sharply defined, the American people supported President Bush.

I believe they will support President Clinton if he gives them a good reason to. Right now, there are a lot of questions and no answers. This amendment

will make sure that before we shed American blood we will at least know why.

I thank the Senator from New Hampshire for his leadership on this important issue.

Mr. DODD. Will the Senator yield?

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired. Who yields time?

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, let me say to my colleague from Kentucky, I think his remarks were excellent on that point. I think he makes a very good point, and one I think most of us can identify with and associate with.

We all have to listen to a case being made, and if the case is made, then I think many of us are prepared to agree with that case if, in fact, a good case is made.

I think the Senator's point—he can correct me if I am wrong—is the idea that we would somehow say, regardless of the point being made, what the facts are, what the circumstances are, under no circumstances—to me it would be a mistake.

Mr. McCONNELL. Will the Senator yield? What I said—I think the Senator heard me correctly—is that I, for one, am willing to listen to the rationale. Frankly, I am having a hard time conceiving of a rationale that would get my vote, but I do not rule it out in advance. I do not rule it out in advance.

Mr. DODD. I appreciate the remarks of the Senator from Kentucky.

Mr. McCONNELL. I hope, I say to my friend from Connecticut, that we can convince the President that this premeditated act requires congressional approval in advance. I think he ought to be up here making the case. He might well get my vote.

Mr. DODD. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 7 minutes 20 seconds.

Mr. DODD. How much time remains on the other side?

The PRESIDING OFFICER. Twenty-two minutes and forty-four seconds on the other side.

Mr. DODD. Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. Mr. President, I yield 6 minutes to the Senator from North Carolina.

The PRESIDING OFFICER. The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, I thank my friend from New Hampshire. Also, I thank my friend in the chair.

My problem with this entire Haiti matter, in all seriousness, is I think the problem of most Americans. And my problem is: I do not understand the President's willingness even to consider risking the lives of 10,000 U.S. servicemen for the very unwise purpose of trying to restore to office Haiti's deposed President Aristide, because that is an enigma. Not only is it a mistake, it is a puzzling mistake. How did he arrive at that sort of foreign policy decision?

Now, I happen to be ranking member of the Foreign Relations Committee, and I am baffled why the President continues to do this unless it is a political stroke trying to buy influence with a certain group of people—citizens in domestic America.

Aristide is a man who has made clear his hatred for America. He is a man who has advocated mob violence. He is a man who has advocated necklacing of his political opponents. This man is not worth the life of even one American serviceman.

At the same time, much has been said—and as Shakespeare put it, "typical mewling and puking"—about restoring democracy to Haiti. You hear it all the time, in the commentaries on television, on this floor, mainly as far as I know on the other side of the aisle. There has never been any democracy in Haiti unless you want to count the 19-year occupation by United States forces the previous time that a United States President sent troops into Haiti.

Aristide did not rule democratically during his short tenure. He refused to renounce violence against his political opponents. And why any U.S. President would even consider placing American soldiers in harm's way under these circumstances for this man for this purpose is beyond me.

As has been said over and over again here this morning, the administration has gone, hat in hand, to the United Nations to ask the permission of the U.N. Security Council to invade Haiti. But the President, as has been emphasized here, has not bothered to ask the approval of the United States Congress to go to war—and that is what it amounts to—against Haiti. For the past 3 weeks, the President's advisers have been running around the United Nations in New York City lobbying the Russians and lobbying the French for permission to invade Haiti, but the permission of Congress, which is required by the United States Constitution, has not been sought.

I may as well read it into the RECORD again. I am sure others have this morning. Article I, section 8 of the Constitution is quite clear:

> The Congress shall have the power to * * * declare war.

It does not say the President.

> The Congress shall have the power to * * * declare war.

Very straightforward, not a syllable confusing or ambiguous in that constitutional provision. It does not imply, let alone assert, that any President can declare war, nor does it suggest that foreign bureaucrats at the United Nations in New York City can declare war using American troops. The Constitution asserts, and the Founding Fathers meant, that only Congress has the power and responsibility to declare war.

So, Mr. President, the President of the United States and his advisers need to answer some questions before they risk the life of even one American in Haiti. First, the President has attempted to justify his invasion under the guise of a multilateral force, yet when the State Department officials were repeatedly asked this past Thursday, July 28, if there were any other nations that have agreed to participate, they could not identify even one other country willing to join the United States.

So, Mr. President, there is no United States national interest, no United States security interest in Haiti. It is impossible to conceive any reason why the lives of American servicemen and women should be put at risk in Haiti. Haiti, having never had a democracy, obviously has no democracy to restore. And Americans should not be asked to risk their lives to reinstate a man so passionately anti-American as Mr. Aristide.

So, Mr. President—and this time I am talking to the President of the United States. He is not listening of course, but I say to him, "Don't do it, Mr. President. Don't do it. Don't invade Haiti."

I yield the floor.

Mr. DODD addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. DODD. Mr. President, I yield myself 3 minutes, if I may.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. DODD. Mr. President, let me just again reiterate points that I have made. I think that this amendment deserves support. I do not trivialize it at all, although I will say to those, like the authors, that clearly an action by the U.N. Security Council, as important as it may be in the context of building international support, should never, nor could it ever, constitute a decision to engage U.S. forces by the U.S. Congress or an American President.

So I do not trivialize the debate, but I also think it needs to be stated clearly that no one I know of—and I am confident this amendment will be supported unanimously—I hope it will be—as it reads before us. But I also want to state to my colleagues that the point which needs to be emphasized here is not whether or not we are particularly enamored with some leader. There are plenty of examples around the globe where there have been democratically elected leaders that take actions of which we do not approve. We disagree with them. In fact, they have been hostile to our interests. But I do not know of anyone who has advocated that the

process of democracy is less important than the individuals who have assumed positions of authority through that process.

So whether or not my colleagues like Mr. Aristide, whether or not they believe he is a total friend of the United States or not, certainly may be interesting talking points, but when it comes down to the fundamental issue of whether or not the people of Haiti have made a choice and done so democratically, everyone who looked at that election will tell you that election was a fair election; 70 percent of the people chose Mr. Aristide as their President.

We also know that a coup, a successful coup, ousted Mr. Aristide from power and basically robbed that country of its first democratically elected leader in memory, if not in the history of Haiti. And so the question of Mr. Aristide's foreign policy or domestic policy is certainly noteworthy, I suppose, depending upon your point of view. But there is a larger fundamental question here, and that is whether or not we are just going to sit back and say that this can happen wherever and treat it as if it were a nonevent.

Now, many of us here have objected over the last decades to the robbing of Cuba of a democratically elected government, and we have treated Cuba accordingly—the imposition of sanctions, years back even some efforts through covert activities to change the leadership of that country.

The PRESIDING OFFICER. The Chair would remind the Senator that he has used 3 minutes.

Mr. DODD. I ask unanimous consent for 1 additional minute.

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

Mr. DODD. Mr. President, but yet there is an example where democracy was hijacked in that country, has been denied to the people of that nation since 1959, and yet we have not just sat back and said, "Well, so be it." We have imposed sanctions. We have utilized our votes in international bodies, tried to build international support to isolate Cuba as a result of its practices.

Why is it that we find ourselves taking almost diametrically opposed positions with two nations who are virtually the same distance from our own shores, where democracy has been denied in the case of one country by a group of military thugs and in the case of Cuba by Fidel Castro. It seems to me that we ought to try to apply some standards that are consistent. The President has gone to the international community to impose sanctions. I think all of us deplore what happened in Haiti when democracy was robbed in that country. I do not believe at all, nor do I think any other Member of this body believes, that the President of the United States or any President for that matter is somehow salivating over the opportunity to invade Haiti—or any other nation for that matter—subjecting Americans to the potential of great hazard, if not death.

So I hope that we would try to come together and speak with one voice at least about our concern over what is going on in Haiti. And then, when and if the President comes forward and asks for our support on the authorization to use force, we will debate that. Honest people here can and will disagree, and vote against such a resolution.

I am hopeful this evening that the President when he has a major press conference and event will address this issue again—I am confident he will—and identify the rationale and the reasons why this issue is important. I mentioned them already: obviously the flood of humanity. We have 1 million citizens of this country of Haitian descent. Thousands more are seeking to come to this country because of political asylum.

I would point out to my colleagues that prior to the departure of President Aristide that flow of humanity from Haiti to this country virtually stopped. People felt in Haiti there was some hope and some future. So for that reason, as well as the drug trafficking question, there are legitimate interests that our Nation has in what happens in this country some 95 miles off our shores.

For those reasons, I hope this amendment will be agreed to, that we will have a good debate when, and if, that question comes up; and hopefully it will not, sanctions will work, the government will change, and the people who have stolen democracy will leave.

With that, I urge adoption of this amendment, and hope my colleagues will listen to the President this evening and that they will find a clear rationale as to why this issue is important to all of us.

Mr. President, I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. GREGG. I yield 5 minutes to the Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized for 5 minutes.

Mr. MURKOWSKI. I thank the Chair.

I ask unanimous consent to be added as a cosponsor to the Dole-Gregg resolution.

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

Mr. MURKOWSKI. I thank the Chair.

Mr. President, U.N. Security Council Resolution 940 does not constitute authorization for the deployment of U.S. Armed Forces under article I of the Constitution or the War Powers Act.

On Sunday, the Security Council voted 12 to 0 to authorize the United States multinational force to use all necessary means to drive out the military leaders in Haiti and return Aristide to power.

I find it rather curious that we would have a U.N. vote but no U.S. vote. The resolutions that have passed have called on the President to seek congressional authorization before invading. If American interests are at stake and American lives will be risked, then the President should get our blessing, not the U.N. Security Council's.

The President has said that he will not seek a vote by this legislative body because he is not sending troops into a war theater.

I beg to differ with that interpretation. It would seem to me that we are sending troops into a situation where the potential for war is very real. We can expect some kind of opposition, and perhaps even guerrilla activities. So clearly it is appropriate that this body reflect on the President's intentions.

It is a U.S.-led force of some 15,000 U.S. troops, U.S. defense funds, and U.S. objectives. No wonder the United Nations approved it unanimously.

Why did the administration seek United Nations rather than United States authorization to invade Haiti? It is easier obviously to get U.N. support than U.S. support. The United States could make deals with the U.N. members to seek support. One deal that has been reported is that the United States and the United Nations quietly approved Russian troops in Georgia in exchange for Russian support of the United States invading Haiti. If that is inaccurate, I would like for somebody to deny it. What did we do for Oman or some of the other countries who voted "yes," but who will not contribute one soldier or one dollar to our efforts?

The President cannot make deals with the American people. He must earn their support for this operation fair and square. In my mind, he has yet to do so. I cannot understand why the administration has become obsessed with returning Aristide to power. Aristide's character and loyalty to America are certainly questionable. But the President seems willing to risk American lives to prop up Aristide's questionable regime.

Congress may not give the President blessing to invade Haiti, but he should ask. At this point, this Senator would simply not support an open-ended U.S. mission to restore Aristide to power. U.N. Resolution 940 indicates that the purpose of the mission will be to establish and maintain a secure and stable environment. The last time we were in Haiti for similar goals we were there for 19 years; from 1914 to 1933.

The President himself said he would not send United States troops into Haiti on an ill-defined mission.

"I have no intention of asking our young people in uniform * * * to go in

there to do anything other than implement a peace agreement. * * *"—October 13, 1993, White House remarks.

He now appears to have changed his mind, a not uncommon occurrence down at the White House, after pressure from liberals in Congress and Aristide's lobby. That is not how our foreign policy should be set, Mr. President.

The administration charges that Republicans are hypocrites because we have traditionally supported a strong Presidential hand in foreign policy. That is true. We have supported a strong hand. But when the hand is shaky—and I say it is shaky now—the Congress has a right to seek reassurance. As many have observed, we can easily put troops into Haiti. But when will they come home?

I thank the Chair.

I yield the floor.

Mr. GREGG. Mr. President, I ask unanimous consent that we have an additional 5 minutes on our side so I can accommodate the Senator from South Carolina.

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

Mr. GREGG. I yield 9 minutes to the Senator from South Carolina.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, I rise in strong support of the Dole-Gregg amendment. I am deeply concerned about another U.N.-sponsored "nation-building" exercise involving American military personnel in Haiti. In Haiti there is clearly no national security interest at stake to justify an invasion and the subsequent loss of life—both American and Haitian. Recently the Senate received a briefing on the administration's Haiti policy from the Secretaries of Defense and State, the National Security Advisor, and our Ambassador to the United Nations. It was clear from that briefing that Haiti represents no national security threat to the United States or this hemisphere. The only rationale they could offer for the use of United States armed force against Haiti is to remove an admittedly brutal and dictatorial military regime, and replace it with Mr. Aristide. But in fact, Mr. President, what the administration's national security team described is not a peace operation, but an act of war.

It also concerns me deeply that the administration feels required to seek permission from the United Nations for this ill-considered invasion, but not from the American people, acting through their elected representatives—the Congress. It is the American people, not U.N. bureaucrats, who send their sons and daughters into the Armed Forces. It is the American people, not U.N. bureaucrats, who pay the heavy tax burden that supports this outstanding military establishment. It is the American people, not the United Nations, who will suffer bereavement and the tragedy of loss when their sons and daughters die in an invasion and occupation of Haiti. Above all, it is the American people, not the United Nations, to whom the President and his advisors must hold themselves accountable for the use of force.

As Senator MCCAIN has just pointed out, the administration appears to have learned nothing from the debacle in Somalia. Admittedly, Haiti is much closer than Somalia—it is in our own hemisphere. But the purpose of invading Haiti is still poorly defined and unjustified.

Haiti is a nation with a long history of instability and violence. How can we justify risking American lives to restore democracy to a nation and people who have never known it, and perhaps are not capable of sustaining it? The President-elect, Father Aristide, may have received a majority vote in the last election, but he is still hated and distrusted by a large number of the people. What will happen if we restore him to power and his regime turns out to be violent and despotic, which was the case during the short time he last held power? If our soldiers and marines are forced to remain there to prop up another dictatorial regime, even one that masquerades in the trappings of democracy, our people will become targets, just as they did in Somalia.

In conclusion, Mr. President, I urge the administration not to send troops to Haiti without the prior authorization of Congress. If the case for invading Haiti is sufficient, then it will withstand congressional scrutiny, and through that process, the scrutiny of the American people. All Americans deserve answers to these questions, which the President has not adequately answered: Is the policy goal to be served by invading Haiti truly consistent with the national interests? What are the risks? What are the projected costs? Are there contingency plans to wage a long-term urban guerilla war? What are the plans to get out, and when?

If the case for invading Haiti cannot withstand this kind of scrutiny, and if these questions cannot be answered to the satisfaction of the American people, then we should not intervene in that unfortunate country. Otherwise, we may well find the tragedy in Somalia repeating itself in Haiti.

I urge the Senate to support the resolution. I thank the Chair, and yield the floor.

Mr. GREGG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire.

Mr. GREGG. I yield myself such time as I may consume.

First, I ask unanimous consent that additional cosponsors be added, including Senators BROWN, PRESSLER, LOTT, COVERDELL, and WARNER.

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

Mr. SIMPSON. Mr. President. I am pleased to have this chance to offer a brief statement on behalf of the Dole-Gregg sense-of-the-Senate amendment.

I am gratified to hear my colleagues on both sides of the aisle speak on behalf of this amendment. It is a reasonable amendment, and it has been narrowly drawn so as to be unobjectionable. The substance of it is straightforward: it makes it very clear that we in the Senate do not view ourselves as obliged in any way in favor of the use of force by the recent U.N. action.

While the substance of this amendment is not controversial, the concerns behind it are of great import. This Senate has already gone on record that we expect to be consulted before any use of force is authorized in Haiti. The recent action in the United Nations has prompted a great deal of speculation nonetheless that such an invasion is imminent, and that somehow the United States has signed off on this as the most appropriate course.

I trust that this action today will make it abundantly clear to all observers that the United States has not approved any such action until the U.S. Senate has been consulted and approved it—excepting of course the latitude granted to the President at all times to act in the interest of our national security.

So I am pleased that it appears that we will approve this measure. We should not have continued idle speculation that Congress will tacitly accept a military action in Haiti. Despite this amendment's simplicity, it puts the Senate squarely on record that these decisions will be made here in Washington, and not at the United Nations. I thank my colleagues and I yield the floor.

Mr. BIDEN. Mr. President, I support the amendment offered by the Senate minority leader.

The proposition stated by the amendment is simply a statement of fact: that the U.N. Security Council Resolution authorizing the use of "all necessary means" to restore the legitimately elected government in Haiti does not constitute authorization for the use of force under the Constitution of the United States or the war powers resolution.

I would hope that every Member here agrees with that position.

Three and one-half years ago, the argument was made that a U.N. Security Council resolution constitutes sufficient authority for the President to authorize the use of U.S. Armed Forces.

The Bush administration, an advocate of the monarchist view of Presidential power, asserted repeatedly that the President had legal authority to order such action without congressional assent. The President's mistaken interpretation of the Constitution was supported by many on the

other side of the aisle who are now supporting this amendment today.

Only at the last minute—a week before the invasion—did President Bush request congressional action. But even after the war, the President continued to claim that he "didn't have to get permission from some old goat in the U.S. Congress to kick Saddam Hussein out of Kuwait."

As was made clear during the congressional debate in January 1991, when it comes to the most solemn decision that a nation can make—to send women and men to fight and die for their country—a vote in the U.N. Security Council cannot substitute for a vote by the United States Congress.

On this point, the Constitution is as clear as it is plain. While article II of the Constitution gives the President the power to command our troops, article I of the Constitution commits to Congress—and Congress alone—the power to decide if this Nation will go to war.

This is not merely a question of policy—about which branch of Government is the wiser judge of the use of American military power. It is a fundamental question about constitutional authority and constitutional duty—a question of how this Government proceeds in exercising its power.

There is simply no credible argument that the U.N. Security Council resolution provides legal authority to invade Haiti. First, there is the question of whether any treaty, including the U.N. Charter, could—in effect—modify the Constitution's allocation of power to decide if the United States will go to war. I seriously doubt that the President and the Senate could, by treaty, take away the House's role in making this choice.

Second, even if the President and the Senate could do so, is the U.N. Charter such a treaty? Again, the answer is probably not. The law that this Congress enacted in 1945 to implement the U.N. Charter—the U.N. Participation Act, states that "nothing here shall be construed as an authorization to the President by the Congress to make available to the Security Council * * * armed forces * * * in addition to the forces * * * provided for in a special agreement" under article 43 of the U.N. Charter—and no such article 43 "special agreement" has ever been negotiated.

Moreover, even if our ratification of the U.N. Charter did, in 1945, give the President additional powers to go to war under the U.N. Charter, Congress' enactment of the War Powers Resolution of 1973 reversed that decision. Section 8(a) of that act provides that:

> Authority to introduce U.S. Armed Forces into hostilities * * * shall not be inferred from any treaty heretofore * * * ratified.

And finally, even ignoring all of this, and instead assuming that the President could take the Nation to war as directed by the United Nations, the fundamental fact is that no U.N. resolution has directed him to do so. U.N. Security Council Resolution 940 provides only the authority for member States to use all necessary means to facilitate the departure from Haiti of the military leadership. It does not direct member States to do so. Thus, there is no treaty obligation on the President to use force in Haiti.

The need for congressional authorization is not a legal nicety. The framers of the Constitution wanted Congress involved in this decision for two sound reasons: to balance power within our Government, and because congressional support is a sound barometer of a policy's wisdom, and a prerequisite of a policy's sustainability.

The President will undoubtedly be urged by the lawyers in the executive branch to not concede that congressional authorization is required. I urge the President, for both legal and practical reasons, to resist that instinct, and seek congressional authorization of the use of force in Haiti.

Finally, Mr. President, I would state that I am pleased that my friends on the other side of the aisle—who were for so many years attached to the monarchist concept of the war power—now seem prepared to take a new look at the Constitution and to remind themselves that Mr. Republican—Robert Taft—was right: There is a fundamental constitutional role for Congress in the decision to engage this Nation in warfare.

Perhaps now, we have reached a ripe moment for reconsideration of the war powers issue. I have drafted a revision of the War Powers Resolution, and I look forward to working with my colleagues on a comprehensive overhaul of that statute.

Mr. GREGG. I wish to thank all the Members who have come to the floor in support of this amendment, which I originally offered on Monday, and which is now being offered on behalf of myself and, obviously, the leader, Senator DOLE.

I would like to incorporate a statement I made on Monday into my statement today, and this will be much briefer. Essentially, this amendment establishes unequivocally, or states unequivocally, what should be obvious to all but does not appear to be obvious to this administration, which is that both the legal and the moral authority for the use of American force lies with the Congress and with the Presidency, but, most importantly, it lies with the people of the United States.

Nowhere in our Constitution is the United Nations mentioned as the source of authority for the use of American force. Yet, what we see here is an administration and a President which has chosen to go to the United Nations in order to sanction an invasion, but has not been willing to come to this Congress to have such an invasion sanctioned. I think the reason is obvious: They cannot make a case to the American people which can justify a national interest which is so significant in Haiti that putting American lives at risk should occur. Therefore, they have decided to ignore us, to ignore this Congress, and to ignore the American people. This is a mistake. It is a very severe mistake because, clearly, if American lives are to be put at risk, the American people should be in support of that effort.

This has been an administration which has spent too much time chasing its tail on the issue of foreign policy. This, unfortunately, becomes another example of that sort of confusion and mismanagement. This Congress has stated through a sense-of-the-Senate resolution offered by myself, and then offered by the majority leader, that prior to an invasion the administration and President should come to this Congress and explain to us what are the national interests which are so severe and so great that American lives should be put in jeopardy through the use of force. What are the national interests? In addition, if we do invade, how do we get out? What is the plan for getting our people out? And what will be our role after the invasion?

We know the history of Haiti, and it is not a pleasant one for our Nation, or for Haiti, for that matter, or in relationship to our Nation. The last time we invaded that nation, we stayed for 19 years. We clearly need to have a definitive statement from this administration as to, first, what is the national interest that is so great that it is willing to put at risk American lives? And, second, what is the plan for exit once entrance is made through the use of military force?

None of this has been accomplished. Nowhere does it say that this is a government of the United Nations, by the United Nations and for the United Nations This is a Government of the people, by the people, and for the people. When the President of the United States undertakes the most severe responsibility of that Government, which is an act of war—and clearly an invasion, a premeditated invasion such as this, is an act of war—then there is an obligation to follow the order of the society. And the order of the society in our Nation is set out by the Constitution in article I, which says that the right to declare war lies with the Congress. That right is being ignored.

In addition, just the moral responsibility of our Nation and the way it works requires that the President come to the Congress and the American people and explain what it is that is so significant to our national interest that American men and women shall be asked to put their lives at risk. That is not being done.

So this amendment, this sense of the Senate, is put forward in order to, once

again, put a shot across the bow of this administration on the issue of the use of military force and to make it clear that, before they exercise that force, they need to come to this Senate and explain why. But, more importantly, they need to come to the American people and explain why.

I yield the remainder of my time.

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. PELL. Mr. President, I yield the remainder of our time.

The PRESIDING OFFICER. The question occurs on amendment No. 2445 offered by the Senator from Kansas [Mr. DOLE].

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

The result was announced—yeas 100, nays 0, as follows:

[Rollcall Vote No. 254 Leg.]

YEAS—100

Akaka	Feingold	McConnell
Baucus	Feinstein	Metzenbaum
Bennett	Ford	Mikulski
Biden	Glenn	Mitchell
Bingaman	Gorton	Moseley-Braun
Bond	Graham	Moynihan
Boren	Gramm	Murkowski
Boxer	Grassley	Murray
Bradley	Gregg	Nickles
Breaux	Harkin	Nunn
Brown	Hatch	Packwood
Bryan	Hatfield	Pell
Bumpers	Heflin	Pressler
Burns	Helms	Pryor
Byrd	Hollings	Reid
Campbell	Hutchison	Riegle
Chafee	Inouye	Robb
Coats	Jeffords	Rockefeller
Cochran	Johnston	Roth
Cohen	Kassebaum	Sarbanes
Conrad	Kempthorne	Sasser
Coverdell	Kennedy	Shelby
Craig	Kerrey	Simon
D'Amato	Kerry	Simpson
Danforth	Kohl	Smith
Daschle	Lautenberg	Specter
DeConcini	Leahy	Stevens
Dodd	Levin	Thurmond
Dole	Lieberman	Wallop
Domenici	Lott	Warner
Dorgan	Lugar	Wellstone
Durenberger	Mack	Wofford
Exon	Mathews	
Faircloth	McCain	

So, the amendment (No. 2445) was agreed to.

The PRESIDING OFFICER. The Senator from Maryland.

Ms. MIKULSKI. Mr. President, we are now formulating a time agreement on the ethanol amendment. 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.

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

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

The Senator from Maryland.

Ms. MIKULSKI. Mr. President, I just want to apprise my colleagues we are moving to the ethanol amendment. We are waiting to see if four Republicans will agree to our time agreement.

Under the previous agreement, we would go to ethanol. I wonder if the Senator from Louisiana would mind if, during this momentary interim, I could clear my committee amendments without violating the agreement that ethanol really is the next business?

Mr. JOHNSTON. Not at all.

UNANIMOUS-CONSENT AGREEMENT

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc, with the exception of the following list of amendments I now send to the desk: page 22, lines 18 through 25; page 60, line 7 beginning with "and" through line 21, ending with the colon; page 20, lines 14 through 19; page 24, lines 21 through 23; page 41, line 12 through page 42, line 11, page 45, lines 13 through 22; page 47, line 19 through page 48, line 11; page 49, lines 11 through 13; page 49, line 22; page 91, lines 4 through 9; and that the bill, as thus amended, be regarded for the purpose of amendment as original text, provided that no points of order shall have been considered to have been waived if the request is agreed to.

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

The committee amendments were agreed to en bloc with the exception of: page 22, lines 18 through 25; page 60, line 7 beginning with "and" through line 21, ending with the colon; page 20, lines 14 through 19; page 24, lines 21 through 23; page 41, line 12 through page 42, line 11; page 45, lines 13 through 22; page 47, line 19 through page 48, line 11; page 49, lines 11 through 13; page 49, line 22; page 91, lines 4 through 9.

Ms. MIKULSKI. Mr. President, I note the Republicans, the other side of the aisle, have been consulted when this was agreed to.

I wish to note for our colleagues that Senator GRAMM, for the Republican minority, is tied up in Whitewater. We are in close contact with his staff and we are working along those lines. His absence from the floor is an indication that he must perform another duty which is being present at the Whitewater hearings.

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.

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

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

Ms. MIKULSKI. Mr. President, while we are waiting for the procedural clearances, it would be my recommendation that Senator JOHNSTON be allowed to lay down his ethanol amendment and at the closure of the Johnston speech, if we have a procedural arrangement, it would be offered at that time.

I ask unanimous consent to do that.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSTON. That is to——

Ms. MIKULSKI. My unanimous-consent request is that the Senator from Louisiana be allowed to lay down his amendment and make his speech while we are waiting for the Republicans to clear but we do not slow ourselves down. When he finishes his speech, then we will have the UC to propound.

Mr. JOHNSTON. I do not think we need unanimous consent for that. We already have one so I can proceed.

Ms. MIKULSKI. I wanted to cover all the bases. I now yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

AMENDMENT NO. 2446

(Purpose: To impose a limitation on the use of funding to promulgate, implement, or enforce an EPA regulation mandating a specified percentage market share for ethanol oxygenates in reformulated gasoline and, in addition, to reduce funding for NASA procurement expenses by $39,300,000)

Mr. JOHNSTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Does the Senator intend to offer the amendment to the bill or to the pending committee amendment?

Mr. JOHNSTON. This is an amendment to the bill, and I ask unanimous consent that we temporarily lay aside the pending committee amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Louisiana [Mr. JOHNSTON], for himself, Mr. BRADLEY, Mr. WALLOP, and Mr. DOMENICI, proposes an amendment numbered 2446.

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

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

The amendment is as follows:

At the appropriate place in the bill, insert the following two new sections:

SEC. . No funds in this Act may be used to promulgate, implement, or enforce any requirement that a specified percentage of oxygen content of reformulated gasoline (as required by 42 U.S.C. 7545(k)) come from renewable oxygenates, such as that requirement proposed as "Regulation of Fuels and Fuel Additives: Renewable Oxygenate Requirement for Reformulated Gasoline" at volume 58 of the Federal Register at pages 68343 through 68353.

SEC. . The budgetary resources provided to the National Aeronautics and Space Administration in this Act for fiscal year 1995 for procurement and procurement-related expenses are reduced by $39,300,000.

Mr. JOHNSTON. Mr. President, this amendment denies funds to enforce, during the period of this year, the ethanol mandate amendment. Since CBO declared that the first year it would take $20 million, we needed an offset,

so we have taken an offset from the reinventing government budgetary request which was sent up by the administration.

They say that $59 million in budgetary resources for procurement and procurement-related expenses at the various agencies which comprise this budget is excess and, therefore, this amendment will not cut into the spending of any function under this budget.

A couple of years ago, we passed the Clean Air Act amendments. Those Clean Air Act amendments made a requirement for oxygenates in reformulated gasoline. There are four possible kinds of oxygenates in reformulated gasoline.

When the Clear Air Act was passed, it was determined in that Clean Air Act that you have a 2-percent oxygenate requirement for reformulated gasoline. In the debate that took place on the floor, it was clearly stipulated that any of the oxygenates which could qualify would be suitable to be used in that reformulated gasoline.

Essentially, there are two oxygenates in competition. One is ethanol from corn; the other is methyl tertiary butyl ether [MTBE], which is made from natural gas, either natural gas produced in the United States or produced in Canada, but, in any event, natural gas.

So there was a natural competition at that time between natural gas and ethanol from corn. The Senate was very clearly and specifically told at that time that this amendment was fuel neutral; that the market would be able to make that determination as to which of these two oxygenates to use in order to meet the requirement of 2-percent oxygenates.

In the meantime, the EPA has come up with a rule that is no longer fuel neutral that says next year, 1995, you must have 15 percent of those oxygenates to be ethanol and the next year it must be 30 percent to be ethanol. So, in effect, what we have here is a requirement to use a fuel which otherwise would not be used because it is not efficient in the market, because it cannot compete, because it costs the American taxpayer more, but a requirement by EPA to do that.

Mr. President, I believe this is really a gigantic flimflam to the American public in five different ways, and let me tell you why I believe that is so.

First of all, the American public is not being told what the cost of this amendment is. According to the Congressional Budget Office [CBO], this amendment will cost $249 million over a period of 5 years, cost to the budget, and these are the figures that come from CBO.

In terms of highways, the highway user fund will cost $545 million, according to the Committee on Taxation. So that these figures from the highway trust fund will mean less money for the highways of every single State in this Nation.

Understand, Mr. President, that this cost to the highway trust fund is on top of a yearly cost of $550 million which is now being charged to the highway trust fund because of the 54-cents-a-gallon subsidy for ethanol at the present time. So what you end up with is a subsidy for ethanol paid for by the highway users of every State in this Nation of $1 billion a year. More than $1 billion a year.

You would think that ethanol, which in the past 10 years has received a subsidy of $4.6 billion, that that would be enough to make a noncompetitive fuel competitive. But it is not, and this is an additional subsidy for the highway trust fund.

I ask my colleagues to look at this chart to determine how much each of the States is being impacted by the highway trust fund. Just look. Here is California, $51 million less from the highway trust fund in order to support this rule of the EPA.

A second way that I believe this is a flimflam to the American public is it is being promoted as being good for the environment.

Mary Nichols, who is the Assistant Administrator of EPA, whose regulation this is, who is head of Air and Radiation at EPA, testified at our committee hearing in the Energy Committee:

> We are not claiming any air quality benefits as a result of this proposal. There's nothing you can really point to in the Clean Air Act that says "We give EPA authority to establish a renewables requirement."

Two points in what Mary Nichols says. First, there is no air quality benefit provided for in the EPA rule and, second, she admits that there is nothing in the law that authorizes them to do it.

Third flimflam, Mr. President, is that it is being promoted as renewable energy, renewable energy that is American energy and, therefore, it is going to reduce oil imports. Not so. Argonne National Laboratory was asked to do a study for EPA, and Argonne concluded as follows:

> It is clear there will be increases in oil use associated with the ROS.

(Mrs. FEINSTEIN assumed the chair.)

Mr. JOHNSTON. Let me repeat that, Madam President.

> It is clear there will be increases in oil use associated with the renewable oxygenate standard.

Overall fossil energy use they say:

> The percentage decrease [in overall fossil fuel use] associated with the use of ethanol and ETBE—

ETBE of course, is made from ethanol—

> only range from about one-half to one percent.

These two quotes appear in conflict because this says it will increase oil use and this says it will decrease overall fossil energy use about one-half to 1 percent. That is because natural gas, which is a fossil fuel, is used in the making of MTBE, which is the competing product.

According to the Department of Energy, Madam President, the mandate will increase imports—imports—by roughly 1 percent. It will increase imports by 76,180 barrels per day and add $1.5 million to the daily import bill, or a total increase in oil imports of $547 million per year.

Let me repeat that, Madam President. There will be more oil imports as a result of what EPA does rather than less oil imports. There will be no cleanup of the air and more oil imports.

Now, how about agriculture, Madam President? We are all for agriculture. We romanticize about the American farmer.

Now, the problem is, Madam President, the American farmer is actually hurt by this because it will increase the cost of corn, or the price of corn, according to DOE, by some 4- to 6.7-cents-per-bushel, but that increase in cost to livestock and poultry farmers will increase their cost by $208 million a year to $348 million a year. In other words, if you raise the price of corn, then those who raise chickens and livestock, et cetera, will have to pay another $208 to $348 million a year.

Now, the net cost to farmers is some $80 to $134 million a year if you assume that cost is not passed on to consumers.

Now, how could this be? Well, there is a net cost to farmers, because all of that money does not go to the corn farmer. Rather, the corn farmer gets less support payments, so that the corn farmer does not get all of the 4 to 6.7 cents per bushel increase, but the livestock feeder and the poultry feeder have to pay the full cost. So that farmers in this country are actually suffering a net deficit from this amendment, which is supposed to be a farm amendment.

Madam President, how was it that a moment ago when I said that imports are increased, the air quality is not improved? That sounds counterintuitive. We do know that to burn an oxygenate, whether it be MTBE or ethanol, makes for a better gasoline, of course, than the regular gasoline, but why is it that this rulemaking requiring ethanol results in dirtier air and more imports?

Very simple. It is because to produce a gallon of ethanol it takes more fossil fuel energy, more Btu's than you produce. According to the Department of Agriculture in a letter to DOE, they say it takes 75,000 to 95,000 Btu's for a gallon of ethanol, and yet the gallon of ethanol produces only 76,000 Btu's. So that you actually lose Btu's used in fossil energy in order to produce this gallon of ethanol.

Madam President, the consumer is particularly impacted. I see my colleague from California in the chair. California is one of those States particularly impacted. According to the American Petroleum Institute, the price of gasoline in the impacted area, that is, 13 States and the District of Columbia, which either are in the nonattainment area or have opted into the rule, constitute collectively one-third of the market. And the price of gasoline is to go up 2 to 6 cents per gallon. If you average that out, it is about 4 cents a gallon increase in gasoline.

Now, Madam President, we had a tremendous debate with a huge amount of heat and light here earlier this year on the question of the 4.3 cents per gallon increase in taxes in order to pay off the deficit—a huge debate. And many Senators decried the effect upon consumers. And yet in this measure, hidden within all the great talk about farmers and renewable energy and solar energy and reducing dependence and all of those false arguments, is an increase in cost of gasoline to one-third of the consumers in this country, principally on the east coast, all up and down the east coast as well as the west coast—a third of the gasoline market, an increase of 2 to 6 cents a gallon, call it 4 cents a gallon.

Not only that, but you can bet that the consumer is going to have to pay the cost of that increase in corn prices, in their corn flakes, in their corn meal, in their Fritos, in their you name it. The all-American consumer is going to have to pay.

Now, Madam President, I said this is a flimflam in five different ways because the cost is not talked about, because the environment is not helped, because oil imports are increased rather than decreased, because consumers are not helped. To the contrary, consumers are hurt. But, finally, it is a flimflam, Madam President—and I hate to use that strong a word—because the amendment which is said to authorize this EPA regulation was specifically sold to this Congress as being fuel neutral.

I participated in that debate, Madam President. I was one of the skeptics. In fact, I opposed the amendment to the Clean Air Act which is said to authorize this amendment. I do not believe it does, and I hope and expect that the court will declare it to be illegal. I have all of the congressional debate that took place at that time.

But, Madam President, just to take one of the quotes. This one is from my good friend and great ally on most things, the distinguished Senator from South Dakota [Mr. DASCHLE] who said:

> Our amendment does not lock refiners into any particular fuel composition. Refiners can decide how they want to get octane without toxic aromatics. They can decide how to achieve the oxygenate standard.

Madam President, I have a whole folder full of quotes from my good friends. And, listen, I stand in admiration of my good friends from the farm States. As I told them, if they win this—and I hope and expect that they will not—they ought to give me a medal for having made them heroes in their farm States.

Can you imagine, Madam President, if the oil States came in and said, "Look, we need $1 billion a year to support oil. We want you to do it. It will not cost your consumers but 4 cents a gallon increase in the cost of gasoline. It will not cost you but $1 billion a year from the highway trust fund."

It will not cost you much at the supermarket for higher prices of corn products. It is also going to cost $249 million in the budget, and it is not going to improve oil imports. It is not going to clean up the air. But we want you to do it for us. They would laugh at me, but yet they have been able at least so far to convince EPA to do it.

Madam President, why is it that API says it is going to increase the cost of gasoline by 2 to 6 cents a gallon? Call it 4 cents, and split the difference. It is because ethanol is much more difficult and expensive to use than is MTBE. You see, MTBE can be put in the pipeline and inexpensively transported. Ethanol cannot be put in the pipeline because ethanol, which is a very toxic substance by the way, absorbs water. And there is water in these pipelines. So you cannot use the pipeline.

By the way, a pipeline is 30 times less expensive than trucking. They are going to have to truck ethanol into the markets. So that you are going to have to pay a transportation increment for shipping ethanol to these various centers. At present, all of the refineries are located mostly on the west coast and east coast, some in the Midwest. But by and large, the refineries are located on the east and west coasts where they bring in much of the imported oil by boat.

They also have pipelines from the producing areas which go into the areas where the refineries are located. The gasoline is then manufactured, or as is the MTBE from natural gas, and blended pretty well at close to the markets in which it is produced.

Madam President, when it comes to ethanol, the difference is that you are going to have to ship the ethanol from the Midwest to the Northeast, and to the Midwest where the corn is produced, ship it to California, and ship it to the east coast. How do you get it there? You cannot use the pipelines. So you are going to have to truck a very large percentage of this which is, as I say, 30 times more expensive than shipping by pipeline.

That is why, along with the fact that you do not have the facilities to store it, you also have to have separate facilities to store the ethanol because you cannot store it with any other petroleum products. And you are going to have to have blending facilities closer to the consumer. You will not be able to blend as you would blend gasoline at the present time at the refinery. You are not going to be able to do that. You are going to have to go downstream closer to the consumer where they do not presently have these blending facilities. That is why the cost is going to be so much greater.

Madam President, I do not know how Senators from areas that do not produce corn can be for this amendment. For example, some of my colleagues are from areas that produce a lot of chickens. The State of Louisiana produces a lot of chickens. We are going to be feeding that corn to chickens. It is going to directly impact the chicken producers. It is going to directly impact my highway users. That is why the Highway Users Association is so very strongly against this amendment.

So, Madam President, to summarize very quickly, this amendment has huge costs to the economy, $249 million according to CBO in the next 5 years, huge costs to the Highway Trust Fund, $545 million according to the Committee on Taxation, which has already added $550 million a year to support the 54-cents-a-gallon subsidy on ethanol.

It does not help the environment. Indeed, EPA affirmatively, specifically, literally said, "We are not claiming any air quality benefits as a result of this proposal." "We are not claiming any air quality benefits," so says EPA.

On oil imports, DOE says it is clear there will be an increase in oil use associated with this amendment. For consumers, we have a 2-to-6-cents—call it 4 cents increase in costs to one-third of the gasoline users in this country. For corn users, we have a 4-to-6.7-cents-per-bushel increase in the cost of corn, according to the EPA which is going to be a net loss to farmers.

Consider the corn farmer, consider the cattle feeder, the chicken feeder, the hog feeder, et cetera. Put it all together—and for agriculture—and it comes out with a net loss to American agriculture of $80 to $134 million a year.

Finally, Madam President, the amendment to the Clean Air Act, which supposedly gave authority to do this, to come up with this EPA regulation, was so specifically, and affirmatively, and literally, to this Senate as being fuel neutral. "Our amendment does not lock refiners into any particular fuel composition."

What EPA proposes to do is exactly diametrically opposite from what the Senate was told. We were sold a pig in a poke, Madam President. I hope the court does not let EPA get away with that. And I certainly hope the Senate of the United States is not foolish enough to turn its back on its own words, and to settle for its consumers,

its budget, and its Highway Trust Fund, for this huge new subsidy for ethanol refiners.

I yield the floor.

UNANIMOUS-CONSENT AGREEMENT

Mr. MITCHELL. Mr. President, I ask unanimous consent that the time between now and 6 p.m. be equally divided between Senators JOHNSTON and HARKIN, or their designees, on the Johnston amendment No. 2446; that at 6 p.m., Senator MIKULSKI be recognized to move to table the amendment; that if the amendment is not tabled, there then be 10 minutes for debate equally divided between Senators HARKIN and JOHNSTON on a motion to invoke cloture on the Johnston amendment, to be followed immediately after the tabling vote, with the mandatory live quorum waived; that if cloture is invoked, the Senate, without any intervening debate, vote on the Johnston amendment; that if cloture is not invoked, the Johnston amendment be withdrawn; that the amendment not be divisible; that no amendments be in order to the Johnston amendment or to any language that may be stricken by his amendment; and that no other amendments on the subject of ethanol be in order to H.R. 4624.

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

Mr. MITCHELL. Mr. President, I thank my colleagues for their cooperation. I thank the Republican leader, the managers of the bill, and the distinguished Senator from Louisiana.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Madam President, I yield 5 minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 5 minutes.

Mr. KERREY. Madam President, the distinguished Senator from Louisiana, as always is the case, has eloquently described the case for this amendment, and said at one point, "I do not understand why States that do not grow corn would support this."

It is a relevant question for any proposal. I must say, why would I support something that does not directly, I mean absolutely directly in every single case, have an immediate positive impact upon my congressional district or upon my State?

That is a very relevant question.

Typically what happens is we say we are also U.S. Senators. In addition to voting for what is just immediately in our interest, we try to consider what is in the national interest. We do that for disaster aid. We do that for the purpose of trying to promote and develop our own oil and natural gas industry, for maintaining as well our own merchant marine, our own ability to move products on U.S. bottoms. There are lots of reasons that this policy is a good policy.

I would like to talk just a little bit about why I say with great respect the Senator from Louisiana—and he used the word "flimflam." I honestly believe quite the opposite. I honestly believe, in fact, that the five arguments made here fit into the category as well. I say that with great respect.

I ask unanimous consent to insert into the RECORD first a letter from the Environmental Protection Agency indicating that this proposed rule is in fact fuel neutral.

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

U.S. ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, August 3, 1994.

Hon. THOMAS A. DASCHLE,
U.S. Senate, Washington, DC.

DEAR SENATOR DASCHLE: I understand a question has come up as to whether the Environmental Protection Agency's renewable fuels rule violates the reformulated gasoline regulatory negotiation agreement. Since the provisions of the renewable fuels rule were not covered by the negotiated agreement, the renewable fuels rule in no way violates that agreement. It does add to the program outlined in that agreement.

Furthermore, the renewable fuels rule does not violate the principle of fuel neutrality. Any fuel made from renewables (including for example methanol produced from landfill gases) would qualify. The negotiated agreement did not address fuel neutrality in the context of renewable vs. nonrenewable oxygenates.

Sincerely yours,

RICHARD D. WILSON,
Director, Office of Mobile Sources.

Mr. KERREY. Madam President, I ask unanimous consent to have printed in the RECORD a detailed statement that explained that 35 States are not even affected by the Highway Trust Fund. This would not affect every single State.

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

HIGHWAY TRUST FUND/FEDERAL BUDGET

Statement: The ROS will drain the Treasury and the Highway Trust Fund of hundreds of millions annually.

First, estimates of the impact to the HTF have been greatly exaggerated by the oil industry and intended to mislead people into believing that highway funding in all states will be affected. It will not. Only areas marketing reformulated gasoline, approximately one-third of the nation's fuel, will be affected at all. Fully 35 states will be unaffected by RFG or the ROS, and will realize NO impact on their highway construction dollars.

Even in those areas that will be affected, however, the impact has been greatly overstated. In the first year, when only 15% of RFG must blend with renewable oxygenates, the new demand for ethanol will be approximately 160 million gallons (approximately 180 million gallons are already being sold in ozone nonattainment areas). Thus, the maximum impact to the HTF would be $86 million, which assumes that only ethanol blends are used during the non-VOC control season. But because ETBE will be used during the 5-month VOC control period and ETBE use does not affect the HTF, the actual impact on the HTF will be far less—approximately $50 million. In fact, when the summer-time use of ETBE is considered, the new demand for ethanol created by the ROS would have only an infinitesimal impact on the HTF.

The HTF currently enjoys an $11 billion surplus. Annual payments to the HTF exceed $16 billion. Thus, the potential impact to the HTF resulting from implementation of the ROS is less than 1/tenth of one percent of available HTF revenues, and less than 3/tenths of one percent of the current surplus alone.

Second, it is important to note that an individual state's highway fund allocation is not necessarily effected by a state's contribution to the HTF. Under the complex formula for allocating highway dollars, only those states that are in a minimum allocation situation would be affected by reduced HTF contributions (approximately 30 states). According to the 1994 Federal Aid Highway Program Apportionments, states that will be using RFG, but which will be unaffected by reduced HTF revenues include:

States Whose Highway Funds Are Unaffected by the ROS

Connecticut, New Jersey, Delaware, Maine, Rhode Island, Illinois, New York, District of Columbia, and Massachusetts.

Importantly, these states, particularly Illinois, represent the most likely areas where ethanol will be sold. Renewable oxygenates sold in these states will generate ROS credits that can be used in other areas, meaning that the ultimate impact on federal highway funding will be further mitigated.

Finally, and most importantly, the ROS will actually decrease the federal budget deficit by reducing farm program costs and increasing rural income. A recent analysis by the USDA concludes that the ROS will save more than $2.2 billion over the next 5 years. This recent analysis is consistent with a prior report by the General Accounting Office which concluded that savings to the federal government resulting from the increased production and use of ethanol would be between $480 and $610 million annually.

Opponents of the ROS have alleged that a CBO analysis concludes the ROS will increase budget outlays over the next several years. But this analysis was prepared in response to a very specific request using assumptions that are not realistic. Specifically, the CBO figure cited assumes that USDA adjusts the ARP to hold grain prices at 1994 levels, meaning that farm income falls because of reduced demand for grain used in ethanol production. USDA has clearly stated that this is an unrealistic and unwise assumption, and stands by its budget projection of $2.2 billion in government savings.

Mr. JOHNSTON. Will the Senator yield?

Mr. KERREY. Yes.

Mr. JOHNSTON. The EPA, by saying the amendment is fuel neutral, is underlining what Mary Nichols said is no improvement.

Mr. KERREY. I say, with respect to the Senator, that the proceeding at which Mary Nichols appeared was basically a hearing designed to prove that this rule should not be adopted. She has been quoted several times since then saying that there is good reason to believe that this is good environmental policy. This is a single quote. The EPA would not propose this rule if

they believed it was bad for the environment.

Mr. JOHNSTON. But it does not improve air quality, according to Mary Nichols.

Mr. KERREY. Madam President, we can always pull a quote from somebody and put it up on a board and make it look like official Government policy. The Environmental Protection Agency policy is that this rule will improve air quality. They would not propose this if it did not.

I say, with all due respect, that the Mary Nichols quote was delivered at an Energy and Environment hearing that was basically rigged to show that this would be a bad policy to put in place.

Mr. HARKIN. Will the Senator yield?

Mr. KERREY. Yes.

Mr. HARKIN. As long as we are talking about revenues to highways—and I appreciate the comments of my colleague from Nebraska—I have here a letter to me dated today from the U.S. Department of Transportation. It says:

You have asked about the Department of Transportation's position on the Environmental Protection Agency's proposed Renewable Oxygenates Rule for reformulated gasoline and its potential effect on the Highway Trust Fund.

We support the proposal * * *

While revenues to the Highway Trust Fund would be reduced by the Renewable Oxygenates Rule, DOT does not anticipate a change in distributions to States under authorizations provided in the Intermodal Surface Transportation Efficiency Act of 1991, due to the obligation ceiling established in law.

I ask unanimous consent that a copy of this letter be printed in the RECORD at this point.

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

DEPARTMENT OF TRANSPORTATION,
OFFICE OF THE SECRETARY OF TRANSPORTATION,
Washington, DC, August 3, 1994.

Hon. TOM HARKIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR HARKIN: You have asked about the Department of Transportation's (DOT) position on the Environmental Protection Agency's proposed Renewable Oxygenates Rule for reformulated gasoline and its potential effect on the Highway Trust Fund.

We support the proposal and the use of alternative fuels as a way to partially address the Nation's air quality, energy conservation, and balance of payments problems.

While revenues to the Highway Trust Fund would be reduced by the Renewable Oxygenates Rule, DOT does not anticipate a change in distributions to the States under authorizations provided in the Intermodal Surface Transportation Efficiency Act of 1991 (P.L. 102-240) due to the obligation ceiling established in law.

If there is any additional information I can provide, please do not hesitate to contact me.

Sincerely,

STEPHEN H. KAPLAN,
General Counsel.

Mr. HARKIN. The point by the Senator from Nebraska is that they say they do not anticipate any change in distributions to States.

Mr. JOHNSTON. Well, that is as a result of the ceilings, not as a result of——

Mr. KERREY. Madam President, do I have the floor?

The PRESIDING OFFICER. Yes.

Mr. KERREY. Next, I ask that a letter of the U.S. Department of Agriculture be printed in the RECORD.

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

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, DC, August 3, 1994.

Hon. THOMAS A. DASCHLE,
U.S. Senate, Washington, DC.

DEAR SENATOR DASCHLE: This letter responds to your request for clarification of the Department of Agriculture's (USDA) policy for setting the annual percentage required for the Acreage Reduction Program (ARP). You have asked me to address this issue in the context of the Congressional Budget Office (CBO) estimates of Federal outlays associated with the amendment sponsored by Senator Johnston.

The CBO has concluded that a permanent suspension of the renewable oxygenate requirement for reformulated gasoline would reduce farm program outlays by $250 million. Thus, reducing the demand for ethanol, which is primarily produced from corn in the U.S., will reduce deficiency payments to corn producers. However, history indicates that a drop in demand, such as lower exports or industrial use of farm output, lowers farm prices and increases deficiency payments. A prime example is the embargo on grain shipments to the Soviet Union in the early 1980's or more recently the drop in exports to the Former Soviet Union.

CBO's analysis of a permanent suspension of the renewable oxygenate requirement for reformulated gasoline is based on an incorrect perception of how the USDA operates the corn price and income support program. CBO assumes that the USDA makes infinitesimal changes in ARP's to maintain a particular price objective for corn. Thus, if demand declines, USDA raises the ARP just enough to keep price unchanged from the "budget baseline" projection. The higher ARP reduces the incentive to participate in the annual program for corn, since producers must idle more land to participate and a higher ARP lowers the acreage eligible for deficiency payments. With prices unchanged and fewer producers and fewer acres eligible for payments, CBO concludes that lower demand for corn caused by a permanent suspension of the renewable oxygenate requirement for reformulated gasoline will reduce total deficiency payments to corn producers.

USDA does not operate the corn program in the manner assumed by CBO. Historical data and the Department's baseline projection clearly indicate the Department does not make through 1999/2000. Over the same time period, the price of corn is projected to range from $2.25 to $2.35 per bushel. If the Department operated the corn program as assumed by CBO, the corn price would be projected to be unchanged over the period and the corn ARP would vary from year-to-year.

History also indicates that the Department does not make infinitesimal changes in the ARP for corn. Since 1985, the ARP for corn has ranged from 0 to 20 percent. Over the 10-year-period from 1985/86 through 1994/95 the corn ARP was announced at 20 percent in 2 years, 17.5 percent in one year, 10 percent in 4 years, 7.5 percent in one year, 5 percent in one year, and 0 percent in one year. These data further confirms that the Department sets the ARP for corn at discrete levels with changes being in increments of at least 2.5 percentage points, rather than making infinitesimal changes in ARP levels to meet a particular price objective.

In setting the ARP, the Department has historically taken into account a number of factors including the previous year's corn price, the level of stocks, and the potential effects on farm income and program outlays. An increase in ARP's reduces farm income because the loss in deficiency payments and production from idling more land exceeds the added income generated by higher prices and the saving in production expenses from idling additional land. Consequently, a modest increase in stocks or reduction in price would not lead to an increase in ARP level if that would aggravate the drop in farm income.

In reality, USDA considers all of these effects when ARP decisions are made. My experience tells me that USDA would never make a policy change like the one assumed in the CBO analysis. That is why the letter I recently wrote you contains different estimates of Federal outlays than does CBO analysis.

Sincerely,

KEITH J. COLLINS,
Acting Assistant Secretary for Economics.

Mr. KERREY. It goes directly at the point of my distinguished colleague and friend from Louisiana that this is going to cost taxpayer money. In fact, the USDA would not adjust their base policy, as CBO indicated. CBO has based their estimates of cost to the taxpayers upon their belief that the USDA would take a certain action. They have not taken this kind of action in the past. The USDA is saying they would not take it in the future. Thus, the cost to the taxpayer, which was on the board of the Senator from Louisiana, simply would not occur.

I ask unanimous consent that two letters of local chambers of commerce be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

GREATER YORK AREA
CHAMBER OF COMMERCE,
York, NE, July 28, 1994.

Mr. R. BRUCE JOSTEN,
U.S. Chamber of Commerce,
Washington, DC.

DEAR MR. JOSTEN. It has come to our attention that the U.S. Chamber of Commerce has chosen to support the Johnston/Bradley amendment as it relates to Renewable Oxygenate Requirements. Obviously, a great deal of research and effort went into the regulations recently released by the Environmental Protection Agency (EPA) concerning the use of ethanol as an alternative fuel. This amendment is seen by us as a slap in the face to the EPA.

As a U.S. Chamber member, we wish to express our concern over the Chamber's actions to support the Johnston/Bradley amendment. It is our opinion that this amendment is another attempt by large petroleum companies to "buy" legislation at the expense of America. The York Chamber is in no way

one of the "3,000 state and local Chambers of Commerce" mentioned in one of your letters to Congressional leaders supporting the Johnston/Bradley amendment.

The benefits of using ethanol as a renewable energy source are obvious to us. Nebraska currently has $500 million in investment in ethanol plants/facilities. Obviously, we have many jobs at stake. The future of rural America may truly depend upon the future of ethanol.

The future of our environment may also hinge upon the use of alternative fuels such as ethanol. Studies have continued to show that the use of alcohol-based fuels will be less detrimental to our environment than petroleum-based products. Please do not let the special interests of large petroleum companies hinder the rejuvenation of rural America or the destruction of our environment. Again, I would ask the U.S. Chamber to reconsider their decision to support the Johnston/Bradley amendment. We all have a stake in the future.

Sincerely,

RICHARD J. BAIER,
Executive Vice President.

COLUMBUS AREA
CHAMBER OF COMMERCE,
Columbus, NE, July 29, 1994.

Re Your recent letter to members of Congress regarding the Johnston/Bradley amendment to H.R. 4624

R. BRUCE JOSTEN,
Senior Vice President, Membership, U.S. Chamber of Commerce, Washington, DC.

DEAR BRUCE: Our community would definitely be positively affected by acceptance of mandates for a market share of ethanol and in our opinion, so would the country. We want to voice our strong support for the Renewable Oxygenate Standard (ROS) and express our opposition to any amendments to the appropriations bill that would deny funding for this vital economic program. We do not agree with the U.S. Chamber's opposition to the ROS.

Columbus is the home of Minnesota Corn Processors, an expansion of a cooperative first located in Marshll, Minnesota and will soon be grinding 200,000 bushels of local corn a day in production of ethanol, corn starch, corn syrup and fructose. This plant has been a tremendous boon to local farmers, and supporting industries, in the Columbus area.

This program will increase rural income, continue to increase our industrial base, and provide jobs in communities such as ours. We urge the U.S. Chamber to consider positions from Chambers and communities such as ours when deciding a position on such legislation.

Sincerely,

DALE COLLINSWORTH, CCE,
Executive Vice President.

Mr. KERREY. I could get many more letters saying basically that this is going to be good for our economy and that we disagree with the U.S. Chamber, and we wish they would consult at the local level.

Finally, I ask unanimous consent that an article be printed in the RECORD from Congressional Daily.

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

LEGISLATORS CONTINUE TO PUSH FOR OIL AND GAS CREDITS

A group of Senate and House members from areas with oil and gas interests continued to argue the need to aid the ailing domestic industry today, and voiced optimism that momentum is building for action this year. The members, many of whom recently met with President Clinton to present a series of proposals on the issue, said Clinton has sent a positive signal, particularly on assisting marginal wells and on working to lift a ban on exporting crude oil from Alaska's North Slope. Deputy Energy Secretary Bill White said a high level administration meeting Friday will focus on Alaska, investigating ways around international legal hurdles. A plan pushed by Alaska and California members—lifting the ban and requiring the oil be shipped on U.S. vessels—has raised questions of trade violations. White said he is hopeful of finding a resolution.

"I feel the mood is good," said Senate Energy and Natural Resources Chairman Johnston, referring to the prospects for his bill, which would provide royalty relief for some marginal wells in the Outer Continental Shelf. Johnston, who attached the royalty measure in his hardrock mining reform proposal now being considered in conference, said he believes mining reform cannot pass without it. Rep. Bill Brewster, D-Okla., described a proposal being discussed to allow tax credits if oil prices drop below a certain level. He said members are working toward achieving a plan with administration approval before introducing legislation.

Mr. KERREY. Madam President, this is an article headlined "Legislators Continue To Push for Oil and Gas Credits."

It is a reporting of a news conference that the distinguished Senator from Louisiana had, asking that royalties be waived and that perhaps some additional credits be given to the oil and gas industry.

Madam President, to the statement made by the Senator from Louisiana, "I do not understand why States who do not grow corn would support this," the answer is simple: This would create American jobs. Most of the new methanol that will be produced to satisfy the reformulated gas program will create jobs in Bahrain or the United Arab Emirates. The fuel produced by ethanol will create jobs in the United States—2,200 jobs were created in the State of Nebraska in 1993 alone, with none of that money being invested by Archer Daniels Midland, which is typically pillarized as the enemy in all this.

Second, it is good for the taxpayer. CBO required the Senator from Louisiana to come up with a $30 million offset because it costs taxpayer money.

Third, it is good for farmers who are trying to provide market-based income because it will increase the market-based price for agriculture products.

Last, Madam President, it is good for the environment. The EPA would not support this; the Clinton administration, President Clinton and Vice President GORE, would not support this rule if it was not good for the environment.

I urge my nonforeign corn-producing colleagues to recognize that the flim-flam is not on the side of this policy, or the arguments underlying this policy. The flim-flam is in the arguments opposing it.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa [Mr. HARKIN], is recognized.

Mr. HARKIN. I yield 10 minutes to the Senator from Iowa [Mr. GRASSLEY].

Mr. GRASSLEY. Madam President, I thank my colleague for his leadership in this area. I believe we heard in the opening statement of the proponents of this amendment about the 1994 farm program. I do not know whether Senator JOHNSTON was intending to enunciate a policy for cheap grain and what that policy of cheap grain is going to do for agriculture. Who wants us to believe that it is going to fortify the livestock industry? Do you not know that the rules are as old as the hills, that cheap corn brings cheap hogs and cheap pork? I bet it is true of the other animal industries, as well.

The corn/hog ratio is a historical relationship which tells whether there are good years ahead for agriculture or bad years ahead for agriculture. And it is just as plain and simple as the nose on your face. It is just as plain and simple that more corn is going to bring more hogs, and it is going to reduce the price of hogs.

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

Mr. GRASSLEY. Yes, if the Senator will just take 1 minute.

Mr. JOHNSTON. Yes, Madam President. Is the Senator trying to tell us that the more you pay for corn, the more hogs you produce and the more the hog producer makes by paying a higher price for corn?

Mr. GRASSLEY. Well, I can tell the Senator, Madam President. I will answer that question. But that mere question shows ignorance of the relationship between corn and hogs, or corn and livestock. What is wrong with this whole issue here is that people are trying to make agricultural policy who do not know anything about agricultural policy.

We have to fight this amendment now, not only because it deals with ethanol and is bad for ethanol, but it is bad for agriculture, as the author's own statements indicate. The oil industry does not like competition. Let us get that straight. The oil industry does not like competition. The oil industry battles anything remotely viewed as competition to its monopoly over United States fuel supply. Big oil does like mandates. They may not like an ethanol mandate, but they like mandates.

They like it if it is an oil mandate. When convenient and serving the interests of the oil industry, that industry demands that the Federal Government impose market mandates and protectionist policies to protect it from competition. We saw this during the late 1950's.

Mr. JOHNSTON. Madam President, will the Senator yield for a question on my time? I do not want to use his time.

Mr. GRASSLEY. I think I will go through my statement. I think it is better I get on. I am sure the Senator wants to get this out from being an agricultural debate. I think he has made his own bed.

The oil industry demands that the Federal Government impose market mandates and protectionist policies to protect it from competition. We saw this during the late 1950's when the oil industry was able to get the Federal Government to mandate that 90 percent of America's oil supply had to be produced domestically. At that time, it was convenient for the oil industry to argue that just a mere 10 percent reliance upon foreign oil and the importing of it was a threat, Madam President, to the national security of our country.

Now, of course, we rely upon 50 percent or more of imported energy, but my colleagues may remember during the energy bill debate of 1992, when I suggested a similar but much smaller carve-out for domestically produced alternative fuels, the oil industry and its Senate supporters nearly had a collective heart attack. All of a sudden, in 1992, when you talk about a little mandate compared to what they wanted in the 1950's to protect domestic oil, all of a sudden there is no national security problem. Oil said in 1992, "Let the marketplace decide." That is what they are trying to say here today.

Of course, the oil industry opposes subsidies, do they not. Unless, of course, those subsidies are for the oil company?

Now, Senator JOHNSTON told the full Senate in 1992 that the real cost of imported oil when factoring in the direct and indirect subsidies—and that includes keeping the sea lanes open—amounted to $200 per barrel and that does not count, by the way, the blood of American men and women when we have to use them to defend oil imports when OPEC needs defending.

In view of these subsidies for oil, it is hard to swallow listening to complaints that domestically produced ethanol excise taxes are not high enough, and somehow during this debate it comes out that it deprives a few million dollars for highway construction. The highway trust fund is flush with surplus money.

If my colleagues are really worried about this, then they should require all highway trust funds to be drawn down every year and put into construction. We should also stop the diversion of the highway trust fund to mass transit subsidies. Let the city folks pay the entire bill. But that is not our policy.

But how ironic it is. It is OK to divert the highway trust funds for mass transit, but not for domestically produced alternative fuels so we can be energy independent. The goal behind both mass transit and alternative fuels is to rid ourselves of our dangerous dependence upon foreign energy.

Madam President, some have suggested that they want to support this amendment because they oppose mandates, but these same people supported a number of market mandates in the energy bill in 1992. More important, if the Johnston amendment passes, we will have passed a de facto mandate for MTBE, which, of course, as we all know, is controlled by the oil industry.

But instead of mandating a mere 30 percent of the oxygenated market, as would the program that this amendment seeks to kill, the amendment will mandate a virtual monopoly for MTBE. The reason is simple: because EPA ignored the authors of the reformulated gasoline program in that 1990 clean air bill and implemented a simple model test for certification. By doing so, it blocks out ethanol's participation while guaranteeing MTBE a monopoly over this new market.

So, I say to my colleagues, those who are on the other side from those of us from the farm States on this issue, I hope you like your mandate. If you want to vote for the MTBE monopoly mandate, then support the Johnston amendment. On the other hand, if you want consumer choice, if you want competition for the oxygenated market, then you should oppose the Johnston amendment. Defeat of the Johnston amendment will assure that MTBE faces competition from domestically produced renewable fuels at the 30 percent level. And, remember, it is largely a question of a mandate that will increase the import of foreign MTBE versus a mandate that will increase the production of domestically produced renewable fuels.

I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. JOHNSTON. Madam President, I yield myself 3 minutes simply to reply very quickly to what my friend from Iowa has said.

First of all, the question I wanted to ask him was, did he state as follows during the last debate? This is from page 3517 of the Clean Air Act amendment debates:

> Mr. President, there has been considerable misinformation circulated about our amendment. We have been told that this amendment mandates one oxygenated fuel additive over another. That simply is not true.

That is a quote of the distinguished Senator from Iowa [Mr. GRASSLEY].

I was going to ask him if he made that statement. Of course, he did. It is in the CONGRESSIONAL RECORD.

I ask what he meant by it. The statement speaks for itself. And, yet, we are told today when we protest the fact that EPA has done precisely the opposite of what the Senator from Iowa has said, that this is some kind of big oil company conspiracy.

Madam President, how can you fly in the face of what the CONGRESSIONAL RECORD quotes as the Senator's own statement?

Second, I am told that I do not understand agricultural economics, that if I understood agricultural economics, I would understand that charging more for the price of corn gives higher profits to hog farmers or cattle farmers or chicken feeders.

Madam President, we have a pretty good farm community in Louisiana. My family is involved in cotton farming and cattle farming, and I can tell you that that flies in the face of any kind of economics I have ever heard of that says the higher the price of your raw material, the more profit you made on your manufacturing product.

The figures I showed about the net cost to agriculture were from the Department of Agriculture. They are not from some oil company economist. That came from the Department of Agriculture, which says that the net cost to agriculture as a result of this amendment will be $80 to $134 million a year every year unless that cost is passed on to the consumer, in which event the consumer pays that cost.

We are also told that my figures on the cost of this amendment were wrong.

Madam President, I have it in writing from CBO, and I ask unanimous consent that the letter from CBO detailing what the cost of this amendment is be printed in the RECORD.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 26, 1994.

Hon. J. BENNETT JOHNSTON,
U.S. Senate,
Washington, DC.

DEAR SENATOR: At your request, the Congressional Budget Office has reviewed an amendment you proposed on July 14, 1994, to H.R. 4624, the VA, HUD, and Independent Agencies Appropriations Bill, that would prohibit any funds from being used to implement or enforce any requirement that a specified percentage of the oxygen content of reformulated gasoline come from renewable oxygenates. If adopted, this amendment would preclude the Environmental Protection Agency (EPA) from implementing its rule that would mandate that 30 percent (15 percent in 1995) of the oxygenates used in reformulated gasoline come from renewable sources.

ORIGINAL AMENDMENT: NINE-MONTH DELAY

Because the appropriations bill only governs 1995 spending, the EPA rule could be enforced beginning in the following fiscal year. Therefore, this amendment would prohibit enforcement for nine months (from January through September 1995). We estimate that the amendment would reduce ethanol production and use in fiscal year 1995 and, because of delayed plans to expand capacity, also in fiscal year 1996. Because ethanol comes mostly from corn, the provision would affect the corn market and the federal government's agricultural income support payments.

As a result, CBO estimates that an amendment delaying enforcement for nine months would lead to an increase in outlays for federal agriculture programs of $25 million in

fiscal year 1995 and $4 million in 1996. Outlays would decline by $12 million in 1997. Because ethanol producers are eligible for tax preferences, a decline in ethanol use would produce a revenue increase for the federal government. The Joint Committee on Taxation has estimated that additional revenues would amount to $26 million in fiscal year 1995 and $37 million in 1996. These amounts are net of reduced income and payroll tax revenues. The estimated budgetary impact of this amendment is summarized in the attached table.

Effects on agricultural spending

Because of reduced ethanol production, the demand for corn would decline for the 1994 and 1995 crop years. (The 1994 corn crop year roughly corresponds to fiscal year 1995.) The price of corn would therefore decline for the 1994 crop year, leading to greater deficiency payments in fiscal years 1995 and 1996. (Deficiency payments are based on the difference between farm-level market prices and a specified target price.)

We expect that the Secretary of Agriculture would seek to offset the impact of lower corn demand on the 1995 crop of corn. Otherwise, carryover stocks would accumulate, depressing prices and leading to reduced farm income. The Secretary could avoid these effects by increasing the acreage reduction percentage (ARP), the proportion of their acreage that program participants must withdraw from production. CBO assumes that the Secretary would increase the ARP enough to nullify the price effect caused by reduced ethanol production. Such a change would cut agriculture spending in two ways. It would avoid an increase in the rate of deficiency payments (by holding up prices), and it would decrease the acreage on which deficiency payments are made.

As a result, the advanced deficiency payments (for the 1995 crop), made in the spring of 1995, would be lower than our baseline projections. The net result of higher payments for the 1994 crop and lower advanced payments for the 1995 crop would be corn program payments $25 million above the baseline level in fiscal year 1995.

Fiscal year 1996 outlays would be slightly above the baseline level because the final payment for 1994-crop corn would be higher than projected in the baseline. In 1997, the anticipated ARP increase for the 1995 crop would yield savings of $12 million, because the final payment for 1995-crop corn would be lower than the baseline level.

Effects on Federal revenues

A decline in ethanol use from delaying implementation of the renewable oxygenates standards would increase federal revenues because firms producing motor fuels that contain ethanol may receive a federal tax preference. Firms have the option of taking the tax preference as either an excise tax exemption or an income tax credit. The Joint Committee on Taxation has estimated that your amendment would lead to additional revenues totaling $63 million in fiscal years 1995 and 1996. This figure is net of reduced income and payroll tax revenues. Under established scorekeeping procedures, revenue effects of appropriation bills do not affect the scoring of those bills relative to the committee's spending allocations and the discretionary spending caps, because the legislative language of the Budget Enforcement Act of 1990 clearly puts all changes in revenues on the pay-as-you-go scorecard.

ALTERNATIVE AMENDMENT; PERMANENT DELAY

You also requested an estimate of the impacts of permanently blocking the EPA renewable oxygenate rule. This would result in a greater reduction in the demand of corn in fiscal year 1996 than under a temporary delay, and would also cause a decline in demand in subsequent years. Consequently, we would anticipate a greater increase in the ARP in 1996 (for crop year 1995), as well as increases in later years, to offset the effects of the lowered demand. Outlays in fiscal year 1995 would still increase, but by only $17 million. This amount is less than the fiscal year 1995 increase from a nine-month delay because advanced deficiency payments for crop year 1995 would be even lower.

The anticipated changes in ARP's would yield outlays savings of $30 million in fiscal year 1996. This figure is larger than the costs in 1995 because the expected ARP adjustment would also reduce the acreage on which corn deficiency payments are made. The savings would grow in subsequent years because larger and larger ARP adjustments would be necessary to offset the growing demand effects. We estimate that, for the five years 1995 through 1999, agriculture program costs would be $249 million below baseline levels.

The Joint Committee on Taxation has estimated that permanently blocking the EPA rule would produce additional revenues totaling $545 million over the 1995–1999 period, net of reduced income and payroll tax revenues.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are David Hull, who can be reached at 226–2860, and Mark Booth, who can be reached at 226–2685.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CBO ESTIMATES OF THE IMPACT ON AGRICULTURAL SPENDING FROM DELAYING IMPLEMENTATION OF EPA'S RENEWABLE OXYGENATE RULE

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999
9-month delay:					
Estimated budget authority	25	4	−12	0	0
Estimated outlays	25	4	−12	0	0
Permanent delay:					
Estimated budget authority	17	−30	−69	−78	−89
Estimated outlays	17	−30	−69	−78	−89

Source: Congressional Budget Office.

JCT ESTIMATES OF THE IMPACT ON REVENUES FROM DELAYING IMPLEMENTATION OF EPA'S RENEWABLE OXYGENATE RULE

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998	1999
9-month delay:					
Estimated revenues	26	37	0	0	0
Permanent delay:					
Estimated revenues	26	94	121	142	162

Note.—Positive revenue changes refer to an increase in revenues; estimates are net of reduced income and payroll tax revenues.

Source: Joint Committee on Taxation.

Mr. JOHNSTON. Madam President, that is what CBO says, and it is $249 million over the 5 years.

Finally, we are told that unless we do this it mandates a monopoly for MTBE, that somehow ethanol is excluded.

Madam President, that is simply not so. To the contrary, the only reason that ethanol would be excluded is because of the lack of economics of ethanol because you cannot put it in the pipeline because it costs more to make, because it takes more Btu's to manufacture a gallon of ethanol than you get out of the gallon of ethanol. That is what dictates against ethanol. It is the market itself.

We have already had $4.6 billion of subsidy over the last 10 years from ethanol, $4.6 billion, over a half-billion dollars a year subsidy for ethanol. And yet we are told that is not enough, that it would be locked out of the market.

Madam President, I submit to you $550 million annual subsidy for ethanol is enough. If it cannot compete with that, then we should not force-feed it down the throats of consumers, a third of the gasoline users, who would have to pay 2 to 6 cents a gallon more, down the throats of those who pay the budget deficit, and $239 million for those who pay the highway users fund.

One final point. There was a quote from someone on the highway users from the Department of Transportation that says that distribution formula is not changed.

Madam President, we do not claim the distribution formula is changed. We say the amount of money in the highway trust fund is less. It is $545 million over 5 years less.

That is what we claim, and we base it on the Committee on Taxation. We do not claim that the formula is changed. The States get the same percentage, there is just less in the pot.

And why is that? It is common sense, Madam President. The source of the Highway Trust Fund is gasoline taxes. And if you substitute up to 30 percent ethanol, which in turn is subsidized at 54 cents a gallon, you lose that 54 cents a gallon that you pay out in the subsidy. It is a direct loss to the Highway Trust Fund, which in turn means the direct loss to each of the State's in this country. That is what we claim and that is based on the Committee on Taxation.

Madam President, if my colleagues can show me that that is wrong, I will withdraw this amendment without a vote, because I know it is right. The Committee on Taxation says it is right, the Highway Users Association says it is right, and everybody says it is right because it makes sense. I mean, if you subsidize 54 cents a gallon ethanol and substitute that for gasoline, which pays the full tax, and if that full tax funds the highway user fund, it makes sense.

I yield the floor.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARKIN. Madam President, I yield myself 2 minutes.

Listening to the arguments of my good friend from Louisiana—and I will respond at length later on when I will utilize most of my time—I cannot help but think of those little games you play at a county fair, with those little ducks going across a pond and you are

supposed to shoot at them and you are constantly looking at a moving target. I have heard all these arguments he is making here and, quite frankly, he is bouncing from one to the other.

We are going to try to nail something down.

On the issue raised by my colleague from Iowa, talking about the formulated gas was fuel neutral, well, Senator GRASSLEY was right. It is fuel neutral. And on the ROS that we are talking about today, the rule that the Senator from Louisiana would support, even in its infancy, it is also fuel neutral. It does not say one word about ethanol. It simply says, renewable oxygenates, 15 percent first year, 30 percent next year. The renewable oxygenates could be methanol, as long as it is made from wood or garbage in landfills. There are a lot of places we can get methanol.

The Senator from Louisiana, of course, I understand wants it from natural gas.

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

Mr. HARKIN. I will in a second.

So the renewable oxygenate standard that we are talking about today is fuel neutral. It just says a certain portion of the reformulated gas market will be renewables.

I will get on to the debate on renewables a little bit later, but it does not say ethanol. It could be ethanol if they make it from renewables. So the Senator from Iowa is exactly right.

On the issue of agriculture, if this is so tough on the livestock industry and going to hurt them so badly, why do we have a letter here from both the National Cattlemen's Association and the National Pork Producers Association, two of the largest users of corn in this country, supporting the renewable oxygenate standard rule that we are talking about here?

Madam President, I will ask unanimous consent to have this letter printed in the RECORD. It shows that the American Farm Bureau Federation, the National Cattlemen's Association—well, there is a whole host of different farm organizations here that support it. And I have a separate letter from the National Pork Producers Council supporting our position on this.

I ask unanimous consent that these letters be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD as follows:

JULY 27, 1994.

Hon. GEORGE J. MITCHELL,
U.S. Senate,
Washington, DC

DEAR SENATOR MITCHELL: As representatives of America's farmers, we want to reiterate our support for the Renewable Oxygenate Requirement (ROR) for reformulated gasoline, and express our strong opposition to potential amendments to the VA, HUD, and Independent Agencies appropriations bill that would effectively repeal this important program.

The ROR was recently finalized by the Environmental Protection Agency after extensive comment and careful consideration. This is the appropriate forum for consideration of Clean Air rules.

An expanded renewables market will generate demand for grain and other energy crops and provide economic opportunities for rural America. More importantly, this Clean Air rule will enhance the environmental benefits of reformulated gasoline, will contribute to energy security, will reduce emissions of greenhouse gasses, and will provide consumers with a choice of oxygenates. According to EPA, the ROR will maximize reductions of volatile organic compounds. The Department of Energy has concluded that the ROR will provide significant reductions in fossil energy use. The best news is that the positive environmental and energy benefits of the ROR will not increase the cost of reformulated gasoline at the pump for consumers.

The benefits of this Clean Air rule for agriculture are significant. According to an analysis completed by the U.S. Department of Agriculture, the ROR will increase the demand for corn used in ethanol production and will reduce farm program costs by $2.3 billion over the next five years. At the same time, feed co-products of ethanol production will be available to meet the needs of beef, dairy and poultry producers.

The ROR simply makes sense for America. We ask that you support the rule by opposing amendments to repeal this important program.

Sincerely,

American Agriculture Movement, Inc.; American Agri-Women; American Farm Bureau Federation; American Seed Trade Association; American Society of Farm Managers and Rural Appraisers; American Soybean Association; American Sugar Beet Growers Association; National Agricultural Chemicals Association; National Association of State Departments of Agriculture; National Association of Wheat Growers; National Barley Growers Association; National Cattlemen's Association; National Corn Growers Association; National Cotton Council; National Council of Farmer Cooperatives; National Family Farm Coalition; National Farmers Organization; National Farmers Union; National Grain Sorghum Producers; National Grange; National Rural Electric Cooperative Association; Women Involved in Farm Economics.

NATIONAL PORK PRODUCERS COUNCIL,
Washington, DC, July 20, 1994.

Hon. PAUL SIMON,
U.S. Senate, Dirksen Senate Office Building, Washington, DC.

DEAR SENATOR SIMON: As you know, it has been suggested by some of your colleagues that the U.S. pork industry is not in support of the ethanol industry and the Administration's recent action on reformulated gasoline. To the contrary, the National Pork Producers Council (NPPC), which represents the nation's pork industry, supports a renewable fuels-based ethanol industry in the U.S. and the Clinton Administration's recently announced Renewable Oxygenate Requirement (ROR).

Furthermore, we strongly support the principle of value added agriculture, whether it be producing pork from corn or ethanol from corn. Both create jobs, increase revenues and generated economic activity which are vital to the long term viability of rural America.

Sincerely,

GLEN KEPPY,
President.

Mr. HARKIN. Finally, Madam President—and I will not get into this point now, but I will take my time after some other Senators speak—the Senator from Louisiana keeps saying that this is going to use more energy to make ethanol than what we get out.

Well, Madam President, I am going to talk about seven myths that have come up about renewable oxygenates and about ethanol. And that happens to be one of the biggest one. The fact is that ethanol produces more energy than the fossil energy put in to make it. We get more out of it than what goes into it, and a lot more than methanol.

And, again, if I can prove this, which I believe I can, to the Senator from Louisiana, perhaps he would want to withdraw his amendment, because he is basing so much of it on the fact that it takes more energy to make ethanol than the energy we get out of it. It is a total myth.

Madam President, I now yield 7 minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized for 7 minutes.

Mr. EXON. I thank the Chair and I thank my friend from Iowa.

Madam President, when I talk to my constituents, as I do every weekend, I frequently am asked about the form of debate on the floor of the U.S. Senate, where we continually say, "My good friend and colleague from" such and such a State and then you get into a violent discussion.

Well, I simply want to start out my remarks today to assure my good friend and colleague from the State of Louisiana that he is an honorable man. I have known him for the 16 years that I have been in the U.S. Senate. We have been good friends. We serve on the Budget Committee and have similar views on many, many things. But we have sharp disagreement on this.

I suggest, Madam President, that we have sharp disagreement primarily because we have the responsibility to represent the interests of our States. While I do not agree with very much of what my friend and colleague from the State of Louisiana has thus far said—and I will be talking some more about this later on today—I wanted to address some of the things that I think have not been put into proper perspective but may be, hopefully, during this debate.

Madam President, I heard my colleague from Louisiana talking about our position in this as being a flimflam. Let me put that in perspective. The only flimflam so far in this whole debate—and I suspect it is going to be the centerpiece of this whole debate, so

let us put it in perspective. This is big oil against the farmer. We can have all of the attacks that we want, but, the bottom line, Madam President, is big oil against the farmer. Let us lay that on the line and then let us take all of the arguments pro and con thereafter.

Those of us from the agricultural States obviously take the position with the farmer. My colleague from Louisiana, a big oil State, naturally takes the position of the big oil. And I respect him for doing what he thinks is best to represent his constituents. That is part of his job. I do not quarrel with that. I do quarrel, though, when some kind of a flimflam is brought into this debate as if it was all one-sided.

I simply say, Madam President, that my association with ethanol goes way back to the early 1970's, when I served as Governor of Nebraska. Back in those days, we called it gasohol. I believe Nebraska was the first State in the Union to become actively involved in the promotion of the concept of having an additive to gasoline that was not only good for the consumer, good for the environment, but also good for agriculture. And I make no bones about that.

At that time, Madam President, the only forceful opposition that we had that is still with us today is big oil. They are the flimflam boys. They fought us every step of the way back in those early days and they are still at it today.

I will have a chart, or someone will have a chart, later on during this debate that will clearly show that, even if the initiative that the Senator from Louisiana is trying to defeat—and I think we will defeat him—when this becomes operative at the suggestion of the President of the United States and his environmental department, we will clearly show that of all of the gasoline manufactured and consumed in the United States, ethanol would only have 1.2 percent of that; 1.2 percent of the total gasoline.

Why is big oil raising the flimflam situation with the limited amount of competition that would be introduced permanently into their market? Because I believe the big oil flimflam boys recognize that this, in and of itself, is not going to be a killer to their profits. But I firmly believe that big oil recognizes this as a nose under the tent, if you will, an invasion of their marketplace.

Not long ago there was such a connection between big oil and the automobile manufacturers that, when I bought a new automobile a few years ago and was reading through the manual, they said, "Do not use ethanol in this car."

We took them on. We called them up and said, why are you doing that? They have since changed and that does not appear in any of the warning manuals, in any of the instruction guidelines as far as I know in new automobiles today.

Big oil was against this in the 1970's, and if I were big oil I would be against us in the 1990's. For 20 years I fought this battle and I continue to fight it.

I say to the Senator from Louisiana, there are those of us from agricultural States who I think can speak much better for what is good for agriculture than can the Senator from Louisiana. The Senator from Iowa is a farmer. The other Senator from Iowa does an excellent job of representing farmers. We have heard from my colleague, Senator KERREY. We in Nebraska represent agriculture. I think we know what is best.

I have noted the arguments made by the Senator from Louisiana traditionally talk about an official in the Environmental Protection Agency who is behind this move. I want to correct that. The person behind this move is the President of the United States. I will read into the RECORD at this time, and then without objection have printed in the RECORD, a letter of July 22 signed by the President of the United States to the majority leader upon a request I made of the President when I was with him the day before this letter was written. The letter is dated July 22.

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

THE WHITE HOUSE,
Washington, DC, July 22, 1994.

Hon. GEORGE J. MITCHELL,
Majority Leader, U.S. Senate, Washington, DC.

DEAR MR. LEADER: Last month, the Environmental Protection Agency (EPA) made an important decision to use renewable fuels to help achieve the objectives of the Clean Air Act. By promulgating the renewable oxygenate rule, my Administration made good on a long-standing commitment to a cleaner environment and a stronger economy. The use of reformulated gasoline will help to improve the quality of the air in the nation's district cities. Through this decision EPA is helping to assure that renewable fuels continue to have a fair market share in a changing world of cleaner burning gasoline.

I am award of the attempts by some in Congress to block implementation and enforcement of EPA's rulemaking on renewable oxygenates. I strongly oppose any attempt to interfere with EPA's implementation or enforcement of this rule.

Sincerely,

BILL CLINTON.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. EXON. I ask for 10 minutes.

Mr. HARKIN. Madam President, The Senator may continue for 2 additional minutes.

Mr. EXON. I yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Madam President, I yield 5 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 5 minutes.

Ms. MOSELEY-BRAUN. Madam President, I rise today in strong opposition to the Johnston amendment, which would block the recently announced EPA ruling requiring a minimum of 15 percent, and ultimately 30 percent of oxygenates used in reformulated gasoline to come from renewable sources.

The Clean Air Act Amendments of 1990 require the use of cleaner-burning gasoline in the nine worst ozone nonattainment areas of the United States, and calls for that reformulated gasoline to contain a minimum oxygen content of 2 percent. In accordance with Federal renewable fuels policies, EPA has called for renewable fuels, including ethanol, to be part of the oxygenate market.

The EPA policy makes good policy sense. I ask unanimous consent to have printed in the RECORD the letter from the President the Senator from Nebraska has recently mentioned.

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

THE WHITE HOUSE,
Washington, DC, July 22, 1994.

Hon. GEORGE J. MITCHELL,
Majority Leader, U.S. Senate, Washington, DC.

DEAR MR. LEADER: Last month, the Environmental Protection Agency (EPA) made an important decision to use renewable fuels to help achieve the objectives of the Clean Air Act. By promulgating the renewable oxygenate rule, my Administration made good on a long-standing commitment to a cleaner environment and a stronger economy. The use of reformulated gasoline will help to improve the quality of the air in the nation's district cities. Through this decision EPA is helping to assure that renewable fuels continue to have a fair market share in a changing world of cleaner burning gasoline.

I am aware of the attempts by some in Congress to block implementation and enforcement of EPA's rulemaking on renewable oxygenates. I strongly oppose any attempt to interfere with EPA's implementation or enforcement of this rule.

Sincerely,

BILL CLINTON.

Ms. MOSELEY-BRAUN. The policy will reduce our dependence upon foreign fuels, ensure competition in the marketplace, clean our air, and create investment and jobs in rural America. Most importantly, and the point I think we really need to emphasize here, is that we are finally moving away from mining and drilling and extracting a finite supply of fossil fuels from the earth. With the EPA policy, we are turning corn into fuel. And when we run out of corn, we will just simply grow some more.

During the energy shortage of the 1970's, I am sure my colleagues can remember how Americans waited in long lines for a turn at the gas pump, as fuel prices soared. America faced up to a disturbing fact in those years: Dependence upon foreign nations for our energy needs was a serious problem, in terms of both national security, and economic stability.

Twenty years later, Congress was engaged in debate over whether the United States should take military action against Iraq after the Kuwait invasion. Soon we were at war in the Persian Gulf. The origins of this conflict were, in no small part, related to energy policy, and our continued and growing energy dependency on the Middle East.

So, it appears that despite the warning flags that have been raised over the past two decades, nothing much has changed. The United States still imports about half of its crude oil from the Middle East. This is why today's debate is so important.

The EPA has ruled that a certain class of fuel additives, ones produced here in America, not overseas, should not be shut out of a new national gasoline market. That is not a revolutionary idea. It is simply common sense.

Using home-grown, fuel additives as a route to energy independence is not a new concept. In fact, Illinois Senator Everett Dirksen, whose seat I now hold, advocated this idea nearly 50 years ago when he wrote the following words:

> We must alter our internal economy by processing surplus farm crops into alcohol of 10 percent * * * we will be able to establish a balanced agriculture, a balanced industry, and preserve for ourselves the greatest market in all the world: namely the market in our own land for our own people. It is a kind of diversification through which we can preserve an internal prosperity and rid ourselves of a dangerous dependence on the other nations.

The Johnston amendment, in its attempt to block the EPA rule, seems to say that Everett Dirksen was wrong, and that energy dependency is just fine. If the Johnston amendment passes, the Middle East will still govern, to a great extent, our national energy policy.

The EPA policy, the so-called renewable oxygenates standard, is a modest one. It will result in less than 1 percent of the Nation's gasoline being made from renewable materials, such as corn, cellulose, wood, and biomass. The overwhelming market share remains with MTBE, a methanol-based chemical produced by the petroleum industry.

So, with the EPA ruling, the domestic production capacity of MTBE does not decline, but in fact, grows by leaps and bounds. No industry is a loser. The demand for all types of oxygenates expands considerably, holding down the price at the pump, and giving consumers a choice.

However, by blocking EPA policy, as the Johnston amendment proposes to do, renewable additives would be shut out of the market, and a virtual monopoly of MTBE would be created. With renewable oxygenates removed from the equation, the commercial demand for MTBE would be forced far beyond domestic production capacity, and, according to Dewitt & Co. [an oil industry analyst], require a staggering 450 percent increase in MTBE imports. Most of these new MTBE imports would be sourced from OPEC countries.

This seems to me to be a step in the wrong direction, Mr. President. If we are concerned that our foreign policy in the Middle East is still driven in part by energy needs here at home, I urge my colleagues to think twice about voting for the Johnston amendment.

In my hometown of Chicago, ethanol blends have been in use for well over a decade—in fact, over 1 billion gallons of ethanol-blends will be sold in Chicago this year. Consumer surveys show Chicagoans favor ethanol 8 to 1 when asked their preference for ethanol or MTBE.

As one of the ozone nonattainment areas, Chicagoans will soon be using reformulated fuels. Given the preference of Chicagoans for ethanol, I think we have an obligation to assure the city's residents that costs at the pump remain low, and that there remains a choice among the types of oxygen components in the reformulated fuels market.

ENVIRONMENT

There also have been questions raised about the impact on air quality from using renewable fuels, particularly ethanol and ETBE, in the reformulated gasoline program. It is important to note that the very premise of this new rule is the finding by the EPA—after years of deliberation and review of over 12,000 comments—that the renewable oxygenate standard will improve environmental quality.

A Department of Agriculture study estimates that the production and use of renewables emits 27 percent less carbon dioxide than the production and use of gasoline. Other studies show that ethanol's use will reduce greenhouse gas emissions, including reports from Oak Ridge National Laboratory, and Congressional Research Service.

Just this week, in fact, in response to the suit filed against the rule by the American Petroleum Industry, the EPA filed a document stating that "renewable fuels in general, and ethanol in particular, have emerged as important sources of fuel promising significant benefits in * * * greenhouse gas emmissions," and goes on to say that there could be as much as a 5-percent reduction in ozone-forming volatile organic compounds as a result of the incentive to use ETBE in the summertime.

Finally I would like to take a moment to touch upon what I think to be the most exciting aspect of this proposal: The benefits to the American farmer. Again, to paraphrase Senator Everett Dirksen, this EPA policy will encourage the establishment of an energy market by investing in our own land for our own people. By ensuring that renewable oxygenates, at the very least, will have a small share of the reformulated gasoline market, we invest in American land, and in the American farmer. Or, we can vote for the Johnston amendment, and invest overseas.

Over the past 15 years, the American farmer has faced a grain embargo, debts, droughts—and just last year, farmers in Illinois and other Midwestern States were seriously devastated by the Great Flood. The American farmer is hurting.

The EPA rule provides part of the answer for addressing that pain. I have met with hundreds of farmers who see the EPA ruling as helping to revitalize their local economy and reducing their dependence on Government price support programs.

Already, over the past 5 years, the ethanol blending industry has spurred increases of farm sales totaling $8.2 billion, and a $450 million reduction, per year, in farm support payments. The spinoffs to related businesses such as fertilizer, seed, farm implements, and rural economics have been tremendous.

According to the American Farm Bureau Federation, every 100 million bushels of increased ethanol use would result in approximately $120 million annually to wheat producers, $50 million for soybean producers, and $40 million for producers of grain sorghum. As corn demand increases to satisfy new ethanol production, the benefits to rural economies will increase accordingly.

We cannot shut out our agricultural community by voting for the Johnston amendment.

Finally the EPA has ruled in this area after considerable study and debate. I ask my colleagues to seriously consider supporting this ruling of the EPA, to allow this bill on HUD–VA to go as it came out of subcommittee, and without this damaging and counterproductive amendment.

The PRESIDING OFFICER. Who yields time? The Senator from Iowa.

Mr. HARKIN. I yield 5 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized for 5 minutes.

Mr. BURNS. I thank my friend from Iowa. I will try to help him out with a little bit of time squeeze because I know they are running down to the shorter rows and we all understand what short rows are, especially in this debate.

This issue has a tremendous impact on the agriculture community, even in my State of Montana. I know most of the rhetoric here has been centered around corn. But you can also use wheat and barley. Of course that is what we produce in our part of the country to produce ethanol.

We also have two ethanol plants that are up and running in the State of Montana. The issue, as it stands, is one of the economic viability of a competing industry, the use of ethanol as a

fuel source, versus the sole dependence of fossil fuel sources. Due to the present administration's policy, restricting oil exploration and drilling on some of the most productive areas in Montana, as well as most of the West, we are forced now to depend upon importation of the major oil supplies.

I do not know whether America realizes it or not, but I would not sleep very good at night if I went home and I left this society at a security risk. Right now, 60 percent of our trade deficit is oil; 50 percent of our oil needs are imported into this country, and that worries me a little bit whenever we talk about energy security.

The implementation that will allow the use of ethanol as a fuel source will provide additional jobs not only in my State but across the Midwest, where we are striving to maintain our own.

The jobs will be derived from the use of ethanol, not only into a production process but also into fields across Montana. The increase in usage of wheat for the production of ethanol will aid in the pricing structure of wheat as well as decrease the amount paid out in crop support payments. And, of course, that, too, comes from the Government. At a time when we are trying to trim the budget, trying to live inside the budget, we have to provide some way for our farmers to go for another source of income.

We have to look at this and look at it from an environmental standpoint. A majority of high quality wheat is produced in Montana that goes in export. We still face the need to find new and developing markets for our grain we produce. Of course, another benefit that will be derived from the ethanol as used as an alternative fuel source is that of a clean burning gas. That is where we are coming from in this debate. Can we mix it?

I agree with my friend from Louisiana. I hate quotas and mandatory quotas that come down from the Government. But we also have to look at what is happening in my State as far as public lands are concerned and how we provide jobs and opportunities in my State of Montana.

So if we have to go to an alternative source, then we have to look at our renewable resources as a fuel source to keep this country running. The vast reserves of oil and natural gas in Montana are now, with this administration's policy, put at risk of even being extracted.

I stand here today as a defender of some of those jobs, some of those opportunities and, yes, energy security for this country.

Mr. President, I am heartily opposed to this amendment by my friend from Louisiana, knowing exactly where he is coming from, because I do not like the mandates either, but I have to look at a job base, an economic base, and energy security for this Nation called the United States of America.

I appreciate the time, and I yield back the remainder of my time. I thank my friend from Iowa.

Mr. JOHNSTON. Mr. President, I yield 15 minutes to the distinguished Senator from West Virginia.

The PRESIDING OFFICER (Mr. LIEBERMAN). The Senator from West Virginia is recognized.

Mr. ROCKEFELLER. Mr. President, the Senate has to make an important decision with this amendment.

We have to make a choice. Are we going to allow the Federal Government to issue a decree of favoritism for one product—despite the fact that basic economics, environmental policy, and fairness argue otherwise? Or are we going to pass this amendment, and tell the Federal Government to stay out of the business of dictating decisions to consumers?

I urge my colleagues to make the only sensible decision. Vote for our amendment to reject the idea of coddling one kind of fuel at the expense of others. It is clear that the Senate has no choice but to force the Environmental Protection Agency to come to its senses, and give up on its baffling effort to stack the deck for a single product, known as ethanol—when other good choices exist for the same overall objectives of cleaning up the air and increasing America's energy security.

When EPA came out with its ruling to guarantee almost one-third of a market to a single product, I couldn't believe it. This ruling will eventually require that 30 percent of the oxygenated fuels sold in the Nation's nine smoggiest cities contain ethanol.

A Government policy that dictates the purchase of ethanol will suppress all of the other alternative fuels that exists as options. Instead of diversifying our energy resources, EPA's ruling sets out to make one product the clear winner. Controlling consumer choice and preventing competition in the marketplace, as we all know, hurt consumers. When you stifle competition, that costs jobs in industries that are more than ready to compete on a level playing field.

For years, I have been championing ways to promote clean-burning, domestically abundant alternative fuels. This is an essential course to continue progress in cleaning up our environment. It's also vital to overcoming the country's dangerous overreliance on foreign sources of energy supplies.

That's why I authored the Alternative Motor Fuels Act of 1988, which helped foster the manufacture of alternative fuel motor vehicles. From there, I put together a series of alternative fuel provisions that were part of the landmark Energy Policy Act of 1992.

My State of West Virginia produces coal and natural gas. Naturally, that means I am hard at work promoting the use of natural gas and methanol, which is derived from either coal or natural gas.

But I don't agree with the idea of the Federal Government picking winners and losers in the alternative fuels marketplace, and nor do I think the Senate should stand for such an idea. Our objectives should be to spur the development and future of a wide range of alternative fuels. We can do that, and still maintain principles like consumer choice, competition, and market economics.

It's in our Nation's interest to promote the use of alternatives to conventional gasoline made from imported crude oil. But it's illogical and too costly for the Government to hand over 30 percent of a market to one kind of alternative fuel. As we encourage other countries to develop market economies, how do we explain an EPA policy that has the Government managing the decisions of our own country's consumers?

Of course, the ethanol industry wants this Government handout. But it's a dangerous precedent. The administration is asking for big trouble if it wants to get into the business of replacing market forces. That's why I say we should get rid of this EPA policy. We should restore the original and still urgent goal of the 1992 Energy Act, which is to promote domestic energy alternatives to foreign imports that also benefit our environment at the lowest possible cost to the consumer. To do that, we should let the market decide which clean fuel makes the most sense.

In favoring ethanol, the EPA is violating a clear record of congressional insistence on fuel neutrality. Throughout the consideration of the recent Clean Air Act, it was made very clear that the Government's interest was in aggressively promoting cleaner fuels made with domestic sources—but it was not to favor one product over another.

If you vote against this amendment, consumers will pay more. Why? Because the EPA ethanol mandate will require the use of a more expensive additive when a more affordable one could do the same or better job. Our guess is that the EPA rule will increase the price at the pump by at least 7 cents per gallon of gasoline.

Handing over a large piece of an otherwise competitive market to ethanol will not only cost consumers more at the fuel pump; it will also increase their grocery bills. If the Federal Government is allowed to rule that more ethanol has to be produced, that's going to push up the demand for corn. Then, watch the price go up for pork, beef, and chicken as higher corn prices are absorbed. If the EPA rule raises the price of corn by a mere 5 percent, consumers will wind up paying an additional billion dollars.

The ethanol mandate will also chew away at the tax base needed to support our highway infrastructure. The highway trust fund is financed with fuel

taxes. However, ethanol already has very special treatment in a place called the Tax Code, here, too, in the form of an exemption from 5.4 cents per gallon of the Federal gasoline excise tax.

Due to this tax subsidy, at current production levels, the high trust fund already loses $540 million annually from ethanol sales. Over the past 10 years, the exemption has cost the fund $4.6 billion.

According to the Federal Highway Administration, if the EPA gets its way with this mandate and forces the purchase of more ethanol for the purpose of making reformulated gasoline, the highway trust fund will lose an additional $465 million. Add it all up, and ethanol would cost our highways and bridges over $1 billion every year.

And here again, the mandate will cost jobs on top of everything else. If we deplete this much more from the highway trust fund, using a Federal Highway Administration formula, about 13,000 jobs could be lost.

Other jobs in our economy would go, too. Yes, jobs will be created in the ethanol industry, but at the expense of jobs in the methanol and natural gas industries.

And we all know how desperately we need more money, not less, to repair and upgrade the Nation's infrastructure. This is what makes the idea of giving a handout to ethanol, draining the highway trust fund of tax revenue, seem even more inane.

As far as environmental goals are concerned, requiring the use of ethanol would do nothing to improve air quality and could even make it worse. Ethanol has been shown to produce more greenhouse gases like carbon dioxide and other air pollutants than come from other alternative fuels.

That's the reason that environmental groups, including the Sierra Club and the Environmental Defense Fund—along with State air quality regulators—oppose the mandate.

Even Mary Nichols, Administrator for Air at the Environmental Protection Agency has admitted this, saying that the administration is "not claiming any air quality benefits as a result of this proposal."

And the mandate is not going to strengthen the country's energy security. The ethanol industry likes to call its product renewable—yet at least as much energy is required to plant, harvest and process corn for ethanol production as the fuel itself generates. There's a real possibility that the ethanol mandate could increase the use of energy from other countries.

In fact, experts at the Department of Energy, Resources for the Future, and Stanford University all say the mandate could increase oil imports and wouldn't improve energy security. That's because more gasoline goes into reformulated gasoline when it's made with ethanol, than when it's made with the alternatives—and because oil is used to grow corn and to distill ethanol. And by the way, when we import more oil, the trade deficit increases.

The ethanol industry has attempted to characterize this debate as an attempt by "bid oil," as they put it, to block the mandate.

In fact, the EPA rule is opposed by a broad coalition of interests including consumer groups, oxygenate producers, the natural gas industry, engineers, builders and contractors, truckers, traffic safety groups, chemical manufacturers, the U.S. Chamber of Commerce, and major environmental groups.

Actually, the mandate will guarantee sales for ethanol producers, who will reap the lion's share of the profits.

For this reason, for anyone who is serious about cutting the fat out of Government, the ethanol mandate is a good place to start.

The ethanol industry has grown accustomed to Government subsidies and preferential tax treatment, but it is fiscally irresponsible to give a mandate to a product that is already subsidized. One agribusiness giant, which makes more than 60 percent of the ethanol in the United States, could benefit more than all of the corn farmers combined.

Mr. President, I urge my colleagues to support the Johnston-Bradley amendment to restore fuel neutrality to the reformulated gasoline program.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Mr. President, I listened with great interest to my friend from West Virginia, and he is my friend. But, quite frankly, I have to say that it seems that he has fallen victim to the various myths that are surrounding the production of ethanol and methanol. Myth No. 1 that my friend seems to have fallen for is the myth that somehow the tax benefits accrue only to ethanol.

Let me read from the Tax Code itself. This is providing for the tax benefits.

> The term "alcohol" includes methanol and ethanol but does not include alcohol produced in petroleum, natural gas, or coal.

If you want to make methanol from renewable sources, it gets the same tax benefit as ethanol.

Second, the Senator from West Virginia, as the Senator from Louisiana before him, talks about the great subsidies that we give to ethanol. I am reading from a chart put out by the Alliance to Save Energy. In April 1993, the types of subsidies to conventional versus nonconventional energy sources in 1 year, 1989—total subsidies for fossil fuel, coal, oil, natural gas, mixed oil and gas, was $21 billion. Total subsidy for ethanol was $879 million. That is the difference. $21 billion subsidies for fossil fuel, $879 million for ethanol.

So when we keep hearing about all of these subsidies, let us not lose sight of the fact that fossil fuel gets the lion's share of subsidies in this country.

Mr. President, I yield 10 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota [Mr. WELLSTONE], is recognized.

Mr. WELLSTONE. Thank you, Mr. President. I thank the Senator from Iowa.

Mr. President, for years I have been working on the policy of our country moving away from traditional sources of energy towards domestic, renewable, more technology to protect the environment. That is why I serve on the Energy and Natural Resources Committee. But every step of the way the entrenched independent energy industry powers, such as the oil industry, have tried to block the way. The case of ethanol is no different. Colleagues listening to this debate must understand that.

The EPA's renewables proposal is the direction we need to go in as a country. The rule is completely in tune with the intentions of the Clean Air Act, and it would represent a historic marriage between clean air policy and renewable energy progress.

So why are we here one more time trying to defend such progress? Moving toward renewable fuels means a cleaner environment, energy security, and rural economic development. Big oil stands for dirtier air, fossil fuel imports, and nonsustainable fuel supplies. The choice between the two should not be difficult for our colleagues.

Mr. President, there are so many issues I would like to debate. When I heard my colleague from West Virginia talk about the subsidies and talk about the whole issue of the market, I thought to myself, look at years and years of a stacked deck of massive subsidies for the oil industry. Now we look at renewable resources, and all of a sudden you have this intense opposition.

Mr. President, I will be the first to admit, and I am proud to admit, that this ruling is important for rural America, for agriculture, for rural Minnesota.

Five hundred farmers in Marshall, MN, this past February gave a standing ovation to a representative of the EPA, a bureaucrat from Washington, DC. There was genuine excitement because this rule communicates a message to rural America: You are not out of sight; you are not out of mind.

This rule gives hope to farmers in rural communities throughout the Midwest who are investing. I heard about Archer Daniels. In Minnesota it is farmer cooperatives who are investing their own savings.

Mr. President, I agree with my colleague from Nebraska when he said the choice is very clear. You vote for big oil interests—and these giants never surrender their privileges gracefully—or you support farmers and you support the environment.

Mr. President, I now want to focus, in the remaining minutes that I have left, on the consumer issues and the environmental issues. I was a college professor for 20 years, and I think I had a good reputation in my State for being a strong consumer advocate and an environmentalist, mainly through my writings. Now I am in the U.S. Senate. I know what my environmental record is, and I am proud of it.

But I have to tell you today that I am not the only consumer advocate who is opposed to this Johnston amendment. Citizen Action, which is the largest consumer organization in this country, opposes the pending amendment and says that the EPA rule "will assure consumers of competition among suppliers of oxygen components and choice in the reformulated fuels market" because, otherwise, the oil industry locks it up. That is really what is at issue. If we want to have competition, then this amendment takes us exactly in the opposite direction; same old monopoly oil companies. They have the infrastructure. They lock up the markets. Where is the competition? This is not Adam Smith's invisible hand.

Mr. President, I will not go into the arguments about the burden on gas buyers at the pump. They are unsound. And I know the Senators from South Dakota and Iowa will speak to them. They are off base. There is not a shred of evidence to support that. But I want to emphasize to fellow Senators there are two environmental reasons to oppose the Johnston amendment.

First, it would kill a rule that will decrease greenhouse gas emissions and smog. Second, it will open up the Clean Air Act policies for amendment through the appropriations process.

Five environmental organizations, including the Sierra Club, Friends of the Earth, the Natural Resources Defense Council, the National Wildlife Federation, and the Environmental Working Group, all oppose this amendment on the basis that this opens up a whole can of worms and is inappropriate and is sadly mistaken.

In addition, when Mary Nichols was quoted—and I think it was a bit out of context. That was before the final rule. But we now have a letter from Carl Brunner of July 22, spelling out clearly the positive environmental effects of their decision.

Mr. President, if Senators plan to vote for the Johnston amendment, do not vote for it because environmental organizations favor this amendment. They oppose it.

I ask unanimous consent that this letter signed by five major environmental organizations be printed in the RECORD.

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

FRIENDS OF THE EARTH, SIERRA CLUB, NATIONAL WILDLIFE FEDERATION, ENVIRONMENTAL WORKING GROUP, NATURAL RESOURCES DEFENSE COUNCIL

JULY 21, 1994.

DEAR SENATOR: When the Senate considers the VA-HUD-Independent Agencies appropriations bill for FY95, we ask that you oppose all new policy amendments affecting the environment. We take this position regardless of the substantive merits of such amendments, which we believe we are not the issue in this case.

Subcommittee Chair Barbara Mikulski and the members of the Subcommittee have reported a bill which focuses on the funding allocations which are the primary purpose of appropriations bills. While it is entirely appropriate to have a lively floor debate about those funding choices, we oppose any new proposal to encumber this bill with amendments which are legislation or limitations restricting specific environmental policies. Whatever the merits of any such proposals, we believe they would be more appropriately pursued through authorizing bills, regulatory procedures or the courts.

We recognize that Congress has a right and a responsibility to set environmental policies when necessary. However, floor amendments to the VA-HUD-Independent Agencies appropriations bill should not be the tool of the first resort. We oppose any floor amendments on takings, risk, cost/benefit and unfunded mandates. Consistent with our general opposition on procedural grounds to new policy floor amendments, we oppose the Johnston amendment to prevent the Environmental Protection Agency from implementing the ethanol rule. We understand that a lawsuit has been filed on this matter, which we believe should be decided through regulatory and legal means.

We make no pretense that the appropriations process is procedurally pure, and believe that each bill should be handled on a case-by-case basis. In the case of this bill, we draw the line on the bill as reported, and urge you to oppose all new environmental policy amendments offered on the floor.

Sincerely,

RALPH DE GENNARO,
Director, Appropriations Project, Friends of the Earth.

DAVID HAWKINS,
Senior Attorney, Natural Resources Defense Council.

A. BLAKEMAN EARLY,
Washington Director, Envir. Quality Program, Sierra Club.

SHARON NEWSOME,
Vice President, Resources Conservation Dept., National Wildlife Federation.

DAVID DICKSON,
Senior Analyst, Environmental Working Group.

Mr. WELLSTONE. Mr. President, the House wants to make the transition to renewable energy technologies. The President wants to make this transition. Why are some in the Senate standing in the way and trying to halt this transition? This is the direction we have to go in. This is about how we produce and consume energy and how we can protect our environment and at the same time promote economic development in our country.

This Johnston amendment represents a huge step backward, away from progressive and sound energy and environmental policy and toward the same old kowtowing to big oil. The administration is really trying to do something good. We have strong support from the minority leader, as well. Those of us who speak on this floor who care about rural America and agriculture, but also the environment, speak passionately for this.

I urge Senators to oppose this amendment.

Mr. JOHNSTON. If the Senator will yield.

The Senator stated that a number of organizations, including the Sierra Club, oppose this amendment on the grounds that it is directing in an appropriation bill what EPA should do. Does the Senator say that we should never tell an agency what to do in an appropriation bill? For example, would the Senator oppose the moratorium on Outer Continental Shelf leasing, which is contained in the Interior appropriations bill for 1995?

Mr. WELLSTONE. Let me respond to the Senator from Louisiana by saying that I take it on a case-by-case basis. I think what these environmental organizations are trying to say, and I simply quote:

> We recognize that Congress has a right and responsibility to set environmental policies when necessary. However, floor amendments to the VA-HUD and Independent Agencies appropriation should not be the tool of first resort. We oppose any floor amendments on procedural grounds and new policy floor amendments. We oppose the Johnston amendment to protect the EPA from implementing the ethanol rule.

I think it speaks for itself.

Mr. JOHNSTON. Would the Senator agree that all these organizations you just mentioned oppose the rule of the EPA, whether they are for or against this amendment, as a way to get at the rule? Would you agree with me that they all opposed it then, and they testified against it, and that they oppose it now?

Mr. WELLSTONE. No. Mr. President, I would not agree with the Senator. As the Senator from Louisiana knows, I am very close to the environmental community, and I have had much discussion with the community. The Sierra Club was originally opposed to the EPA decision. I am not aware that the other organizations in fact are opposed. The Sierra Club made it very clear—and I have this letter. They make it clear that they oppose this amendment and think it is a mistake. In addition, I will quote——

Mr. JOHNSTON. The Sierra Club also opposes the rule, though, that this——

Mr. WELLSTONE. The Senator asked me whether all of these organizations opposed EPA rule. The answer I gave

was, no, that is not correct. The Sierra Club opposed it, but other organizations took a different position.

The PRESIDING OFFICER. The time yielded to the Senator from Minnesota has expired.

Mr. JOHNSTON. Before yielding to the Senator from California, I want to take a minute to correct the RECORD on this. There has been a lot of talk here about what did Mary Nichols say, Assistant Administrator of EPA. My friend from Minnesota suggested that the quote that I had maybe was a little bit out of context. If I may put it into the RECORD, here is what she said:

We are not claiming any air quality benefits as a result of this proposal.

What she said in questioning by Senator BRADLEY before our committee is as follows:

I think I was clear in my testimony that we are not claiming any air quality benefits as a result of the proposal.

Senator BRADLEY. No air quality benefits?

Ms. NICHOLS. Correct. The air quality benefits are exactly the same and that is what we are trying to maintain.

Senator BRADLEY. So there are no air quality benefits from this proposal?

Ms. NICHOLS. In the intermediate term, when the regulation goes into effect in 1995, we are not claiming any such benefits.

Skipping to the next page—

Senator BRADLEY. Mr. Riggs, has DOE done any analysis of the impact of this mandate on the refinery industry?

Mr. RIGGS. No.

Senator BRADLEY. Has DOE done an analysis of the impact of this mandate on the marketing and supply industries?

Mr. RIGGS. No.

Senator BRADLEY. Has DOE done any analysis on the impact of this mandate on gasoline prices on a market-by-market basis?

Mr. RIGGS. No.

Senator BRADLEY. Can you assure my constituents that this mandate will not result in spot shortages and price spikes?

Mr. RIGGS. I do not have any evidence that would allow me to do that. I do not know of any such.

So, Mr. President, I would like to offer this. I ask unanimous consent that this be printed in the RECORD.

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

Senator BRADLEY. Does the EPA make the claim that environmental benefits will accompany this proposal?

Ms. NICHOLS. The studies that I have indicated to you indicate environmental benefits over the long term. But I think I was clear in my testimony that we are not claiming any air quality benefits as a result of the proposal.

Senator BRADLEY. No air quality benefits.

Ms. NICHOLS. Correct. The air quality benefits are exactly the same, and that is what we are trying to maintain.

Senator BRADLEY. So that there are no air quality benefits from this proposal?

Ms. NICHOLS. In the immediate term, when the regulation goes into effect in '95 we are not claiming any such benefits.

Senator BRADLEY. Okay. Are you aware that the Deputy Administrator of EPA, Mr. Sussman, on Tuesday said that the CO_2 benefits of the mandate were negligible, if any?

Ms. NICHOLS. I have heard that statement, yes.

Senator BRADLEY. Do you agree with that?

Ms. NICHOLS. I believe that, again looking at the short term, he is correct, and that is what the DOE study would also indicate. I believe that the claims or the interest in renewable fuels is one which is based on the post-2000 need for greater reductions in CO_2 emissions.

Senator BRADLEY. How did you arrive at a 30 percent mandate as opposed to a 50 percent or a 10 percent?

(Pause.)

Why do you not think about that and let me ask Mr. Riggs a couple of questions. I will come back to you, Ms. Nichols. Let me just get Mr. Riggs. I only have five minutes.

Ms. NICHOLS. I have the answer to your question if you would like.

Senator BRADLEY. Mr. Riggs, has DOE done any analysis of the impact of this mandate on the refinery industry?

Mr. RIGGS. No.

Senator BRADLEY. Has DOE done an analysis of the impact of this mandate on the marketing and supply industries?

Mr. RIGGS. No.

Senator BRADLEY. Has DOE done any analysis of the impact of this mandate on gasoline prices on a market by market basis?

Mr. RIGGS. No.

Senator BRADLEY. Can you assure my constituents that this mandate will not result in spot shortages and price spikes?

Mr. RIGGS. I do not have any evidence that would allow me to do that. I do not know of any such.

Senator BRADLEY. Thank you very much. Let me ask you a further question here. Are you aware that the Secretary of Energy described the CO_2 impact of the EPA mandate as being a wash at Tuesday's hearing, meaning there is no significant CO_2 advantages?

Mr. RIGGS. Yes.

Senator BRADLEY. You are aware of that?

Mr. RIGGS. Yes.

Senator BRADLEY. Did DOE provide any official comments to EPA?

Mr. RIGGS. We provided our analysis. We did not provide a comment or recommendation because the analysis was still in draft.

Senator BRADLEY. Did you provide any unofficial comments or other analysis to EPA?

Mr. RIGGS. Not as a DOE position, but our analysts talk regularly with their analysts.

Senator BRADLEY. The answer is no, you did not?

Mr. RIGGS. No official comment.

Senator BRADLEY. Were these unofficial comments part of the EPA official record?

Mr. RIGGS. Yes.

Senator BRADLEY. If DOE did not comment, do you know how the EPA calculated the energy security and global warming benefits?

Mr. RIGGS. I think that is an ongoing process. We provided our analysis based on their proposed standard and they are in the process now of analyzing all the input to determine the final standard. I would have to ask Ms. Nichols * * *.

Mr. DASCHLE. Will the Senator yield?

Mr. JOHNSTON. Yes.

Mr. DASCHLE. I noticed, as the Senator from Louisiana discussed the comments made by the official from EPA, the reference was made to "no immediate effect." Would the Senator repeat for the RECORD that particular line?

Mr. JOHNSTON. Yes.

Senator BRADLEY. No air quality benefits.

Ms. NICHOLS. Correct. The air quality benefits are exactly the same.

Senator BRADLEY. So that there are no air quality benefits from this proposal?

Ms. NICHOLS. In the intermediate term, when the regulation goes into effect in '95, we are not claiming any such benefits.

It goes on to say, if I may:

Senator BRADLEY. OK. Are you aware that the deputy administrator of EPA, Mr. Sussman, on Tuesday, said that the CO2 benefits of the mandate were negligible if any?

Ms. NICHOLS. I have heard that statement, yes.

Senator BRADLEY. Do you agree with that?

Ms. NICHOLS. I believe that, again looking at the short-term, he is correct, and that is what the DOE study would also indicate. I believe that the claims or the interest in renewable fuels is one which is based on the post-2000 need for greater reductions in CO2 benefits.

Mr. DASCHLE. If the Senator will yield, that is the point many of us have made all along—that, obviously, during the implementation phase, intermediate phase, it is difficult to calculate the benefits because the rule has not been fully implemented. In fact, it is the Senator's position that it ought never be implemented or delayed, thereby delaying whatever benefits could be created at the time of implementation.

Obviously, we have to provide for an opportunity for this rule to be implemented in order for the benefits to be derived. That is, I think, the point of this testimony. Nobody should be confused. There is a very significant benefit related directly to this rule if it is allowed to be implemented; immediate would be a question, but in the long-term, there is absolutely no question.

Mr. JOHNSTON. Mr. President, the Senator has made a point, and I think it is a valid one. I would like to put it in full context, and I would like this to go into the RECORD. What Ms. Nichols said is that between now and post-2000, there are no benefits. What are the benefits from? Post-2000, at some time, you are going to be able to make methanol and ethanol from wood and other products, they hope, they think, they opine. When those new products come in, if ever—not from corn—they expect you will get some kind of payoff. In the meantime, in the next 6 years, you are losing a billion dollars a year at least from the Highway Trust Fund, with no benefits.

Mr. DASCHLE. If the Senator will yield, it is too bad Ms. Nichols cannot be here to defend herself. This is not their position.

Mr. JOHNSTON. EPA has been told this is the rule.

Mr. DASCHLE. They would not implement this rule where there are no benefits for 6 years. What they are saying is in the immediate or intermediate phase, as the implementation is continuing, that indeed there is a negligible benefit simply because it is not implemented. But, certainly, I think it is very important that we keep the

RECORD accurate here. The accurate statement reflects that EPA's position is that there is a clear benefit, once this rule is implemented, and we do not have to wait until 2000.

Mr. JOHNSTON. I want to put in the RECORD the full record of this, which is very clear as to what Ms. Nichols' testimony is. They are not talking about the transition phase from now and the next couple of years. They are talking about post-2000 when some things may or may not happen, such as methanol from wood or wood products or some kind of new biomass. That is when they are talking about and what makes this clear.

I am having the staff look through to give the Senator the exact quote on that.

In the meantime, Madam President, I yield 10 minutes to the distinguished Senator from California.

The PRESIDING OFFICER. The Senator from California.

Mrs. FEINSTEIN. I thank the Senator from Louisiana and thank you, Mr. President.

Mr. President, I have been listening to this discussion. It seems to me there are three issues involved.

One, does it increase gasoline prices anywhere from 2 to 6 cents? Does it increase corn and consumer prices? And does it increase air pollution? And is there a loss to agriculture from $80 to $134 million a year?

I would like to discuss for a moment air pollution in my State.

Mr. President, I ask unanimous consent to print in the RECORD at an appropriate place the affidavit presented in Federal court on July 28 of this year by Mr. James M. Strock, the secretary for the California Environmental Protection Agency.

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

[In the U.S. Court of Appeals for the District of Columbia Circuit, No. 94-1502]

AMERICAN PETROLEUM INSTITUTE AND NATIONAL PETROLEUM REFINERS ASSOCIATION, PETITIONERS, *v.* U.S. ENVIRONMENTAL PROTECTION AGENCY, AND CAROL M. BROWNER, ADMINISTRATOR, U.S. ENVIRONMENTAL PROTECTION AGENCY, RESPONDENTS

MOTION FOR LEAVE TO FILE AFFIDAVIT OF THE HONORABLE JAMES M. STROCK, SECRETARY FOR ENVIRONMENTAL PROTECTION FOR THE STATE OF CALIFORNIA

Petitioners American Petroleum Institute ("API") and National Petroleum Refiners Association ("NPRA") hereby move for leave to file the Affidavit of the Honorable James M. Strock, Secretary for Environmental Protection for the State of California, as Exhibit 34 to their "Emergency Motion for Stay Pending Judicial Review." A copy of the Affidavit is attached.

The Affidavit of Mr. Strock demonstrates the environmental harm associated with the ethanol rule, and the harm to other parties that the rule will cause. It supports arguments of Petitioners in both the Emergency Motion for Stay and their simultaneously-filed "Motion for Summary Reversal or Expedited Consideration."

Good cause exists to permit the filing of Mr. Strock's Affidavit. The Affidavit contains important information from an objective high-ranking public official who is not a party to this case. The information was not available to Petitioners when the Motions were filed.

The Affidavit also corroborates the other Exhibits filed with Petitioners' Motions. Filing of the Affidavit therefore should not prejudice the other parties to this action, and should not delay the parties' responses to those Motions. If, however, Respondents or the Renewable Fuels Association wish to respond to Mr. Strock's Affidavit within a reasonable time in a supplemental filing to their responses due August 1, Petitioners would not object.

Respectfully submitted,

MICHAEL F. MCBRIDE,

Rita M. Theisen, LeBoeuf, Lamb, Greene & MacRae, Attorneys for Petitioners.

Dated: July 28, 1994.

[In the U.S. Court of Appeals for the District of Columbia Circuit, No. 94-1502]

AMERICAN PETROLEUM INSTITUTE AND NATIONAL PETROLEUM REFINERS ASSOCIATION, PETITIONERS, *v.* U.S. ENVIRONMENTAL PROTECTION AGENCY AND CAROL M. BROWNER, ADMINISTRATOR, U.S. ENVIRONMENTAL PROTECTION AGENCY, RESPONDENTS

AFFIDAVIT OF JAMES M. STROCK IN SUPPORT OF EMERGENCY MOTION FOR STAY PENDING JUDICIAL REVIEW

I, James M. Strock, declare as follows:

1. I am the Secretary for Environmental Protection for the State of California. I was appointed by Governor Wilson in 1991. I have personal knowledge of the matters set forth herein, and if called upon to do so, I could and would testify competently thereto.

2. As Secretary for Environmental Protection, I head the California Environmental Protection Agency ("Cal/EPA"). I am responsible for ensuring the health and welfare of our citizens and for protecting the environment.

3. The State Air Resources Board ("ARB") is one of the departments within the Cal/EPA structure. The ARB is recognized by the U.S. EPA as the State agency responsible for attaining and maintaining healthful air quality within California.

4. Pursuant to federal and California law, the ARB is vested with the jurisdiction to coordinate efforts to attain and maintain federal and the more stringent California ambient air quality standards, to conduct research into the solutions to air pollution and to attack the problems caused by motor vehicles, the major source of air pollution in Los Angeles and San Diego.

5. As described more fully below, EPA's promulgation of its renewable oxygenates mandate, the Regulation of Fuel and Fuel Additives, Renewable Oxygenate Requirement for Reformulated Gasoline ("ROR Rule"), [Final Rule promulgated June 30, 1994] will result in irreparable injury to the health and welfare of California citizens and to the environment since there are significant costs associated with its implementation in California and because it will exacerbate air quality problems in the Los Angeles and San Diego areas.

6. The ARB has determined that the ROR Rule likely will cause a demonstrable detrimental impact to California air quality during the winter months. Adding Ethanol to gasoline results in an increase of the Reid Vapor Pressure ("RVP"). As a result, the State would suffer increases in ozone, particulate matter (PM10), oxides of nitrogen (NO_x), and a loss of carbon monoxide (CO) emission reduction benefits. These are four of the criteria pollutants for which EPA and the State have set ambient air quality standards for the protection of human health and the environment. We estimate the use of ethanol as a renewable oxygenate would increase the RVP of gasoline by an average of one (1) pound per square inch (PSI) and would result in 20 tons per day of added volatile organic compound (VOC) emissions during the non-RVP season (i.e., the wintertime). VOCs are a significant contributor to smog for which Los Angeles, by far, has the worst problem in the country. To put that number in context, in order to bring the Los Angeles basin into compliance with the ozone standard, the local South Coast Air Quality Management District seeks to reduce 1990 VOC emissions from 1,452 tons per day to 300 tons per day. Therefore, a 20 ton per day increase (even spread out over Los Angeles and San Diego) is unacceptable and could interfere with our efforts to attain the nationally mandated ozone standard in the Los Angeles basin. The negative impacts associated with the other pollutants may not be as dramatic or as well understood. Nonetheless, EPA's action is indefensible on this ground alone.

7. EPA also neglected to adequately consider other impacts of the ROR Rule as applied in California. California has an aggressive reformulated gasoline program which will achieve much greater emission reductions than would be achieved by the federal program alone. California's reformulated fuels program is fuel-neutral to maximize flexibility in fuel production to most effectively and efficiently achieve air quality goals. EPA's specification of renewable oxygenates (ethanol) undercuts the flexibility of California's program without any indication of environmental benefits.

8. I am informed that some California refiners may have to undertake modifications to their facilities in order to comply with the ROR Rule. The ROR Rule will impede California gasoline producers' ability to comply with the extensive regulatory requirements associated with California's program because any modification to a facility will require filing applications with local air agencies for permits to construct and to operate. Those permit applications are required to be evaluated and approved prior to any significant modifications taking place. The agencies cannot be required to process those applications in less than 180 days after receipt of the application.

9. The costs associated with the ROR Rule are not justified since there is no air quality benefit. In fact, California is left with a lose-lose proposition—worse air quality at a substantial price tag for the State, California refiners and consumers.

10. If ethanol is the only renewable oxygenate used, the actual, monetary cost to the State is expected to be $60 million because the increased use of ethanol (for which there is a $0.54 per gallon tax credit) mandated by the ROR Rule will reduce the federal excise tax collected for gasoline in California. This $60 million loss would come in the form of lost federal highway trust funds, thereby exacerbating highway congestion and causing even more emissions from inefficiently performing engines.

11. The cost impacts on California refiners arise from several areas including, but not limited to, requirements to add substantial storage capacity at refineries and terminals, recordkeeping requirements, uncertainty of ethanol supply, refinery modifications and

repermitting. Such costs, to the extent possible, would likely be passed onto consumers and would further hamper recovery from the prolonged recession in Southern California.

12. EPA also recognizes that there will be increases in toxic emissions resulting from the ROR Rule. While the ARB has not had the opportunity to fully study the toxic emission impacts of the ROR Rule, EPA has indicated that additional toxic emissions will result from the use of renewable oxygenates. Addressing this issue, EPA merely states that toxics air standards have been set in the RFG Rule and, therefore, must be met. EPA, however, ignores the impact of the increase in toxic emissions on those refiners which already have emissions lower than the standard prescribed in the ROR Rule. For such refiners, we expect toxic emissions will increase, possibly up to the level (or standard) established in the RFG Rule. For those refiners, there will be actual toxics emission increases. Therefore, there will be irreparable harm to California citizens.

13. For the foregoing reasons, the ARB finds the ROR Rule to be indefensible. The State of California implores this Court to issue the stay requested by petitioners and reverse this ill-conceived, irrational and harmful requirement.

Executed this 29th day of July, 1994, at Sacramento, California.

JAMES M. STROCK,
Secretary, Cal/EPA.

[In the U.S. Court of Appeals for the District of Columbia Circuit, No. 94-1502]

AMERICAN PETROLEUM INSTITUTE AND NATIONAL PETROLEUM REFINERS ASSOCIATION, PETITIONERS, *v.* U.S. ENVIRONMENTAL PROTECTION AGENCY, AND CAROL BROWNER, ADMINISTRATOR, U.S. ENVIRONMENTAL PROTECTION AGENCY, RESPONDENTS

CERTIFICATE OF SERVICE

I hereby certify that this 29th day of July, 1994, I am serving on the following, by hand delivery and by facsimile, copies of the foregoing Motion for Leave to File Affidavit of The Honorable James M. Strock:

John Hannon, Esq., Office of General Counsel, Air & Radiation Division, Room W545 West Tower, U.S. Environmental Protection Agency, 401 M Street, S.W., Washington, D.C. 20460.

Correspondence Control Unit Office of General Counsel (LE-13), U.S. Environmental Protection Agency, 401 M Street, S.W., Washington, D.C. 20460.

Alice Mattice, Esq., Tim Burns, Esq., U.S. Department of Justice, Environmental & Natural Resources Division, 10th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20530.

Barry B. Direnfeld, Esq., Robert S. Taylor, Esq., Michael E. Ward, Esq., Swidler & Berlin, Chtd. 3000 K Street, N.W., Suite 300, Washington, D.C. 20007.

MICHAEL F. MCBRIDE.

Mrs. FEINSTEIN. Mr. President, I rise to support the Johnston-Bradley amendment to prohibit the Environmental Protection Agency from spending funds to implement its renewable oxygenates rule requiring the use of ethanol in reformulated gasoline.

I oppose the mandate to use ethanol in reformulated gasoline for three basic reasons:

It will have no clear environmental benefit. In fact, in California it could adversely affect air quality, increase emissions of volatile organic compounds, particulate matter, and nitrogen oxides;

It will likely increase costs to consumers; and

It will cost California as much as $60 million in lost Federal highway trust funds.

Mr. President, James Strock, secretary for Environmental Protection of the State of California, states EPA's promulgation of its renewable oygenate mandate will result in "irreparable injury to the health and welfare of California citizens and to the environment since there are significant costs associated with its implementation and because it will exacerbate air quality problems in the Los Angeles and San Diego areas."

According to the California Air Resources Board, the rule will adversely impact California's air quality during winter months. Adding ethanol to gasoline increases the Reid vapor pressure. This results in increases in ozone, particulate matter, and oxides of nitrogen [NO_x]. The State of California estimates that the use of ethanol as a renewable oxygenate in gasoline would result in an additional 20 tons per day of volatile organic compound emissions in the wintertime. Volatile organic compounds are a significant contributor to smog, and as I'm sure my colleagues know, Los Angeles has the worst smog problem in the Nation.

In order to bring the Los Angeles area into compliance with the ozone requirements of the Clean Air Act and protect the health of our citizens, the local South Coast Air quality Management District is trying to reduce the 1990 volatile organic compound emissions from 1,452 tons per day to 300 tons per day. An increase of 20 tons of volatile organic compound emissions certainly interferes with the efforts to reduce these emissions and makes the overall goal far more difficult to achieve.

California already has an aggressive reformulated gasoline program which will achieve much greater reductions in emissions that would be achieved under the Federal ethanol mandate. The California program is fuel-neutral and thus maximizes the State's flexibility to attain the air quality goals in the most efficient and cost-effective manner. The ethanol mandate undercuts this flexibility with no air quality benefits.

Moreover, it will increase costs to California refiners, costs that likely will be passed on to consumers. The petroleum industry has already undertaken significant investments in reliance of the fuel-neutral reformulated gasoline rule. If the ethanol mandate goes forward, I understand some refiners may have to make modifications to their facilities in order to comply with this mandate. For example, ethanol cannot be shipped through pipelines and will have to be blended in terminals downstream from the refinery. When ethanol is added downstream, refiners may need to overdesign their refineries to be sure that their gasoline meets the reformulated gasoline specifications. In addition, there are going to be additional record keeping costs. All of these costs are likely to be passed on to consumers. While we do not know the exact amount of the increased costs to produce reformulated gasoline with ethanol since they will be refinery specific, the California Air Resources Board expects the costs to California consumers to be significant.

Additionally, the cost of ethyl tertiary butyl ether [ETBE] is significantly higher than the cost of methyl butyl ether [MTBE] and other comparable ethers. EPA has estimated that gasoline blended with ETBE will cost somewhat more than gasoline blended with MTBE. According to the California Air Resources Board, the increased use of ETBE would increase the total cost to California consumers by $20 million per year.

Finally, Mr. President, the ethanol rule is going to cost the State of California a very substantial amount of money—as much as $60 million. If ethanol is the only renewable oxygenate used, the State of California will lose $60 million in Federal highway trust funds. This is because the increased use ethanol, for which there is a 54 cents per gallon tax credit, will reduce the Federal excise tax collected for gasoline in California.

Mr. President, in sum, the ethanol mandate fails to provide air quality benefits and it is going to cost consumers, refiners and the State money. It is a lose-lose situation. I urge my colleagues to vote for the Johnston-Bradley amendment.

Mr. President, I would like to quote just briefly from some of this affidavit.

EPA's promulgation of its renewable oxygenate mandate, the regulation of fuel and fuel additives renewable oxygenate requirement for reformulated gasoline will result in "irreparable injury to the health and welfare of California citizens and to the environment since there are significant costs associated with its implementation"—in California—"and because it will exacerbate air quality problems in the Los Angeles and San Diego areas."

The Air Resources Board has determined that the rule will cause a demonstrable detrimental impact to California air quality during the winter months. Adding ethanol to gasoline results in an increase of the Reid vapor pressure. As a result the State would suffer increases in ozone, particulate matter, and oxides of nitrogen and a loss of carbon monoxide emission reduction benefits. These are four of the criteria pollutants for which EPA and the State have set ambient air quality standards for the protection of human health and the environment.

We estimate the use of ethanol as a renewable oxygenate would increase the RVP of gasoline by an average of one pound per square inch and would result in 20 tons per day of added volatile organic compound

emissions during the non-RVP season the winter time. VOC's are a significant contributor to smog for which Los Angeles, by far, has the worst problem in the country. To put that number in context, in order to bring the Los Angeles basin into compliance with the ozone standard, the local South Coast Air Quality Management District seeks to reduce 1990 VOC emissions from 1,452 tons per day to 300 tons per day. Therefore, a 20 ton per day increase (even spread out over Los Angeles and San Diego) is unacceptable and could interfere with our efforts to attain the nationally mandated ozone standard in the Los Angeles basin.

So here, Mr. President, you have one mandate conflicting with another Federal mandate. What is the State to do? These are not my words. These are the words of James Strock, director of the California Environmental Protection Agency.

He goes on to say.

California already has an aggressive reformulated gasoline program which will achieve much greater emission reductions than would be achieved under the Federal program alone.

California's reformulated fuels program is fuel-neutral to maximize flexibility in fuel production to most effectively and efficiently achieve air quality goals. EPA's specification of renewable oxygenates (ethanol) undercuts the flexibility of California's program without any indication of environmental benefits.

I am informed that some California refiners may have to undertake modifications to their facilities in order to comply with the ROR rule. The ROR rule will impede California gasoline producers' ability to comply with the extensive regulatory requirements associated with California's program because any modification to a facility will require filing applications with local air agencies for permits to construct and to operate. Those permit applications are required to be evaluated and approved prior to any significant modifications taking place. The agencies cannot be required to process those applications in less than 180 days after receipt of the application.

The costs associated with the ROR rule are not justified since there is no air quality benefit. In fact, California is left with a lose-lose proposition—worse air quality and a substantial price tag for the State, California refiners and for consumers.

If ethanol is the only renewable oxygenate used, the actual monetary cost to the State is expected to be $60 million because the increased use of ethanol (for which there is a $0.54 per gallon tax credit) mandated by the ROR rule will reduce the Federal excise tax collected for gasoline in California. This $60 million loss would come in the form of lost Federal highway trust funds, thereby exacerbating highway congestion and causing even more emissions from inefficiently performing engines.

The affidavit goes on to say that both the Air Resources Board and the director of Cal/EPA finds this rule to be indefensible.

The State of California implores this Court to issue the stay requested by petitioners and reverse this ill-conceived, irrational and harmful requirement.

Mr. President, I think the point is from our State's perspective that we already have an aggressive reformulated gasoline program which is going to accrue greater reductions than that which would be achieved under this Federal ethanol mandate. Our program is fuel neutral. So it maximizes the State's flexibility to maintain air quality goals in the most cost efficient and air efficient manner.

I think the point that was made earlier that ethanol cannot be shipped through pipelines and will have to be blended in terminals downstream from the refinery is a real point. When it is added downstream, refiners may need to overdesign their refineries to be sure that their gasoline meets the reformulated gasoline specifications. While we do not know the exact amount of the increased cost, there is sure to be some.

Mr. President, these are not my views. These are the views of the California Environmental Protection Agency. I believe they should be entered in full into the RECORD and I hope this adds a positive note to this debate.

I thank you, Mr. President, and I thank the Senator from Louisiana.

I yield the floor.

Mr. HARKIN. Mr. President, I yield 10 minutes to the distinguished Republican leader.

The PRESIDING OFFICER. The Chair recognizes the Senate Republican leader.

Mr. DOLE. Mr. President, I thank my colleague and I thank the Chair.

Mr. President, in the implementation of the Reformulated Gasoline Program contained in the Clean Air Act amendments of 1990, the Environmental Protection Agency has misinterpreted the law, doctored the science and created this massive problem we are here trying to straighten out today.

During the drafting of the Clean Air Act, some considered giving ethanol an advantage in the marketplace by writing into the law an oxygen requirement which MTBE could not meet. At the time, I said I could not support such a proposal, since it was and continues to be my belief that the marketplace should be the arbiter of this fight between ethanol and MTBE. The law was written with policy securely embedded within it—the policy that ethanol and MTBE would compete equally for the reformulated gasoline market.

Following the enactment of the law, EPA undertook the task of writing regulations to implement the law. That process, referred to as reg-neg resulted in a product so foreign to both the letter and spirit of the law that I question the capability of the lawyers at EPA who allowed this abomination to move forward.

What EPA created was a program in which only MTBE could compete—there was no marketplace competition between MTBE and ethanol, there was no ethanol at all, it was a 100 percent mandate for MTBE. What is so outrageous about this approach is that the vast majority of the MTBE we will use will be from imports. That is right, the reg-neg process in a mandate for the United States of America to become even more dependent on foreign sources of energy. I ask my colleagues who are trying to protect the hydrocarbon industry of this country how they can support such a program? How can they lay claim to concern for the oil industry by turning their backs on American energy security?

Mr. President, I did not vote for nor do I support a 100-percent mandate for MTBE. I did not vote for nor do I support a program that requires—that mandates—the United States. of America become more reliant on foreign sources of energy. Such a program is so outlandish that it would be laughed out of this chamber. Unfortunately, the adoption of the Johnston amendment would allow such a program to take place.

On the other hand, I do not support the administration's proposed solution to the clear distortion of the law that EPA had been seeking to implement. Rather than simply allowing the marketplace to be the judge, we now have a proposal that ethanol should be given 30 percent of the market. Why 30 percent, why not 25 percent or 50 percent or even 70 percent? It could just as easily be any of these numbers because 30 percent is arbitrary, it has no real foundation in the market or in science or any other field of fact. Of course, that should not surprise anyone since EPA has studiously avoided any field of fact from the beginning of this horrendous process.

EPA has long had an antiethanol bias. They had it in the Bush administration. As a result, the director of the EPA laboratory simply toys with numbers each time certified scientists pull back the curtain to reveal this Wizard of Oz and his tactics. There have been allegations of threats if private sector scientists did not cease seeking the truth, threats that no more EPA research dollars would flow their way. Mr. President, some day this will be rectified. It may not be today, it will not be resolved by this amendment, but it will be rectified.

EPA's antiethanol bias efforts to produce antiethanol results in testing efforts go beyond belief. During a Senate agriculture hearing this May, my colleague, Senator GRASSLEY, pointed out questionable testing procedures which included the removal of gas caps off cars and the failure to correct technical computer errors that would improve the testing outcome for ethanol. This type of control fails to provide a fair and accurate process to determine what everyone knows are the positive benefits of ethanol use.

The justification for not using the marketplace is EPA's assertion that ethanol will result in increased ozone. But, what we must all realize is that

all of this science is nothing more than theory. That is right, not on fact but on theory the EPA tried to mandate that the United States become even more energy dependent of foreign energy sources, on theory EPA bureaucrats want to further jeopardize our energy security.

In addition, the health risks associated with the use of MTBE have been raised throughout the country. Senator GRASSLEY and I included this information in our dear colleague letter, however, there are those unhappy with questions raised about MTBE health risks. The American Medical Association has called for a moratorium on MTBE-blended fuels until scientific studies resolve these health risk questions. Alaska was identified in the resolution, and complaints have poured in from other States as well. Ongoing investigations into the health risks of MTBE by the center for disease control is a recognition of the concern for the potential harm associated with the use of MTBE-blended fuels. Reputable groups, such as the American Medical Association and the Center for Disease Control continue to question the health risks associated with MTBE-blended fuels. As long as the questions exist, we need to insure consumers have a choice in the marketplace.

If you do adopt the Johnston amendment, we create a de facto mandate for MTBE and not allow a choice for consumers.

As I said, I do not support the administration's proposed solution of a 30-percent ethanol mandate. But, the Senate has been placed in the untenable situation of having to vote for a 30-percent mandate of a 100 percent mandate. We are not allowed to choose the marketplace.

But we must vote. And I will vote against the Johnston amendment for the reasons I have stated and many others that have been stated on this floor today, and ask my colleagues do the same. If you want a 100-percent MTBE mandate, then I suppose you will support that amendment.

This is not what we were told was going to happen in the Clean Air Act. And I happen to think it is bad energy policy and bad trade policy.

So it seems to me that we are being asked to look at the lesser of two evils, the lesser of two evils by 70 percent.

I know that this has been described as a battle between the farmer and big oil. That is not the point I am trying to make. The point I am trying make is, I am opposed to mandates. Why not let the marketplace work? It seems to me in this case we have a choice between a 100-percent mandate and a 30 percent mandate. And I am prepared, at least in this case, to take the lesser of two evils.

Mr. JOHNSTON. Will the Senator yield?

Mr. DOLE. Yes.

Mr. JOHNSTON. Where did the Senator say this 100 percent mandate from MTBE comes from?

Mr. DOLE. That really comes from what the EPA did a couple years ago. That is where it all started. Ethanol was shut out altogether. They had an ethanol bias.

I must say, I tried to prevail on the Bush administration. Mr. Bill Reilly, as I recall, was the EPA Administrator. And I would insert for the RECORD a letter sent to Bill Reilly which outlines the concerns of EPA's actions toward ethanol. We met with him for month after month after month trying to find some relief. I think the Senator from Illinois may have been at one of the meetings.

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

U.S. SENATE,
Washington, DC, July 30, 1992.

Hon. WILLIAM K. REILLY,
Administrator, Environmental Protection Agency, Washington, DC.

DEAR BILL: When Congress adopted the Clean Air Act Amendments of 1990, it did so with the expectation that alcohol fuels would not be precluded from being eligible to meet the section 211 requirements for reformulated gasoline, designed to provide cleaner fuel in ozone nonattainment areas.

At the same time, Congress did not intend that the Act be used indirectly as a methanol mandate at the expense of ethanol. Both ethanol and methanol were intended to be placed on equal footing consistent with the air quality goals of the Act. Unfortunately, reformulated gasoline regulations proposed by EPA, after a negotiated rulemaking, appear to have the effect of closing the reformulated gasoline program to ethanol and do not, as currently proposed, comply with the law.

We are aware of negotiations currently ongoing within the Administration which are attempting to resolve these problems. Since the Act itself does not create them, we strongly urge the EPA to resolve the problems created by the proposed rules in a timely manner so that reformulated gasoline is available by the statutory January 1, 1995 deadline.

To this end, we request your direct personal intervention in these negotiations to ensure the EPA is doing everything within its authority to uphold the intent of the Congress and the requirements of the law.

Thank you for your attention to this matter.

Sincerely,

BOB DOLE,
GEORGE MITCHELL,
JOHN CHAFEE,
MAX BAUCUS.

Mr. JOHNSTON. The Senator is not claiming there is a requirement in the law now for 100 percent use of MTBE.

Mr. DOLE. I am not claiming that.

Mr. JOHNSTON. The Senator does understand that the EPA rules require 30 percent of ethanol.

Mr. DOLE. I am saying the net effect of it is you have a 100-percent MTBE mandate.

I know what the rules require on ethanol. Why not let the marketplace work? Why rely on all the foreign sources? I know the Senator from West Virginia has a direct interest because it is very important to his State. I do not quarrel with that.

But my view from the start has been, even though it may not be shared by some who support ethanol, there is a marketplace out there and we ought to let it work. And I believe ethanol will do quite well. Maybe MTBE will do quite well, also.

Mr. JOHNSTON. Mr. President, my friend from Kansas, I sometimes disagree with him, but I never fail to be impressed with his wizardry here on the floor. To be able to say that the present law requires a 100-percent MTBE mandate is an example of that wizardry. It appears nowhere in the statute, nowhere in the rules, and yet it appears out of the legislative creativity of the mind of our friend from Kansas, and I stand in admiration of that.

Mr. DOLE. I just suggest, with ethanol shut out, you get it all. I am not sure what you call that. We have had a lot of talk about mandates and it seems to me that would be a fitting word to put in here. People understand mandates. That is where the Government says you cannot have any, and there is only one other product on the market. That is not much of a choice.

So it seems like it is 100 percent. Maybe I missed something.

Mr. JOHNSTON. Will the Senator agree with this: Whatever share of the market ethanol now has is as a result of the 54 cents a gallon; whatever share that MTBE has is as a result of the free market. And that is the sense of what my friend says is a complete mandate for MTBE.

Mr. DOLE. I cannot totally agree with that.

I have been prepared ever since we had the Clean Air Act to let the marketplace work. But, as I have said, there is and/or was, and I still think it may be to some extent, some anti-ethanol bias around this town and until we have an opportunity to compete fairly, then I do not think we have any choice but to vote against the Senator's amendment.

Mr. JOHNSTON. Mr. President, I yield 10 minutes to the Senator from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. I thank my friend from Louisiana.

I say to the Republican leader, I can almost count the times on one hand that I have been around on the floor and heard you speak and wanted to stand up and say that I did not agree with you, because that had not happened very often. So maybe you ought to just go ahead and leave before I do so, so I do not have to do it in front of you, because I do not do that very often.

Let me suggest that the distinguished Republican leader has it backwards, in my opinion. What this 30 percent mandate is going to do is to get rid of the marketplace. It is going to take the place of the marketplace.

As a matter of fact, speaking about EPA arbitrariness, nobody understands where this came from. I mean, it went through reg-neg, 2 years of hearings to establish regulations. And after they did that with everybody that has an interest, they decided there should be no mandate. And then, all of the sudden, and I hate to tell everybody this, but all of the sudden, I say to my good friend from Minnesota, the White House decided that it ought to be in there.

Now that is wonderful, except it does not have a lot to do with EPA and it does not have a lot to do with environmental cleanup.

Somehow or other, the Environmental Protection Agency was told after the full hearings on this that they had to go ahead and establish a new rule with 30 percent.

Am I not right, I ask my friend from Louisiana? Did not the EPA, before our committee, sit there and say, first, we do not know where it came from; like the 30 percent came out of the sky. The more we pushed them, it was obvious there was a nice trail from EPA over to the White House. Then, whether it was the President himself—nobody would quite say it—but obviously somebody told them to.

That is essentially what we are here for. Somebody in a high political position within the executive branch, after all of the appropriate hearings required by law were finished and there was no mandate on ethanol perceived to be in compliance with the law, needed by the law, or good for the country, after that all occurred the 30 percent came along.

Frankly, I am here because I recall vividly—and I thought he was on the floor a moment ago—during the debate on the Clean Air Act amendments, ethanol was discussed. Senator DASCHLE was the principal sponsor of an amendment that required that formulated gasoline use oxygenates.

And during that, Senator DASCHLE assured us,

> Our amendment does not lock refiners into any particular fuel composition. Refiners can decide how they want to get octane without toxic aromatics; they can decide how to achieve the oxygenate standard.

What has happened is that the Environmental Protection Agency—and, frankly, I do not agree with them all the time, I am not sure everything they have done on this issue is right—but essentially they followed the law. They wanted to make sure there would be competition. They wanted to make sure we were doing the very best by cleaning up our air yet bringing ethanol and methanol into the marketplace.

When they finished that, they decided there was competition, but they decided that it was not in the interests of the country to divvy up that market. If you could get ethanol cheaper, you ought to use it. If you could get methanol cheaper, you ought to use it. And, remember, ethanol has a pretty good subsidy going in. But that was not discussed. You take that as a given. If it was not competitive, obviously it would lose out.

It turns out that is not the case. But I might suggest for those who are wondering about competition, we are using a lot more ethanol today than we did 5 years ago. And it is growing without a mandate. I do not remember the numbers. Maybe somebody on the floor does. But that marketplace is growing. In fact, I will tell you right now, in my State in a purely competitive market there is a refinery using ethanol 100 percent.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. DOMENICI. Sure.

Mr. JOHNSTON. The Senator says "a purely competitive market," purely competitive, keeping in mind the 54-cent subsidy for ethanol.

Mr. DOMENICI. As I said a while ago, nobody suggested, in deciding we would not further clutter up this market, to take anything away from ethanol. They were getting a subsidy, and it was assumed there is some benefit to the subsidy. So it has been left alone in these calculations.

In my State there is a refinery using 100 percent ethanol, and they are competitive. Frankly, I am very hopeful nobody votes for this on the basis that this is in favor of the refiners and against agriculture. I believe the vote in favor of the 1-year moratorium is a vote for the automobile users of America, which means all of them—millions of Americans. They will pay less for gasoline over the long haul. As a matter of fact, it might shock people, but my best information is that we will import more oil, not less—more oil, not less—if we go to this 30-percent standard.

Having said that, I am also hopeful nobody is confused about the environmental issue. There is a letter from the environmental groups suggesting in a very soft way they do not like this amendment. But not because they do not like the substance. They say they do not like it because they do not like the precedent of voting this kind of environmental prohibition on an appropriations bill.

Let me suggest there is no other way. If we do not do it this way, we will not get it done and this 30-percent rule will go into effect.

I will quote from the statement of the Sierra Club:

> The Sierra Club opposes the renewable oxygenate requirement for reformulated gasoline because the proposal is illegal, a violation of the regulatory negotiations, and the incomplete analysis fails to demonstrate that there are any significant air quality and other benefits that would warrant the additional costs imposed.

I want to close by saying to my friends Senator JOHNSTON and Senator BRADLEY, who have raised the issue of the existing subsidy of 54 cents—let me say to the Senator from Louisiana, did my colleague know we already calculate in our budget a very large cost to the budget of the United States based upon the 30-percent policy? It is assumed in the baseline we are using. And believe it or not, it increases the deficit over 5 years by $794 million.

Frankly, I think that is enough. That is enough for ethanol. That is more than they ought to get. We ought to try to save some of that money. But if we do not do what my colleague is suggesting, then that is added to the deficit by the policy of 30-percent.

Mr. JOHNSTON. If the Senator will yield, that also does not take into consideration that which is lost to the highway trust funds, $545 million.

Mr. DOMENICI. That is correct. That is correct. So I close saying that far be it from the Senator from New Mexico being opposed to farming, being opposed to raising corn, being opposed to using various of these kinds of crops to make energy for the United States. I just believe we have a lot of sources. The other source is natural gas. We have that in abundance also, to make the methanol. So I believe we ought to leave the marketplace alone. That is precisely why I am here. I wish this amendment did away with the 30 percent rule forever, but it actually is a compromise, I say to my friend from Oklahoma. It is just a 1-year moratorium in an effort to make sure we have some more time to get to this issue.

I yield the floor.

Several Senators addressed the Chair.

Mr. SIMON. On behalf of Senator HARKIN I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator from Oklahoma sought recognition first. Who yields time?

Mr. SIMON. Mr. President, Senator HARKIN has time allotted to him. He has asked me to allot myself 5 minutes.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. SIMON. Mr. President, we are hearing a lot of contradictory things here today. Let me just talk about a couple of things because Senator BRADLEY has indicated these in his letter. My friend, Senator ROCKEFELLER, who has done such a great job on health care, has indicated consumers are going to pay more. He is right on health care. He is wrong on this one.

Gasoline prices. EPA says this will increase gasoline prices between two-hundredths of 1 percent and two-tenths of 1 percent. So, yes, in gasoline prices a slight increase.

But on food it is not going to increase food prices one one-hundredth of 1 percent, because that is not the way the food market works. The price of corn flakes is not going to go up 1 penny.

Let me tell you from somebody who lives at Route 1, Makanda, IL, if the price of a combine by John Deere or International Harvester goes up, the price of wheat does not go up because that is not how we set the price of wheat out there. So do not think you are protecting consumers by voting for the amendment offered by my friend from Louisiana.

If this were to increase the price of the end product, the National Pork Producers Council would certainly not be indicating support for the position that I hold.

Mr. President, I ask unanimous consent that a letter from the National Pork Producers Council be printed in the RECORD.

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

NATIONAL PORK PRODUCERS COUNCIL,
Washington, DC, July 20, 1994.

Hon. PAUL SIMON,
U.S. Senate, Washington, DC.

DEAR SENATOR SIMON: As you know, it has been suggested by some of your colleagues that the U.S. pork industry is not in support of the ethanol industry and the Administration's recent action on reformulated gasoline. To the contrary, the National Pork Producers Council (NPPC), which represents the nation's pork industry, supports a renewable fuels-based ethanol industry in the U.S. and the Clinton Administration's recently announced Renewable Oxygenate Requirement (ROR).

Furthermore, we strongly support the principle of value added agriculture, whether it be producing pork from corn or ethanol from corn. Both create jobs, increase revenues and generated economic activity which are vital to the long term viability of rural America.

Sincerely,

GLEN KEPPY,
President.

Mr. SIMON. Mr. President, my friend from New Mexico, for whom I have great regard and with whom I have worked on a lot of budget matters, indicated that this is going to cost money. The reality is the GAO study says we are going to save $100 million a year in terms of subsidies, and that includes what goes over to the Highway Trust Fund.

The Highway Trust Fund has been mentioned, and that we are going to lose jobs because of a lack of money going into the Highway Trust Fund. The reality is the Highway Trust Fund has an $11 billion surplus. What is stopping us from spending money from the Highway Trust Fund is not any regulation like this; it is our fiscal imprudence. I would love to be able to get Senator ROCKEFELLER and Senator JOHNSTON to join Thomas Jefferson in favoring a constitutional amendment that says we should have a balanced budget, and then when we allocate money like this, we will spend it for the purposes for which we should be spending it. But this is not going to lose one job, one highway project in West Virginia or Illinois or Minnesota or any other State.

I think Senator EXON is correct. A lot of this is a fight between agricultural States and big oil States, and I understand that. We all have our particular perspective.

Citizen Action does not have an ax to grind. They are opposed to this amendment.

I ask unanimous consent to print a letter from Citizen Action in the RECORD.

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

CITIZEN ACTION,
Washington, DC, July 18, 1994.

Hon. DALE BUMPERS,
Dirksen Office Building, U.S. Senate, Washington, DC.

DEAR SENATOR BUMPERS: It is our understanding that Senator J. Bennett Johnston may offer an amendment to the VA/HUD and Related Agencies Appropriations bill that would prevent the Environmental Protection Agency from implementing the proposed Renewable Oxygen Standard (ROS) as part of the Reformulated Gasoline program (RFG). Citizen Action and its three million members in 33 states, the nation's largest consumer organization, strongly opposes this amendment and urges you to vote against it if it is offered.

The EPA's Renewable Oxygen Standard is designed to ensure that domestically-produced, renewable oxygen components have a place in the RFG program. Without the ROS, major oil companies will rely on MTBE, an oxygen component which U.S. refiners cannot manufacture in sufficient quantity and which increasingly must be imported from unstable regions of the world like the Middle East.

Moreover, the ROS will assure consumers of competition among suppliers of oxygen components and choice in the reformulated fuels market. Without the ROS, most refiners will rely on MTBE, their oxygenate of choice. By increasing the available supply of oxygenates by 30 percent, using domestic renewable resources to make ethanol and ETBE, the overall cost of the RFG program would decline.

The aggressive propaganda and deceitful lobbying tactics against the ROS by the major oil companies and their trade associations, including the American Petroleum Institute and the National Petroleum Refiners Association, are self-serving and designed to block competition, not improve the environment. Their claims to the contrary, the ROS does not pose a serious threat to these companies. In point of fact, the ROS will only require 1.6 volume percent of all reformulated gasoline to be derived from renewable resources. The remaining 98.4 percent will still be components manufactured by the nation's refiners from hydrocarbon fuel sources.

Please vote against the Johnston amendment. Please vote for consumers. Please vote for cleaner-burning, domestically produced renewable fuel and competition in the market for oxygenate components.

Sincerely,

EDWIN S. ROTHSCHILD,
Energy Policy Director.

Mr. SIMON. Mr. President, finally, if there is anyone in the Senate who hears my voice who has not made up his or her mind yet—and it is going to be a close vote—ask this question: Will this amendment make us less dependent or more dependent on foreign oil? And the answer is, it is going to make us more dependent.

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

Mr. SIMON. I want to use my 5 minutes. I will be pleased to yield to my friend after that.

The reality is it is going to make us more dependent on foreign oil. We are more dependent on foreign oil right now than we were in 1973, when we had the great crisis. We should not exacerbate that problem.

The reality is—and this will do just a small bit in making us more energy independent—but it gives us a renewable source, a domestic source for energy and, by all means, we ought to defeat this amendment of my friend from Louisiana who on many things is absolutely right and on this one, he is wrong.

Mr. JOHNSTON. Now, Mr. President, will the Senator yield?

Mr. SIMON. I will be pleased to yield.

Mr. JOHNSTON. I think the Senator is well acquainted with Argonne National Laboratories.

Mr. SIMON. I have heard of that facility. It is in my State.

Mr. JOHNSTON. It was commissioned by DOE to do a study on what the effect on oil imports would be of this. Is the Senator aware that their conclusion was:

It is clear that there will be increases in oil use associated with the ROS.

ROS being the renewable oxygenated standard.

The PRESIDING OFFICER. The time of the Senator from Illinois has expired.

Mr. JOHNSTON. On my time, 1 minute. Is the Senator aware that Argonne made that conclusion?

Mr. SIMON. I am aware of it. I also have a study I would like to enter into the RECORD—I do not have it with me—that points out the errors in the Argonne study, even though generally Argonne is a good source of information.

Mr. ROCKEFELLER. Will the Senator from Louisiana yield for the purpose of asking the Senator from Illinois a question?

Mr. JOHNSTON. Yes.

Mr. ROCKEFELLER. Mr. President, the Senator from Illinois made reference to the fact that not one single job would be lost if this ethanol mandate goes through. The Highway Users Federation, using a Federal Highway Administration formula, has estimated a loss of 13,000 jobs in highway and bridge construction alone. That is simply a fact I assume the Senator is willing to accept.

Mr. SIMON. It is a fact that they stated that. I disagree with their conclusion. They are opposed to any kind

of use or any interference that might be made with the Highway Trust Fund, including use for mass transit and other things.

Mr. ROCKEFELLER. In addition, the International Brotherhood of Boilermakers, Iron Shipbuilders, Blacksmiths, Forgers and Helpers—and I will submit this letter for the RECORD—states that: "For each $1 billion the trust fund loses America loses approximately 39,000 jobs. And that's a resource we cannot renew."

Is the Senator prepared to refute that?

Mr. SIMON. I will be pleased to respond. I am not familiar with that particular position, but let me say in response, the reality is, there is an $11 billion surplus in the highway trust fund.

The problem with the highway trust fund is not the EPA regulation. It is our fiscal imprudence so that we take that highway trust fund and try to pretend we are balancing the budget with that.

Mr. ROCKEFELLER. Mr. President, I ask unanimous consent to print in the RECORD the letter to which I referred.

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

INTERNATIONAL BROTHERHOOD OF BOILERMAKERS, IRON SHIP BUILDERS, BLACKSMITHS, FORGERS AND HELPERS

Fairfax, VA, August 3, 1994.

Attention: Energy/Environment Legislative Aide.

Re support for the Bradley/Johnston amendment eliminating funding for the ethanol mandate.

Hon. JOHN D. ROCKEFELLER, IV D-WVA,
Hart Senate Office Building, U.S. Senate, Washington DC.

DEAR SENATOR. Today, the Senate resumes its consideration of the VA, HUD, and Independent Agencies Appropriations bill. This bill contains much that is vital for workers, including members of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers, AFL-CIO, and we urge its passage. However, we believe the bill can be vastly improved by striking the funding for the so-called ethanol mandate from the EPA budget, and therefore respectfully request that you endorse the Bradley/Johnston Amendment.

The International Brotherhood of Boilermakers include lodges representing cement and construction workers. Both are unfairly disadvantaged by the ethanol mandate. For each gallon of ethanol consumed in the United States, the Highway Trust Fund loses 54 cents. Given the additional usage anticipated under the EPA proposal, the Trust Fund can be expected to lose another $465 million—bringing total ethanol losses to over $1 billion. Trust Fund money buys the cement that Boilermakers make, and is used in projects on which Boilermakers work. For each $1 billion the Trust Fund loses, America loses approximately 39,000 jobs. And that's a resource we cannot renew!

Boilermakers have always supported alternative fuels. Indeed, we have actively encouraged the use of waste-derived fuels, or WDFs, in cement kilns. The difference is that where WDFs save jobs, ethanol loses them; where WDFs help the environment by recycling waste, ethanol hurts the environment by increasing volatile air emissions; and where recycling is encouraged under RCRA, the ethanol mandate appears illegal under the Clean Air Act.

Again, the International Brotherhood of Boilermakers encourages you to reject the ethanol mandate, and to support the Bradley/Johnston Amendment. Please let us know if you have further questions.

Very truly yours,

ANDE ABBOTT,
Director of Legislation.

Mr. ROCKEFELLER. Mr. President, one further question. The Senator made in his presentation the argument that methanol is made overseas, and therefore its use increases the trade imbalance.

Is the Senator aware 93 percent of the methanol consumption in North America is produced in North America, and that 80 percent of the methanol consumed in the United States is made in the United States itself?

Mr. SIMON. There are those who differ with those percentages, but I just point out, if you have a choice of 100 percent domestically or whatever percentage you have from overseas, I prefer 100 percent domestic consumption.

Mr. NICKLES addressed the Chair.

Mr. JOHNSTON. Mr. President, I yield 10 minutes to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. NICKLES. Mr. President, first, I wish to congratulate my colleague from Louisiana for his leadership on this amendment. I wish this amendment were not necessary. I, frankly, think the EPA made a serious mistake when they tried to mandate that 30 percent of reformulated gasoline use ethanol. That is the reason we are here.

We are not trying to mandate methanol. I do not think Congress should be mandating fuels, period. I remember early in my Senate career in 1981 spending a great deal of time on this floor debating the Fuel Use Act, saying Congress should not prohibit the burning of natural gas. And Congress passed a law called the Fuel Use Act that said we could not burn natural gas in certain industrial capacities and certain power plants. We finally repealed that law. Congress made a mistake. That was part of the energy program in the late seventies, where Congress tried to impose its will or its wisdom on the burning of fuels, and it made serious mistakes that caused a lot of economic hardships and cost consumers billions of dollars. That was a mistake.

Many of us were involved in the negotiations of the Clean Air Act, and we made a decision. We were not going to dictate what type of oxygenates would be used. Then EPA comes in and says they are going to legislate, they are going to mandate, they are going to dictate that 30 percent of the oxygenates have to come from ethanol. I think they are doing it for political purposes because there is no environmental purpose to be served.

This does not improve the environment. I notice my friend and colleague, Senator BRADLEY, is here, and he asked the Assistant Administrator of the Office of Air and Radiation of the EPA, Ms. Mary Nichols:

What evidence is there, or is there any improvement in the environment?

Her quote is this:

But I think I was clear in my testimony, we are not claiming any air quality benefits as a result of this proposal.

No air quality benefits as a result of this proposal. So there is no environmental impact. Maybe even in some cases it would be detrimental to air quality. That is kind of technical, but we can get into that if people would like.

What about the argument that some have said, "Well, this will reduce oil imports?" The facts do not substantiate that. Actually, by mandating the use of ethanol, you are requiring a greater fuel use in the production and manufacture of reformulated gasoline than is necessary in comparison to ethanol. So it could actually cause an increase in oil imports as a result of this.

What is the impact on taxpayers? I have heard my colleagues, and I respect many colleagues who are debating the other side of this issue, say they think we should be fuel neutral. Then we should support the Johnston amendment. We are not fuel neutral now. The Johnston amendment is needed to make this issue fuel neutral.

We have a massive subsidy for ethanol, more so than any other fuel or any other type of fuel. It is already 5.4 cents a gallon, and that costs taxpayers today about $550 million. So that is a big subsidy already today. If this proposal passes, that will increase it about $545 million. So we are talking about a subsidy to the ethanol industry of over $1 billion, and we do not reduce oil imports, and we do not clean up the environment.

Well, we may make some ethanol producers happy, maybe one in particular, but I do not think we are accomplishing our objective. What are we doing to consumers? Well, we are increasing their price of fuel, and increasing their price of fuel substantially. What are we doing to taxpayers? Well, they are going to have to pay another $545 million in subsidies.

This 30 percent mandate that EPA is trying to put on is a mistake for a lot of reasons. One, it is legislation. We did not do this in the clean air bill for a purpose. We knew it would be a mistake. If EPA can make a ruling that says, well, 30 percent is right, I guess they could say 100 percent is right, or 50 percent. EPA does not have that kind of authority.

Now, this rule will be contested in court, but we should not allow this to

go forward. This is a ripoff. This is an outrage. This is going to cost consumers and taxpayers hundreds of millions of dollars. People should know that. I have heard people say, well, this is big oil versus agriculture. That is hogwash. I happen to have both in my State. It is ridiculous to make that kind of statement because it is not true.

Let us allow the marketplace to dictate what should be burned, what oxygenate should be used. Let us allow science to be involved. And this again is a serious, serious mistake.

Finally, Mr. President, I would just note that some in the environmental community are opposed to this 30 percent mandate, and I think for proper reasons, because it does not improve the environment. I have also noted that there are several newspapers which have come out in strong opposition. I will read a couple of these. One is from Chicago. This is the Chicago Tribune. It says:

The decision was a victory—

Talking about the 30-percent mandate for ethanol.

The decision was a victory for Midwest corn farmers and ethanol producers, but it was a resounding defeat for good public policy and sound science.

I think they are exactly right.

In the New York Times:

Ethanol will not clean the air beyond what the 1990 Clean Air Act would require; nor will it raise farm income very much or significantly cut oil imports. What the EPA's rule will do is take money from consumers and taxpayers and hand it over to ADM.

And the Washington Post:

This misuse of environmental laws as patronage to benefit narrow economic interests is a mistake.

Finally in the Houston Chronicle:

The requirement that a car's fuel be made from a renewable source like corn makes no more sense than a demand that its engine be made from wood.

Mr. President, that is exactly right. We should be fuel neutral. We should allow the marketplace to dictate what is the best fuel, what is the most economical fuel. This decision by EPA, which I think is somewhat politically motivated, is a serious mistake. It is not in consumers' interests. It is not in the environment's interests. It is not in the interest of reducing energy imports. I hope that my colleagues would support Senator JOHNSTON's amendment and send a signal to EPA that they are making a serious mistake.

Mr. DURENBERGER addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Who yields time?

Mr. DURENBERGER. Mr. President, I ask the Senator from Iowa to yield me 10 minutes.

Mr. HARKIN. Mr. President, I will yield 10 minutes in just 1 second. I wish to get one thing in the RECORD here.

Mr. President, I yield myself a couple minutes.

I just keep hearing all this talk about the statement by Mary Nichols. It is true that she is a political appointee. She is an otherwise very bright, capable individual. I have a lot of respect for her. But I think a lot of this, the essence of what we are talking about in terms of ethanol and in terms of the oxygenate rule and what the environmental benefits were, was more clearly defined by Mr. Richard Wilson who is the expert, who works in that office and who has been there for several years. I do not know how long. He was here during the clean air debates.

After the hearing in which Mary Nichols made the statement that we keep hearing repeated all the time around here by the proponents of the Johnston amendment, we had Richard Wilson up to testify, who as I said is the expert. And here is what he said:

So there are a number of benefits, environmental benefits, that we think will accrue both in the short term and particularly in the long term as a result of the proposal.

So the experts at EPA were saying something quite different.

Mr. President, I would like to have Mr. Wilson's entire statement be printed in the RECORD.

Mr. DASCHLE. Will the Senator yield?

Mr. HARKIN. I yield to the Senator.

Mr. DURENBERGER. Mr. President, did I not get recognition? I did not yield to everybody in this place. I only asked for 15 minutes of time.

The PRESIDING OFFICER. The Senator was recognized but the Senator from Iowa controls the time and had not yet yielded time to the Senator from Minnesota. So the Senator from Iowa has the floor.

Mr. DURENBERGER. I thank the Chair.

Mr. DASCHLE. I will just be very brief. EPA has provided an actual position statement on this question, entitled "Impacts of Renewable Oxygenates Rule," which confirms what the Senator from Iowa has just stated, although it elaborates in much more detail why the rule has intermediate and long-term benefits, and I think this would be an appropriate place to insert it in the RECORD as well.

Mr. HARKIN. I thank the Senator from South Dakota.

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

STATEMENT OF DICK WILSON

Q. Does EPA still believe that renewable oxygenates will reduce VOC's and toxic air pollutants?

A. Mr. WILSON. Well, Senator, as you know, we are in the midst of our rulemaking process, so we are gathering all the information that we can get from all the different sources. But we certainly believe that the renewable oxygenate proposal is likely to lead toward both shifting ethanol use out of summertime and into the wintertime where it can count toward the proposal and also likely over time to lead to an increase—to a new market for ethanol use and ETBE. And both of those trends would reduce VOC emissions in the summertime that lead to ozone depletion in many of the cities across the country.

So there are number of benefits, environmental benefits, that we think will accrue both in the short term and particularly in the long term as a result of the proposal.

IMPACTS OF THE RENEWABLE OXYGENATES RULE

ENVIRONMENTAL AND OTHER BENEFITS

The renewable oxygenates rule ensures that the benefits of the RFG program will be achieved. In addition to the 15 percent reduction in VOC and toxic emissions from vehicles using phase I RFG, additional reductions in VOC emissions may occur if ETBE displaces currently-used ethanol during the summer months. This occurs because the rule does not credit the use of renewable oxygenates that increase evaporative emissions during the summer smog season. (The summer season is defined as May 1 to September 15, although a state may request a longer season if needed for smog control.)

The rule provides a strong incentive for the development of new technology to efficiently produce renewable oxygenates which would lead to long-term global warming benefits. Short-term global warming benefits would occur if methanol from landfills is used to make renewable MTBE as one company announced recently.

There are also energy benefits. According to a DOE report, up to 20 percent less fossil energy is used to produce ethanol as compared to MTBE produced from natural gas.

COST

Consumers should see no increase in the prices of RFG at the pump as a result of the renewable oxygenate rule. EPA estimated that the reformulated gasoline rule that was promulgated last December would cost between 3 and 5 cents per gallon more than conventional gasoline. This includes the cost of oxygenates. The new rule simply requires some oxygenate to be renewable. EPA's analysis shows that the incremental cost impact of the new rule ranges from 0.02 cents to as much as 0.2 cents per gallon when spread over the 39 billion gallons of RFG that will be produced each year.

With respect to the impact on the Highway Trust Fund, EPA estimated a $180 million loss and published this estimate in the rule. Treasury, as part of updating the President's budget in the Mid Session review, subsequently estimated the loss to be around $240 million. USDA provided estimates that show that the Highway Trust Fund losses are more than offset by savings in farm deficiency payments. The rule included a $344 million savings estimate based on a USDA analysis of a report by the General Accounting Office. USDA has provided a more recent savings estimate of $275 million.

SUPPLY

There is no doubt that there exists today an adequate supply of renewable oxygenates to satisfy the requirements of this program. The only question is whether renewable oxygenates would need to be shifted out of existing markets and into RFG cities. To alleviate as much as possible concerns about the ability of the fuels industry to do some shifting and also provide time for new renewable oxygenate production to come on line, the Agency took a number of steps in the regulation. First, we set the initial year's requirement at 15 percent. In 1996, the requirement goes to 30 percent.

Second, we included averaging provisions. With averaging, a refiner may use more renewable oxygenate during the later part of 1995, for example, and none during the first part of the year, as long as over the year the 15 percent requirement is met.

Third, we included trading provisions, under which Refiner A in Chicago may use more than the required amount of renewable oxygenates. The "excess" oxygen credits may then be sold to Refiner B in Chicago or even Refiner C in Baltimore who choose not to use renewables.

As mentioned above, no industry is losing in the reformulated gasoline program. Renewable oxygenates, like ethanol from grain, will get 30 percent of the new RFG oxygenate market and nonrenewables, like MTBE from natural gas, will get 70 percent of the new market. The production of all oxygenates will grow significantly.

ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, July 21, 1994.

Hon. THOMAS A. DASCHLE,
U.S. Senate,
Washington, DC.

DEAR SENATOR DASCHLE: Since EPA announced its decision on the role of renewable oxygenates in reformulated gasoline (RFG) on June 30, a great deal of misinformation has been heard from critics of the decision. I would like to take this opportunity to clarify EPA's views on this important clean air program.

The Administration is aware that floor amendments to EPA's appropriations bill may attempt to overturn EPA's rulemaking on renewable oxygenates. The Administration believes that it is inappropriate to legislate regulatory restrictions through the appropriations process and will strongly oppose any attempts to interfere with EPA's implementation or enforcement of the rule.

The requirement that 30 percent of the oxygenates used in RFG be produced from renewable sources, such as grain, biomass or even garbage, is necessary to assure that renewable oxygenates are not disadvantaged in the RFG program. EPA is not establishing a new program to benefit any particular fuel, rather we are assuring that renewable fuels continue to have an opportunity to compete in a changing world of cleaner burning gasoline. Our actions are consistent with longstanding Congressional support for renewable motor fuels and this Administration's environmental and energy goals.

We have taken the necessary steps in the rule to alleviate potential disruption in the gasoline distribution system. In the context of overall gasoline usage, this program will result in only one-half of one percent of the gasoline consumed in the U.S. annually being made from renewable sources.

It is not an "ethanol mandate." Rather, it is fuel neutral in that any renewable oxygenate will qualify. The production of all oxygenates will increase substantially as a result of the RFG program. For example, nonrenewable MTBE made from natural gas may well experience a 170 percent increase in its market. No industry is a loser in this program.

I hope the above points and enclosure are useful in explaining the role of renewable oxygenates in the reformulated gasoline program. Please contact us if you have any questions or need further information.

Sincerely,

CAROL M. BROWNER,
Administrator.

Mr. HARKIN. I yield 10 minutes to the Senator from Minnesota.

Mr. DURENBERGER. Mr. President, I rise in opposition to the Johnston amendment and urge my colleagues to join me in voting for its defeat.

When the Senate and the Congress passed the Clean Air Act amendments in the spring of 1990, it was our unequivocal intent to provide a role for ethanol in the reformulated gas provisions in that bill which it cannot get from the marketplace because the oil companies own that marketplace, because they own the delivery system. We knew that at the time. It is specifically why we passed the amendment. And we have had 4 years now debating with people that own that marketplace and we do it again today. That particular role was critical to the passage of the Clean Air Act. Two years later, in the fall of 1992, when EPA proposed a rule which effectively denied ethanol this role—that was the "reg neg" that has been talked about—then there was a sense-of-the-Senate resolution that such action was illegal and it was inconsistent with the Clean Air Act.

In that same year, 1992, Senators DOLE, MITCHELL, CHAFEE, and BAUCUS sent a letter to then EPA Chief, Bill Reilly, insisting that ethanol be given the role that Congress gave it in the Clean Air Act. Since that time, both Presidents Bush and Clinton have attempted to promulgate rules consistent with congressional intent—and both have properly recognized a role for ethanol. President Clinton just did that, and that is the subject of this debate, the undoing of congressional intent.

The RFG section of the Clean Air Act directs the EPA to reduce ozone while taking into consideration factors, including cost, energy requirements, and air quality. To that end, EPA proposed renewable oxygenate standards. That is the ROS you have heard referred to. That would reduce ozone, cut RFG costs to the consumer, provide the United States with greater energy security, and improve the overall quality of the air we breathe while also bolstering the Nation's economy.

So I would like this afternoon to address three of the criticisms or perhaps misconceptions which have lingered over the proposed rule. The first is the air quality issue that various of my colleagues on the other side and the Senator from Oklahoma just argued. That is that ROS will have some adverse effect on the environment.

This is clearly contrary to all the evidence that we have seen to date. Last winter, in my home State of Minnesota, ethanol was used in all gasoline sold in the Minneapolis-St. Paul area and carbon monoxide levels were the lowest since the early 1970's.

The ROS will decrease greenhouse gas emissions as well. The Department of Agriculture estimates that production and use of renewable oxygenates like ethanol and ETB emit 27 percent less carbon dioxide than regular gasoline. And if you put that another way, an acre of Minnesota corn removes 100 tons of carbon dioxide every year, offsetting the increased levels resulting from burning coal and oil.

Much of the debate over the last few years has been about VOC emissions. This contributed largely to the opposition to the Bush proposal. But the VOC deals squarely with that issue by requiring that only oxygenates without the volatility problem associated with commingling such as ETBE are acceptable during summer months. I am going to get to that more specifically in a bit.

EPA estimates that the effect of this decision will be to reduce VOC emissions by as much as 6,400 tons annually.

These statistics only bear out what Minnesotans have come to realize through experience: renewable fuels such as ethanol and ETBE make good environmental sense.

Last on this issue, I think it is particularly telling that five of the United States' leading environmental communities—Friends of the Earth, Sierra Club, National Wildlife Federation, the Environmental Working Group, and the Natural Resources Defense Council—all oppose the Johnston amendment.

The second misconception is a smaller part of the congressional intent debate, and that is the contention of some that ROS strays from what Congress intended on the issue of fuel neutrality. Because in effect, as I heard it said, the ROS alters the market in favor of ethanol. In effect, it chooses the winner among otherwise competing oxygenates. In other words, the ROS is not fuel neutral.

In reality, the ROS does not choose a winner at all. It simply ensures that renewable fuels are not predestined losers. We all know—and we knew in 1990 when the Senator from South Dakota and I stood on this floor sponsoring the amendment which we are still debating today—that without something like the ROS that is exactly what renewable fuels would be, a predestined loser. As it is, we only get 30 percent of the market at best. But at least it will not be dead before it arrives on the scene. I can assure you it was never the intent of any of us who worked so hard back in 1990 to give MTBE a monopoly, and shut out ethanol.

MTBE is the oil company favorite. This is because it is produced by and sold through an infrastructure owned by the petroleum industry. Up against these facts, it is clear that ethanol and other renewable fuels would not stand a chance without the ROS. And, when we directed EPA to promulgate an RFG rule which considers the cost of the program to consumers, a monopoly with all the benefits of price gouging was the last thing any of us had in mind. By ensuring competition in the

oxygenate market, the ROS is expected to reduce consumer costs for reformulated gasoline by $470 million. That is the benefit we had in mind. And, that is why America's largest consumer advocate group—Citizen Action—opposes the Johnston amendment.

Many of us involved in the Clean Air Act amendments had served in this body in the days of OPEC. We remembered the days when oil supplies were short and the patience of those waiting in gas lines was even shorter. We recognized the marriage between depleting supplies of oil at home and the growing dependence on supplies abroad—and, as their offspring, an ever-increasing trade deficit. So what we had in mind was not more dependence—but the self-reliance found in renewable fuels not domestic fuels as has been argued here, but domestic renewable fuels. The ROS sets out to achieve this end.

There is one last point on this that I think is worth noting. Commodity groups like the oil producers and our farmers should be partners. There's no reason they should not. EPA estimates domestic producers of methanol will likely fill the demands of the remaining 70 percent of the RFG market.

It seems to me that we could have a winner-winner situation here, if we were not presented with the challenge of this amendment.

This hardly makes MTBE a loser. So, with farmer-owned ethanol and domestic methanol producers splitting the market 70–30, it is hard to understand why these two commodity businesses—who have historically been friends—cannot work together on this issue.

ECONOMICS

Finally, the oil industry points to current tax exemptions received by ethanol producers and then maintains that by expanding the industry, costs to taxpayers will increase. It may be of some interest to note that, over the years, the oil industry has received countless billions worth in tax preferences in the committee I sat on for 16 years. But I am not going to argue that point. This point provides little solace to the taxpayer.

What does provide solace is that sagging rural economies are expected to get an $800 million a year boost out of ROS reducing annual government outlays for these areas by an estimated $400 million and providing between $60 and $70 million in new tax revenue. In fact, even when offset by losses in the Highway Trust Fund, the taxpayer comes out ahead. This is taxpayer savings.

And, speaking of the Federal Highway Trust Fund, I have behind me a chart supplied by my good friend from Louisiana which theorizes what States will lose under the ROS. Now, my friend Senator JOHNSTON is, I am sure, well-versed in French history. So, I think it is appropriate to say in the words of La Rochefoucauld, "There is nothing more horrible than the murder of beautiful theory by a brutal gang of facts." And, here are the facts:

This chart is supposed to reflect the cuts in State highway funds between 1995 and 1999. But, the fact is, we know that for fiscal year 1995, appropriations has already allocated $19 billion in highway trust funds to the States. So, we know for a fact that there will be no impact on 1995 funding levels to the States.

According to the Minnesota Department of Transportation the effects of ROS, if there are any, will not be known or calculated for the trust fund model until 1997. But just starting with that, even then, in 1997, two CBO officials and the Minnesota Department of Transportation told us to the extent there are any shifts in the trust fund moneys to the States, they will be negligible. The fact is FHA, the Federal Highway Administration, does not believe the ROS will have an effect on State funding levels at all. That is why they are expecting some revenue loss to the fund, a loss of less than one-half of 1 percent to be exact.

Mr. JOHNSTON. Mr. President, will the Senator yield at that point?

Mr. DURENBERGER. I will just yield for a question.

Mr. JOHNSTON. The Senator is aware that this chart is made up of taking the tax committee's estimate of the loss to the highway users' fund and allocating it according to the formula used. The last allocation was in 1994. The Senator is aware that chart came from that; that is, you take the loss that was estimated to the highway users' trust fund and allocated it according to the last allocation.

Is the Senator aware that is how this chart was made?

Mr. DURENBERGER. I thank the Senator very much for the question. I am now aware of it.

I will just take a couple of minutes to complete what I began to say, now that he has explained where the chart came from.

If it were true that any revenue loss to the fund would be reflected in proportionate cuts in State funding, as is argued by my colleague from Louisiana, then there will not be any less revenue in the fund. In other words, if the fund gets less and spends less, there is no loss. It is very even. So we know that any impact on State funding levels they will be negligible at best. But they are far from imminent. In fact, I believe ROS will have no effect at all on State funding levels, and I am going to quickly explain why.

First, the ROS applies only to areas included in the Reformulated Gasoline Program [RFG]. These include nine cities with the worst smog problems, and States which have voluntarily opted-in to the RFG. So, the ROS does not even apply in those States which are not a part of the RFG—which are those States blacked-out on this map—and their Highway Trust Fund dollars are totally unaffected.

Second, even among those States which are enrolled in the RFG, many are what is called nonminimum allocation States. This means that the amount these States receive in Federal Highway Trust Fund dollars bears absolutely no relation to the amount they pay into that fund. In other words, the highway funds for 41 States are totally unaffected by this rule.

Third, four of the remaining States will use ETBE, a renewable ether fuel. ETBE has no effect on the Highway Trust Fund. So, these four States will see no change in their highway funding levels either.

Now, we are left with five States. One of them has already met the 30 percent renewable requirement and so the ROS is already satisfied there. And, in the remaining four States, oil companies are unlikely to use much ethanol, if any at all. Instead, they will either use ETBE, or they will more likely use ethanol and ETBE credits from other regions, to meet the overall 30 percent goal. So, even in these States, there would be no effect on highway funding levels.

So, now that Mardi Gras is over, the mask comes off, and all we see under the ROS is a country with cleaner air and well-funded highways.

Mr. President, I believe the ROS is faithful to the environment, energy, and the economic needs of the country as well as for the will of the Congress.

I urge my colleagues to maintain the will of the Congress by voting against the amendment of my colleague from Lousiana.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. JOHNSTON. Mr. President, I yield 20 minutes to the Senator from New Jersey.

The PRESIDING OFFICER. The Senator from New Jersey is recognized

Mr. BRADLEY. Mr. President, I thank the distinguished floor leader of the amendment for yielding 20 minutes.

I rise in support of the amendment. Before I got to the floor, there were a number of statements made by opponents of this effort who talked about themselves as strong consumer advocates and who talked about the positive consumer benefits of this mandate. I think it should be noted that many of those who made these statements come from States in which the reformulated rule will not apply.

They are talking about my constituents, not their constituents. They are talking about primarily States in the Northeast and mid-Atlantic, in addition to the West, which will be forced to give 30 percent of the reformulated marketing to ethanol.

So I believe that what we need to do here is be very clear about who will be

most adversely affected by this mandate. It will be the States that are forced to use ethanol as opposed to another reformulated fuel that might be more competitive.

Mr. President, it is with a certain sense of regret that I rise to speak. It is not always easy to criticize the administration or the EPA that I have worked to support. But I do so, nevertheless, because I feel strongly that the actions taken by the EPA in no way represent positive environmental policy. Indeed, I believe the EPA decision stands as a powerful threat to the agency itself and the prospect for effective implementation of the Clean Air Act. I would like to make a few points about the EPA ethanol mandate. First, the policy is intrusive, highly prescriptive, and the epitome of a "command and control" attitude. If we are going to pursue such policies, there has to be an overwhelming rationale for such involvement. That rationale simply does not exist.

Second, the underlying EPA rule for the use of reformulated gas is in fact rule neutral. It sets performance criteria and lets the industry figure out the most cost-effective way of meeting these criteria. There is no mandate for methanol. There is no mandate for ethanol. Under the RFG proposal, as it is, there will continue to be ethanol use, especially in the States in the Midwest, where it is most cost effective. If ethanol and its derivative ETBE are not used in markets such as in the Northeast, it is because these fuels are not economically competitive.

The underlying reformulated gas policy was set during the historic "regulatory negotiation," which brought together all of the involved parties to cut through the arguments and get to an agreement. Ethanol interests were directly involved, and ethanol interests signed the so-called "reg neg" agreement. Not one of the participants objected—not one. Yet, the ethanol interests are, today, trying to bury a rule that they themselves participated in, that they agreed to, and that was truly focused on performance and not on politics.

Third, there are no environmental benefits of the proposed rule. I know of no significant national environmental organization that supports EPA's findings of environmental benefits—not one. Indeed, the Sierra Club and the Northeast Air Quality managers—neither group with an obvious antifarmer or pro-oil company bias—testified against this mandate on environmental grounds. A little later in my presentation, I will submit a list of statements by various environmental groups in opposition to this mandate.

Earlier in the debate, Mary Nichols was quoted, and it was in answer to a question I asked in the committee. She is EPA's Assistant Administrator, and she was asked: "Do environmental benefits accompany this proposal?"

Her answer was: "I was clear in my testimony that we are not claiming any air quality benefits as a result of the proposal."

To be sure there was no mistake, I asked again: "No air quality benefits?"

The reply was: "Correct."

So much for the environment.

To my knowledge, Mary Nichols has not said something different. To my knowledge, she has not written a letter to the Senate saying, "I want to correct the record." To my knowledge, her comment stands.

Fourth, there are no energy security benefits to this proposal. Analysts at the Argonne National Labs performed an analysis for the Department of Energy which concludes:

> The results indicate that CO_2 emissions could be relevant to .3 percent to .4 percent higher than with year-round use of MTBE. Oil use is always higher (from .9 percent to 3.3 percent) under the program.

Somehow this analysis—which was doubtless paid for by the taxpayers—never made it into the EPA record. They never considered the analysis. A well-regarded think tank, the Resources for the Future, produced a study with similar results, concluding: "The oil savings achievable with MTBE would be at least 8 percent higher than those with ethanol."

Perhaps we will hear today that these researchers were biased against ethanol. I have heard one supporter of ethanol say that now there is another study. Well, who did the study and paid for the study? And what does the study say? The National Argonne Labs says: "No reduction in oil, particularly imported oil."

One of the points that needs to be made is that, under this proposal, increased ethanol and ETBE use does not displace oil. It displaces, most likely, the methanol-based additive, MTBE.

One of the arguments that will be made is that this methanol is imported and therefore bad. The fact is that the methanol used today is largely domestically produced. Furthermore, if you believe an analysis prepared by CRS analyst, David Gushee, the U.S. methanol industry is competitive worldwide and could expand. Interestingly, he wrote:

> The continued efforts to the ethanol industry to win legislative mandates and incentives which would favor ethanol against ethers have had and continue to have a tempering effect on investment planning for methanol capacity.

In other words, one man's job is another man's job loss. The supporters of this mandate attack all this imported ethanol, when their actions are directly leading to a weaker domestic industry.

The fifth point, Mr. President, is that this mandate is going to cost us in real dollars nationally. Any time you use a product that costs $1.10 per gallon to replace something generally available for less than half of that price, you are making a bad business decision. New Jersey's constituents will undoubtedly pay more for fuel—for no benefit.

The costs will certainly rise for gasoline refiners and marketers. This is a waste. And, more than a waste, it is potentially dangerous. A study by the Department of Commerce has indicated that some 66 U.S. refineries, representing 1 million barrels per day of capacity, are already at risk of closure due to the regulatory effects of the Clean Air Act. What is the rationale for pushing them closer to the brink? A loss of domestic refinery capacity of this magnitude will have important energy security implications.

The advocates of this proposal point happily at the possible increase in corn prices. Terrific. The subsidy mandates the market: A greater demand for corn, the price of corn will go up.

Once again, Mr. President, one person's higher price is another person's higher cost. If the higher prices predicted by the USDA materialize, consumers of corn will be paying an additional 10 cents per bushel. Ironically, the largest customer for corn is the livestock industry. These farmers consume as feed grain some 60 percent of the corn grown, roughly 5 billion bushels annually.

If corn farmers gained 10 cents a bushel, these other farmers with livestock, chickens, pigs, and cows lose $500 million each year. If the price of corn rises 10 cents, the corn farmer does experience greater sales revenue, but between 60 and 90 percent of this windfall is immediately offset by reduced USDA deficiency payments. The livestock industry, on the other hand, gets no relief, just higher prices. USDA does nothing to help the livestock industry whose costs have risen. Those farmers have to pass on their costs or eat them in lost earnings. How is this positive for agriculture?

Additionally, Mr. President, cereal and soft drink manufacturers and other consumers of corn face higher costs, lost income, and lost competitiveness. It is because of these potential adverse effects that the EPA's mandate is opposed by the National Association of Manufacturers and the U.S. Chamber of Commerce.

I have heard that this is just one little program. Surely, it cannot be that bad. Experience, however, tells us be wary of little disturbances, especially when energy markets are involved. In 1973 and then again in 1979, a supply shift of only a few percent paralyzed our Nation and cost us trillions of dollars in lost output. A couple of winters ago, an extreme cold spell led to a doubling of oil prices in the Northeast, and there was no physical shortage of the product at that time.

At the Senate hearing, I asked the DOE what analysis had been done to predict the impact of the mandate on

fuel prices. The answer the Department of Energy gave was: None, no analysis. I asked them what analysis had been done of the impact on refiners and marketers. The answer was: None. I asked if the DOE could provide any assurance that the price of gas would not skyrocket in some regions. The answer: No assurance could be provided.

To be frank, Mr. President, I was appalled by these answers. You could have a small supply disruption, a small shortage that would translate to gigantic price increases all along the Atlantic seaboard and on the west coast. That is reality when you get into mandating a market.

This proposal does not amount to positive environmental or energy policy. Perhaps it is really agricultural or social policy, although I believe that I could make the case if this proposal fails on those grounds as well. But the last time I checked, these were neither the purposes of the EPA nor the goals of the Clean Air Act.

Mr. President, there has been a lot of subtle and not so subtle allusion to the motives of various Senators in this debate. The proponents of the ethanol mandate are wont to infer that those on our side of the debate somehow are motivated by a desire to protect the oil industry and their so-called monopoly of the reformulated gas market.

Mr. President, I think my record pretty well speaks for itself. In my first year in the Senate, I raised taxes on the oil industry $20 billion with the so-called windfall profit tax. My motivation is clear. As I said earlier, I find the EPA mandate to be an unnecessary, intrusive regulation with no benefits for the environment and clear costs to the consumers of New Jersey. If the oil industry agrees with me, well, so be it. But, frankly, I find it offensive and more than a little ridiculous that anyone would infer that my actions are motivated by some desire to please big oil.

I might simply point to the fact just 1 week ago on this floor I offered an amendment on the Interior appropriations bill to strike what I believed to be a $10 million subsidy to the oil and gas industry, and, ironically, some of the major supporters of ethanol opposed my amendment. At that time they were on the side of the oil and gas industry, supposedly, if we are making those kinds of judgments.

The fact is that we squander billions annually in targeted tax breaks on special interests—a lot of special interests. I have watched it for 16 years. When the Senate debated my amendment last week, I pointed out that the oil and gas industry is the beneficiary of $2 billion in tax breaks already—$2 billion.

Even after noting that level of assistance, which works out to be a little more than $1 per barrel of domestically produced oil, I find it unbelievable that the supporters of the EPA mandate can criticize the oil and gas subsidies. The fact is that the subsidies given to the ethanol industry are nothing short of astounding. This industry, which produces roughly the energy equivalent of a day's worth of U.S. oil demand, stands to gain nearly $1 billion annually in total tax subsidies when this mandate is phased in—$1 billion. That works out to over $30—not $1, but $30—in tax subsidies per barrel of oil displaced. Obviously, the ethanol industry has not drilled the ground; they have drilled the Tax Code, and they have uncovered a gusher: $1 billion. Thirty dollars for every barrel of oil displaced, versus the oil and gas industry that has $1 for every barrel of oil produced. My view is both of them should be gone. In this case we certainly should not increase what we give to the ethanol industry.

If the EPA mandate is allowed, we will increase the subsidy given to the ethanol industry. By giving an industry that is dominated by a very few firms a guaranteed market, we are creating a market skewed against the consumer. It is not too surprising that one Wall Street analyst has estimated that the EPA mandate will add $100 million annually to the bottom line of a single ethanol producer. The costs associated with this subsidy will be placed squarely on the backs of my constituents, paying higher prices for their gas, subject to a possible disruption of supply, paying significantly higher prices.

It is not too surprising, as I said, that given this particular subsidy, the cost associated with this subsidy placed on the backs of my constituents is simply too much. I do not have to be a strong defender of the oil and gas industry to find a reason to fight this EPA rule.

I am sure that we will hear today that these subsidies actually save us money. We probably already heard it before I got to the floor. That is pretty routine. You hear it all the time in the Finance Committee. I understand the USDA has done an analysis that shows that this mandate saves the taxpayer billions over the next few years.

This mandate will increase the demand for corn by 250 million bushels—about 3 percent of the national production—and USDA says it will save billions in support payments because of that increase in production.

Well, Mr. President, what can we say about that analysis? USDA did not consider that people might react to higher prices by buying less. USDA did not consider that exports might drop. USDA did not consider that farmers, ginned up by the ethanol hype, might actually plant a few more acres of corn than they otherwise would. The USDA did not take into consideration the higher costs that livestock farmers are going to pay, that chicken farmers, that those who have pigs, that those who have cows will have to pay. They did not take into consideration the higher prices, $500 million a year, that they will have to pay.

In short, Mr. President, the analysis of the USDA with regard to the total impact of this mandate on the economic fortunes of agriculture broadly defined is a joke.

Around the Congress, these USDA arguments fortunately do not carry much weight. Around the Congress, though, we have another way of estimating costs. USDA does not tell the Congress how much some measure will cost. What we do is ask the Congressional Budget Office. And when the Congressional Budget Office was asked how much will this mandate cost, they said that the EPA mandate will increase Federal outlays by $250 million over the next 5 years. That is what the CBO said.

And this analysis is only of the effect on outlays. It does not consider the additional hundreds of millions of dollars in lost tax revenue that also goes with the mandate.

So, Mr. President, it is not hard to see that this mandate creates some very big winners. Just do not expect me and my constituents to pick up that check—willingly or even reluctantly. This mandate, in my view, should be defeated. If we defeat it, we are going to save taxpayers a lot of money, and we are going to save consumers even more.

The PRESIDING OFFICER (Mr. CONRAD). The Senator's time has expired.

The Senator from Iowa.

Mr. HARKIN. I yield 10 minutes to the Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized for 10 minutes.

Mr. BAUCUS. I thank the Senator from Iowa.

Mr. President, I would like to make two points here.

The Environment and Public Works Committee spent a lot of time with the Clean Air Act, had an extended and lengthy debate, and amendments were finally passed in the Clean Air Act years ago.

The Environment and Public Works Committee has jurisdiction over the highway program, which has an interest in this measure.

Let me address both of the points.

First, with respect to the environment, I opposed the Johnston amendment very plainly, very simply, very clearly because the 1990 Clean Air Act amendments required the development of reformulated gasoline to meet the 2-percent oxygen to lower smog in the nine cities in the Nation with the most smog and allowed other cities to opt in.

You must remember we have dirty air in this country. We have had dirty air in this country for a lot of reasons, and one of them is because of the automobile. The Clean Air Act amendments

had a lot of provisions with respect to the automobile, tougher tailpipe standards, on-board emissions canisters, other provisions, and one of them is the development of reformulated gasoline, because, obviously, the emissions that come out of the car have something to do with the nature of the gasoline that goes into the car.

Smog is one of the biggest problems in this country. What causes smog? Smog is caused by volatile organic compounds. It is caused by several contaminants. The biggest are the volatile organic compounds and oxygenates.

What are the facts about this rule and smog? Mr. President, ethanol reduces volatile organic compounds an additional 6 percent over methanol and MTBE. And ethanol reduces carbon dioxide emissions, carbon monoxide emissions, and toxic emissions. That, in turn, helps reduce smog and other air pollutants that come from cars.

When we passed the Clean Air Act amendments a few years ago in this body, it passed by a large margin. We then turned it over to the Environmental Protection Agency to implement and develop the reformulated gasoline rule. The Environmental Protection Agency is the agency with jurisdiction. They are the experts. They know more than any other Federal agency what that reformulated gasoline rule should say so that we have cleaner air in America, and particularly less smog in the smoggiest cities in our Nation. What did they have to consider? Right now there are four oxygenates. Ethanol and methanol, and they have derivatives, Mr. President, ethyl tertiary butyl ether, or ETBE, and methyl tertiary butyl ether, or MTBE.

The Environmental Protection Agency, after careful consideration of all these various different oxygenates, decided that the best way, with all the competing points of view and all the competing interests, in developing an oxygenate rule is the one they came up with.

Basically, it provides that 30 percent of all oxygenates be made from a renewable source, such as ethanol or ETBE. It is important public policy to use renewables where appropriate. Methanol and MTBE are both made from natural gas. That is, they are fossil fuels. Using them depletes a finite natural resource that we cannot replace. I believe that we as a nation should rely to the extent we can on renewable resources. And ethanol, which is made from corn, is one of those.

In addition, the Environmental Protection Agency's rule provides that ethanol can only be used in the winter months, in order to allay the concerns of some who have alleged that ethanol causes increases in smog during the summer months. Finally, the rule provides for flexibility in achieving the 30 percent requirement, phasing it in over a couple years so refiners can average the ethanol content of their fuel annually and they can trade their use of ethanol with other refiners, other cities, and other States. This means the city of New York, or the whole State of New Jersey, may never need to use a drop of ethanol if they choose not to.

All of this regulatory program is completely within the Environmental Protection Agency's discretion under the Clean Air Act amendments. The plain language of the statute permits the Environmental Protection Agency wide latitude to design the reformulated gasoline program, as long as it meets the statutory requirements, which this rule clearly does.

What Senator JOHNSTON's amendment purports to do basically is to second-guess the Environmental Protection Agency and say, "Oh, no, we have got a better idea." Well, if that is the case, frankly, we might as well be legislating all the regulations under the Clean Air Act here on the Senate floor. I do not think that is what we in the Senate should be doing. We already gave the Environmental Protection Agency all the guidance it needed when we wrote the Clean Air Act amendments. We do not have the expertise here to get into complex chemical formulas and competing scientific studies. We have properly delegated that to the Environmental Protection Agency to sort through and make the right decision. And I believe that the Environmental Protection Agency has done just that, and come up with a rule which works. It is time for us to stop arguing about it and let the Agency go on with its work of cleaning up the air.

Now some have said it does not have tremendous environmental benefits. Some have said that the Environmental Protection Agency's Assistant Administrator for Air, Mary Nichols, said that the ethanol rule does not have environmental benefits.

That, Mr. President, misses the point. This is a rule which, by its design, has strong environmental benefits, because Congress required it to have those benefits. I have already explained them —the 2 percent oxygenate content, the reductions in volatile organic compounds and nitrous oxide emissions. Those are strong environmental benefits. Methanol and MTBE provide no greater environmental benefits than ethanol and ETBE. They all meet the requirements of the law—they all provide environmental benefits, because that is what is required by law.

Now, there are other ways to reach the 2 percent oxygenate requirement, but the Clinton administration and the Environmental Protection Agency came up with this way because they felt it makes the most sense. And that is why I think we should not second-guess them.

I want to emphasize again that ethanol reduces the volatile organic compounds, VOCs, an additional 6 percent over methanol and MTBE. That is a big improvement. Ethanol reduces carbon dioxide emissions, reduces carbon monoxide emissions, and also reduces toxic emissions. There are tangible air quality benefits to the rule, and I want to set the record straight on that point.

In addition, I might add, several major environmental groups oppose this amendment. They oppose the amendment. Now some will stand up here and say they do it for various reasons not related to the substance of the rule itself. That is a rationalization. The fact is that major environmental groups oppose this amendment. I ask unanimous consent to have printed in the RECORD, Mr. President, a letter from the groups, the Sierra Club, Natural Resources Defense Council, the National Wildlife Federation, Friends of the Earth, and the Environmental Working Group, and so forth, stating their opposition to the Johnston amendment.

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

FRIENDS OF THE EARTH; SIERRA CLUB; NATIONAL WILDLIFE FEDERATION; ENVIRONMENTAL WORKING GROUP; NATURAL RESOURCES DEFENSE COUNCIL,

July 21, 1994.

DEAR SENATOR: When the Senate considers the VA-HUD-Independent Agencies appropriations bill for FY95, we ask that you oppose all new policy amendments affecting the environment. We take this position regardless of the substantive merits of such amendments, which we believe are not the issue in this case.

Subcommittee Chair Barbara Mikulski and the members of the Subcommittee have reported a bill which focuses on the funding allocations which are the primary purpose of appropriations bills. While it is entirely appropriate to have a lively floor debate about those funding choices, we oppose any new proposal to encumber this bill with amendments which are legislation or limitations restricting specific environmental policies. Whatever the merits of any such proposals, we believe they would be more appropriately pursued through authorizing bills, regulatory procedures or the courts.

We recognize that Congress has a right and a responsibility to set environmental policies when necessary. However, floor amendments to the VA-HUD-independent agencies appropriations bill should not be the tool of first resort. We oppose any floor amendments on takings, risk, cost/benefit and unfunded mandates. Consistent with our general opposition on procedural grounds to new policy floor amendments, we oppose the Johnston amendment to prevent the Environmental Protection Agency from implementing the ethanol rule. We understand that a lawsuit has been filed on this matter, which we believe should be decided through regulatory and legal means.

We make no pretense that the appropriations process is procedurally pure, and believe that each bill should be handled on a case-by-case basis. In the case of this bill, we draw the line on the bill as reported, and

urge you to oppose all new environmental policy amendments offered on the floor.

Sincerely,

RALPH DE GENNARO,
Director, Appropriations Project, Friends of the Earth.

A. BLAKEMAN EARLY,
Washington Director, Envir. Quality Program, Sierra Club.

DAVID HAWKINS,
Senior Attorney, Natural Resources Defense Council.

SHARON NEWSOME,
Vice President, Resources Conservation Dept., National Wildlife Federation.

DAVID DICKSON,
Senior Analyst, Environmental Working Group.

Mr. BAUCUS. What about public health? On this score, the issue is very simple. Methanol is toxic and ethanol is not. Methanol emissions contain formaldehyde, a carcinogen.

Mr. JOHNSTON. Will the Senator yield at that point?

Mr. BAUCUS. No; I will not. Later on, but not at this point. On the other hand, ethanol does not. Casual exposure to methanol can result in respiratory problems only a few hours later. If you drink methanol you will go blind.

And look at MTBE. Both the Centers for Disease Control and the American Medical Association have raised serious concerns about MTBE. Consumers in Montana, Alaska, New Jersey, New York, and North Carolina have suffered headaches and flu-like symptoms after coming into contact with MTBE. Last fall, the outcry was so great that the Senate voted overwhelmingly to oppose mandating the use of MTBE in Alaska due to the thousands of health complaints in that State.

Ethanol, by contrast, is not toxic. In fact, it can be ingested with no lasting harmful effects. And, most important, cities which use ethanol and ETBE have had no health complaints.

Finally, I want to address the comments of the Senator from New Jersey. He said that this rule will have a negative impact on air quality in the Northeast part of the country. I have a letter here from Administrator Carol Browner of the Environmental Protection Agency, addressing whether this rule has positive or negative environmental or economic effects in the Northeast. It is addressed to Senator HARKIN. Let me read from the letter.

DEAR SENATOR HARKIN: I am writing you regarding questions that I understand have arisen with respect to the potential impact of Environmental Protection Agency's renewable oxygenate rule on the Northeast. The Environmental Protection Agency took great care in developing a final rule that will have environmental and energy benefits for the Northeast and not cause adverse economic impacts.

I ask unanimous consent that the full text of that letter be printed in the RECORD.

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

ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC.

Hon. TOM HARKIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR HARKIN: I am writing you regarding questions that I understand have arisen with respect to the potential impact of EPA's renewable oxygenate rule on the Northeast. EPA took great care in developing a final rule that will have environmental and energy benefits for the Northeast and not cause adverse economic impacts.

EPA believes that this rule is consistent with longstanding Congressional and Administration policies to promote the use of renewable fuels, and does not violate the regneg agreement on reformulated gasoline.

During the comment period on this rule, the Northeast raised concerns that smog-forming emissions could increase during the summer ozone season. Although EPA believes that this should not be a problem for the Northeast, the agency included provisions in the final rule giving states the opportunity to address this issue by asking EPA to extend the summertime season. Moreover, EPA believes that the rule should not increase carbon monoxide emissions in the winter or nitrous oxide emissions.

Finally, EPA does not believe that this rule will increase the price of reformulated gasoline sold in the Northeast. The final rule includes averaging, trading and a program phase-in to avoid any short term shortages and price increase.

Thank you for your interest in this matter.

Sincerely

CAROL M. BROWNER.

Mr. BAUCUS. In sum, this rule is good for the environment. Second, I want to address the arguments raised here on the floor regarding the highway trust fund. I have heard some Senators say that if the Johnston amendment is defeated, somehow that is going to cost jobs. That its defeat is going to reduce the highway trust fund. That its defeat means we are not going to be able to build highways in this country. These statements are totally untrue. Totally untrue.

The highway trust fund by 1997 will have a surplus of at least $9.25 billion. We in the Congress every year under ISTEA, the highway authorization program, decide what the appropriations will be. The implementation of Environmental Protection Agency's rule will have no effect—none, zero, zip—on our ability here in the Congress, as we appropriate dollars for the highway program, to appropriate the same number of dollars we would in any case.

So let us not be confused. The Environment and Public Works Committee took a serious look at this issue of the impact of the reformulated gas rule on the highway trust fund and I can tell you, Mr. President, it does not have the adverse effect on jobs that some have alleged.

Mr. President, let me conclude by saying, there are terrific environmental benefits here. There is no adverse effect on jobs in the highway program here.

Most of all, this rule is good policy for this Nation as a whole. People like Shirley Ball, a tireless advocate for ethanol in Montana, cannot be wrong. For years she has worked to promote the use of ethanol, not because it is good energy policy, or good agricultural policy, or even good environmental policy. Although it is all of those things. Shirley has worked hard because she believes it is good for all the people of this country. Shirley's not an oil company executive or an agri-business person who will get rich or go bust depending on which way this rule comes out. She's just an ordinary American with an extra-ordinary amount of common sense. I believe in her good judgment.

For those reasons, and many others which other Senators have stated, I urge that the Senate table the Johnston amendment.

Mr. JOHNSTON. Will the Senator yield?

Mr. BAUCUS. Yes.

Mr. JOHNSTON. Mr. President, the Senator said methanol has adverse effects. The Senator is aware that competition here is not between methanol and ethanol, it is between MTBE and ethanol? Will the Senator agree?

Mr. BAUCUS. MTBE also has adverse effects. In fact, as I said——

Mr. JOHNSTON. But the Senator does agree with that?

Mr. BAUCUS. The Centers for Disease Control and the American Medical Association have raised serious concerns about MTBE.

Mr. JOHNSTON. Is the Senator aware, to use EPA's own words about the safety of MTBE, as reported in the Agency's Integrated Risk Information System, they say: "A comprehensive review by environmental"——

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSTON. I yield myself 1 additional minute.

As reported in the Agency's Integrated Risk Information System, a comprehensive review by Environmental Protection Agency scientists of 20 MTBE chronic exposure research projects establishes the safety of the MTBE.

Mr. BAUCUS. I am not familiar with that. I would have to look at it before I could comment on it.

Mr. JOHNSTON. It is from an EPA-sponsored research conference on MTBE and other oxygenates held on July 26 and 28, 1993 and it states as follows: "Just last year an extensive series of health studies on MTBE exposure * * * demonstrated that no adverse health effects occur from MTBE exposure."

Mr. BAUCUS. To answer the Senator's question, all I know is the EPA's rule does meet the requirements in the law for 2-percent-oxygen requirement.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. Mr. President, I yield 7 minutes to the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 7 minutes.

Mr. SIMPSON. Mr. President, I appreciate that courtesy, especially the courtesy of my friend from Alaska. I had come here to the floor and so had he. Therefore I will abbreviate my remarks and just say I represent a State that is the No. 1 coal-producing State in the United States; the No. 5 oil and gas-producing State. I have seen issues like this debated in the Senate before.

This debate is not about the environment. It is about politics and gimmickry of the marketplace. Even the EPA is not claiming any significant air quality benefits which would result from the ethanol mandate.

This issue is really about designating a market share. We have seen this type of activity before when Congress did this in the Clean Air Act in 1977. Back then, midwestern Senators from high-sulfur coal-producing States put in the so-called percentage reduction requirement which was a response to a growing market for clean, low-sulfur western coal.

That provision was guaranteed to ensure that high-sulfur coal would have a large market share by mandating scrubbers on powerplants regardless of how low-sulfur content the coal was in the beginning. It took us 13 years to repeal that little whizzer.

The ethanol mandate is really no different. It is an effort to use the Clean Air Act to stack the deck in favor of ethanol instead of letting the free market work as it should.

I understand the motivation of the farm State Senators. I represent one of those States, a great agricultural State of Wyoming. I have farmers in my own State, many of them. There is an ethanol plant coming on stream in Wyoming. But I also know that ethanol would garner a generous share of the market regardless of this mandate—regardless of it. The mandate only increases the market share artificially. It was always a political decision. It was never an environmental policy decision. Let us be very clear about that.

The economy of my State depends primarily on the oil and gas industry. Unfortunately, that industry has been on the ropes in recent times, and my State has lost jobs and population and taxes because of the decline in oil prices and production. But I did not go out and ask the EPA to mandate ethanol or MTBE, or work with coal extracts to see if we could not determine some new type of fuel. An MTBE plant in Cheyenne has been on line for over a year. It is a very important part of our economy. There are plans to build another methanol plant in central Wyoming and I expect those plants to compete with ethanol on a level playing field. They should.

I want to see all oxygenates produced in my State including ethanol, but I do not want to get into a situation as we had with this onerous percentage reduction requirement in the Clean Air Act and have it stuck on the books for 13 years.

The other serious problem with ethanol mandate is its effect on the Highway Trust Fund. Many States will lose money, especially after 1997. Wyoming could lose up to $60 million between 1996 and the year 2005 simply because there is no tax—like a gasoline tax—to help build your highways. Pay attention to this one. In a rural State like Wyoming, where the transportation system is so vital, we have very little air transportation, that is a substantial sum.

So I want to express my support for the Johnston amendment.

Contrary to the rhetoric we have heard, this will not be an end of corn or be the end of ethanol production. It will be a return to a fundamental, American economic principle of a free marketplace. That is exactly where we ought to go.

I thank my colleague from Alaska. I thank my friend from Louisiana.

The PRESIDING OFFICER. Who yields time?

Mr. SIMPSON. I will yield the balance——

Mr. HARKIN. I yield 10 minutes to the Senator from South Dakota.

The PRESIDING OFFICER. The Senator is recognized.

Mr. SIMPSON. Mr. President, may I ask how much time did I have remaining on my 7 minutes?

The PRESIDING OFFICER. Approximately 2 minutes remaining.

Mr. SIMPSON. At the appropriate time I will yield that back or to the Senator from Alaska.

I thank the Chair.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. DASCHLE. I thank the Senator from Iowa for yielding.

As the primary author of the amendment on the Clean Air Act, I think it is very important that we understand exactly what it is that the Clean Air Act does. It simply requires that 33 percent of the gasoline sold in 1996 have more oxygen. That is what it says. There will be no requirement for any relation to source. There is no requirement relating to whether it be renewable or nonrenewable. It simply says some gasoline, 33 percent, ought to have more oxygen.

It has been 4 years since we passed the Clean Air Act. There have been many proposals. Environmentalists, consumers, and others have opposed the early drafts of some of these proposals. But the administration has listened. In fact, it has listened probably more carefully than any other past administration when it has come to the rulemaking process.

They received more comment on this rule than any other rule promulgated by the EPA. Some 12,000 comments were provided. Letters from virtually every Senator were provided to the EPA with regard to this rule. Having listened, the administration responded.

Let me commend them for the way in which they have responded because they have addressed many of the concerns raised, time after time, from Senators and other comments alike. This rule is fuel neutral. Let me emphasize that. This rule is not an ethanol rule. It is not a methanol rule. There is no requirement that we mandate ethanol or methanol in this rule. It simply says that 30 percent—30 percent—of the oxygen we use to provide more oxygen in the gasoline comes from renewable sources.

In fact, it is very clear today in a letter we received from Richard Wilson, Director of EPA's Office of Mobile Sources, that the renewable fuels rule does not violate the principle of fuel neutrality that so many Senators have raised this afternoon. Any fuel made from renewables, including the example methanol produced from landfill gases, would qualify. It can be renewable ethanol or it can be renewable methanol. It does not have to be an ethanol product.

The negotiated agreement did not address the fuel neutrality in the context of renewable versus nonrenewable oxygenates. So this is a supplement to the rule, not in any way in violation to the reg-neg process that was promulgated over the last 4 years. It reduces emissions of greenhouse gases. There is no increased cost to the consumer. It reduces the cost to the Federal Government. There is no equivocation on those facts. That is exactly the result of the rule promulgated by the EPA.

Environmental groups endorse that fact. Consumer groups have endorsed that fact. In fact, we have a letter from Citizen Action to which others have referred. Let me just relate the last paragraph of the letter dated July 18:

> Please vote for consumers. Please vote for cleaner-burning, domestically produced renewable fuel and competition in the market for oxygenates.

Citizens Action clearly has indicated their strong support for this rule and against this amendment.

Agriculture groups, energy groups, all of the groups have indicated that they support the President and this administration in opposing the amendment.

The Environmental Protection Agency could not have made it more clear in a letter to me on July 21. I ask unanimous consent that the letter be printed in the RECORD.

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

U.S. ENVIRONMENTAL
PROTECTION AGENCY,
Washington, DC, July 21, 1994.

Hon. THOMAS A. DASCHLE,
U.S. Senate, Washington, DC.

DEAR SENATOR DASCHLE: Since EPA announced its decision on the role of renewable oxygenates in reformulated gasoline (RFG) on June 30, a great deal of misinformation has been heard from critics of the decision. I would like to take this opportunity to clarify EPA's views on this important clean air program.

The administration is aware that floor amendments to EPA's appropriations bill may attempt to overturn EPA's rulemaking on renewable oxygenates. The Administration believes that it is inappropriate to legislate regulatory restrictions through the appropriations process and will strongly oppose any attempts to interfere with EPA's implementation or enforcement of the rule.

The requirement that 30 percent of the oxygenates used in RFG be produced from renewable sources, such as grain, biomass or even garbage, is necessary to assure that renewable oxygenates are not disadvantaged in the RFG program. EPA is not establishing a new program to benefit any particular fuel, rather we are assuring that renewable fuels continue to have an opportunity to compete in a changing world of cleaner burning gasoline. Our actions are consistent with longstanding Congressional support for renewable motor fuels and this Administration's environmental and energy goals.

We have taken the necessary steps in the rule to alleviate potential disruption in the gasoline distribution system. In the context of overall gasoline usage, this program will result in only one-half of one percent of the gasoline consumed in the U.S. annually being made from renewable sources.

It is not an "ethanol mandate." Rather, it is fuel neutral in that any renewable oxygenate will qualify. The production of all oxygenates will increase substantially as a result of the RFG program. For example, nonrenewable MTBE made from natural gas may well experience a 170 percent increase in its market. No industry is a loser in this program.

I hope the above points and enclosure are useful in explaining the role of renewable oxygenates in the reformulated gasoline program. Please contact us if you have any questions or need further information.

Sincerely,

CAROL M. BROWNER.

IMPACTS OF THE RENEWABLE OXYGENATES RULE

ENVIRONMENTAL AND OTHER BENEFITS

The renewable oxygenates rule ensures that the benefits of the RFG program will be achieved. In addition to the 15 percent reduction in VOC and toxic emissions from vehicles using Phase I RFG, additional reductions in VOC emissions may occur if ETBE displaces currently-used ethanol during the summer months. This occurs because the rule does not credit the use of renewable oxygenates that increase evaporative emissions during the summer smog season. (The summer season is defined as May 1 to September 15, although a state may request a longer season if needed for smog control.)

The rule provides a strong incentive for the development of new technology to efficiently produce renewable oxygenates which would lead to long-term global warming benefits. Short-term global warming benefits would occur if methanol from landfills is used to make renewable MTBE as one company accounced recently.

There are also energy benefits. According to a DOE report, up to 20 percent less fossil energy is used to produce ethanol as compared to MTBE produced from natural gas.

COST

Consumers should see no increase in the prices of RFG at the pump as a result of the renewable oxygenate rule. EPA estimated that the reformulated gasoline rule that was promulgated last December would cost between 3 and 5 cents per gallon more than conventional gasoline. This includes the cost of oxygenates. The new rule simply requires some oxygenate to be renewable. EPA's analysis shows that the incremental cost impact of the new rule ranges from 0.02 cents to as much as 0.2 cents per gallon when spread over the 39 billion gallons of RFG that will be produced each year.

With respect to the impact on the Highway Trust Fund, EPA estimated a $180 million loss and published this estimate in the rule. Treasury, as part of updating the President's budget in the Mid Session review, subsequently estimated the loss to be around $240 million. USDA provided estimates that show that the Highway Trust Fund losses are more than offset by savings in farm deficiency payments. The rule included a $344 million savings estimate based on a USDA analysis of a report by the General Accounting Office. USDA has provided a more recent savings estimate of $275 million.

SUPPLY

There is no doubt that there exists today an adequate supply of renewable oxygenates to satisfy the requirements of this program. The only question is whether renewable oxygenates would need to be shifted out of existing markets and into RFG cities. To alleviate as much as possible concerns about the ability of the fuels industry to do some shifting and also provide time for new renewable oxygenate production to come on line, the Agency took a number of steps in the regulation. First, we set the initial year's requirement at 15 percent. In 1996, the requirement goes to 30 percent.

Second, we included averaging provisions. With averaging, a refiner may use more renewable oxygenate during the later part of 1995, for example, and none during the first part of the year, as long as over the year the 15 percent requirement is met.

Third, we included trading provisions, under which Refiner A in Chicago may use more than the required amount of renewable oxygenates. The "excess" oxygen credits may then be sold to Refiner B in Chicago or even Refiner C in Baltimore who choose not to use renewables.

As mentioned above, no industry is losing in the reformulated gasoline program. Renewable oxygenates, like ethanol from grain, will get 30 percent of the new RFG oxygenate market and nonrenewables, like MTBE from natural gas, will get 70 percent of the new market. The production of all oxygenates will grow significantly.

Mr. DASCHLE. Mr. President, Carol Browner makes it clear this is not an ethanol mandate. Rather, it is fuel neutral in that any renewable oxygen will qualify. The production of all oxygenates will increase substantially as a result of the RFG program. For example, nonrenewable MTBE made from natural gas may well experience a 170-percent increase in its market. No industry is a loser in this program. So it is very clear.

Mr. JOHNSTON. Will the Senator yield?

Mr. DASCHLE. One hundred fifteen million gallons—I only have 5 minutes. I will yield at the end.

We are talking about 115 million gallons of gasoline; 33 percent of all gasoline used is affected by the RFG program; 3 percent of all that gasoline will probably be related to MTBE or nonrenewable sources. Only .6 percent, less than 1 percent of all the gasoline, will be renewable under this rule. That is really what we are talking about, Mr. President. That small green line on this chart relating to this entire gray column over on the right-hand side. That is the issue.

There is also a very significant misconception, frankly, about the volume of fuel affected. I think this chart lays it out very well. This chart demonstrates as clearly as anyone can, I believe, why the impact on price, on the environment, on all of the other issues that people have raised is so minimal. We are talking about sixty-eight hundredths of 1 percent of all gasoline affected.

There are so many arguments that I do not know that I have the time to talk about them all. But given the fact that many of these issues have been raised on the floor, let me just concentrate on three rebuttals to the issues raised by some of our colleagues.

The first issue raised is that ethanol is subsidized. I am glad my colleagues have raised the issue of subsidization because I think it really ought to be a matter of perspective here. I am glad they raised it because ethanol is not the only source that has received subsidization in energy. All energy sources receive a substantial degree of subsidization. In fact, the oil industry has received $125 billion in Federal tax incentives alone over the course of its development.

Today, the oil and gas industry still receive $8 billion in tax incentives, and they are asking for $3 billion more. That is in tax subsidies. They also receive another $5 billion in research and development. Natural gas gets $4 billion in subsidization. If you take all of the subsidization together for 1 year—and that is what I have depicted on this chart—the total annual subsidies for all fossil fuels totals over $20 billion. That is more than 20 times the amount of subsidy received by ethanol, even though oil and gas have been the traditional fuels for generations.

So let us talk about subsidy. Let us look at the comparative subsidization that exists between ethanol and all the fossil fuels, and if you look at the granddaddy of them all, nuclear fission, it receives $10.5 billion in subsidization on an annual basis. But that tax subsidization, Mr. President, is not the only issue as we look at what the real cost of our fuel is.

If you examine what it costs to protect our foreign sources of oil, the costs actually just about go off the

chart. According to the General Accounting Office and other studies that I have listed here, the United States spends between $80 and $120 per barrel in production costs and the costs of defense for foreign oil from the Middle East. If you are going to take all the costs entailed in actually using and producing the fuel that we use today, more than $60 to $100 more than the market price for oil per barrel goes into the cost of subsidization for oil today.

Finally, there are the environmental costs, which cannot even be accurately calculated today. Fossil fuels are not alone. The nuclear industry and the fossil fuels together clearly are heavily subsidized by the Federal Government. I have not heard one comment from opponents of ethanol this afternoon in regard to the subsidization received for fossil fuels.

Together, between nuclear and the fossil fuel energy, they receive 84 percent of all Federal energy subsidization this year, and that is not including the cost of defending oil imports. So it is not subsidy, it is not the Federal tax policy they oppose, but the competition for available public resources that I believe is the real source of their opposition in this debate.

When it comes to energy policy, it just makes common sense that renewable sources ought to have a role and some commitment from the Federal Government to provide the competition and the balance we say we all want.

The second point I want to make this afternoon has to do with Federal cost. We heard a good deal of debate about it this afternoon. Let me try to explain very easily on this chart what the real Federal costs for the ethanol program is in 1994. Opponents talk of the loss of revenue to the Federal highway trust fund. I depict that here in the red. We do lose $270 million overall in costs as a result of the loss in the Federal highway trust fund. That is in large measure because of the exemption of 54 cents per gallon of pure ethanol. Since we are producing 500 million gallons, it is expected that that total annual cost will be somewhere around $270 million.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DASCHLE. I ask for 3 additional minutes.

Mr. HARKIN. I yield 3 additional minutes.

Mr. DASCHLE. Mr. President, income due to the exemption is taxable. Therefore, if we tax income from the exemption at the corporate rate, the return in revenue would be $100 million. So already we are offsetting that Highway Trust Fund.

Finally, because the rule increased corn prices, it reduces the farm program costs substantially. The USDA has made that very clear, and I ask unanimous consent that the text of the two letters from the USDA be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, DC, July 27, 1994.

Hon. THOMAS A. DASCHLE,
U.S. Senate, Washington, DC.

DEAR SENATOR DASCHLE: This letter responds to your request that the Department of Agriculture (USDA) estimate the effect of Environmental Protection Agency's (EPA) renewable oxygenate requirement (ROR) on Federal outlays.

EPA's ROR for reformulated gasoline is expected to reduce USDA's Commodity Credit Corporation (CCC) outlays on price and income support programs by $2.3 billion during FY 1995–1999 compared with outlays in the absence of ROR. The decline in CCC outlays reflects lower deficiency payments for corn and other feed grains.

The ROR will increase the demand for corn used in ethanol production by 40–50 million bushels during the 1994/95 crop year. Larger increases in corn demand are expected following the ROR phase-in period. By 1996/97 the ROR is expected to expand the amount of corn used in ethanol production by 200–250 million bushels.

Increased amounts of corn used in ethanol production would raise the average price of corn by $0.02 per bushel during the 1994/95 crop year. Corn prices are estimated to increase by $0.08 per bushel annually once the ROR is phased in. Higher corn prices translate into higher prices for other feed grains and lower deficiency payments for corn and other feed grains.

Additional corn demand for ethanol production reduces the amount of corn available for other uses, including inventories held over from one year to the next. Reductions in carryover stocks are not expected to exceed 140 million bushels annually and therefore, are not expected to cause a lowering in the acreage reduction program (ARP) percentage for corn, and our projections therefore assume no changes during 1995–1999. A lowering of the ARP percentage would expand corn supplies, reduce corn prices, and reduce the estimated savings in CCC outlays under the ROR.

We have estimated the costs to the Treasury associated with the $0.54 per gallon excise tax exemption or blenders tax credit for ethanol. This calculation compares our long-term projections for corn use with and without the ROR. Our analysis shows that over the FY 1995–1999 period foregone tax revenues from additional ethanol production for the ROR would be about $1.2 billion. Subtracting these revenue losses from savings in CCC outlays shows a net savings of $1.1 billion for the 5-year period.

I hope this information is helpful, if you have any further questions concerning our estimates please do not hesitate to contact me.

Sincerely,

KEITH J. COLLINS,
Acting Assistant Secretary for Economics.

DEPARTMENT OF AGRICULTURE,
Washington, DC, July 22, 1994.

Mr. ERIC WASHBURN,
U.S. Senate, Washington, DC.

DEAR ERIC: This letter responds to your request for information regarding the costs and benefits of the Environmental Protection Agency's (EPA) regulation requiring use of renewable oxygenates in reformulated gasoline (RFG).

The renewable oxygenate requirement (ROR) will require refiners to produce RFG containing renewable oxygenates beginning January 1, 1995. The program will be phased in with a 15 percent ROR in 1995 and a full 30 percent ROR in 1996 and thereafter. The Department (USDA) and other agencies provided EPA with comments on many aspects of the regulation including costs and benefits. I am providing a copy of our comments for your information.

EPA has stated, for the record, that the ROR offers both immediate and long-term environmental benefits. In the preamble to the final ROR regulation, EPA discusses summer ozone-related benefits and global warming benefits. Summer ozone-related benefits are associated with ETBE use in RFG that is controlled for volatile organic compound (VOC) emissions. The ROR only gives refiners credit toward their percentage requirements in summer VOC-controlled RFG if ETBE is used, giving refiners an incentive to use ETBE. ETBE blended in VOC-controlled RFG has two effects; (1) reducing the amount of ethanol available for splash blending; and (2) the effect on the performance characteristics of RFG.

It is not illegal to use ethanol in VOC-controlled RFG, however ethanol blended into VOC-controlled RFG does not receive credit as a renewable oxygenate. The ROR provides incentives to blend ethanol in the winter and ETBE in the summer because ethanol raises the volatility of fuels it is mixed with. Even though all RFG must meet performance standards, ethanol blends could raise the volatility of other RFG when they are mixed in vehicle fuel tanks. This is called the commingling effect. Ethers like ETBE and MTBE do not exhibit a commingling effect. With incentives for ETBE, less ethanol will be available for blending in VOC-controlled gasoline. Therefore, in some RFG market areas there will be less commingling than might have occurred without the ROR. The result will be fewer VOC emissions and less ozone potential for those areas.

The second effect ETBE has on reducing VOC emissions is linked to the ether's ability to reduce evaporative emissions at temperatures above 100 degrees Fahrenheit. A large fraction of summer VOC emissions are generated when gasoline circulating in vehicle fuel systems becomes hot and evaporates. ETBE reduces this evaporation and lowers these emissions relative to both ethanol and MTBE. This effect is not accounted for in EPA certification models for RFG and thus, is a benefit not accounted for in RFG performance.

EPA has been reluctant to quantify these emissions benefits in their analysis of the ROR rule. This is partly due to the uncertainty over the amount of ETBE that will be used in RFG, particularly in the first year of the program. In addition, the data available to quantify these effects is limited. EPA does believe the available data have verified the scientific theory indicating real VOC emissions reductions, however, the data and estimation methodology have not been developed with sufficient rigor to provide reliable point estimates of these effects. EPA's final analysis of these issues indicate the net impact of displacing ethanol or MTBE with ETBE in VOC-controlled RFG would be a reduction in VOC emissions over what would have occurred in the absence of this rule.

EPA, USDA, and the Department of Energy (DOE) all believe the use of renewable fuels have the potential to significantly reduce emissions of greenhouse gases. Several new technologies are being developed that

will enhance the productive efficiency of current conversion processes and allow ethanol to be produced from totally new feedstocks. We believe the development and commercialization of these new technologies depends on the existence of an expanding market for renewable fuels. If such a market does not exist, or lacks government support, potential investors will be unlikely to provide the capital necessary for the development of this industry. We believe the long-term viability of the renewables industry is linked to the success of the ROR program.

You have also asked for our assessment of the effect the ROR will have on Federal outlays. USDA has recently revised estimates of these effects. I have included a copy of this analysis for your information. Our analysis shows reductions in Commodity Credit Corporation outlays resulting from the ROR of about $2.3 billion over the 1995–1999 period. These reductions occur because prices of corn and other feed grains increase the level of deficiency payments for farmers participating in the program decreases.

We have also estimated incremental losses in the Highway Trust Fund of general revenues from new ethanol marketings resulting from the ROR. We believe about 115 million gallons of new ethanol in 1995 and an additional 385 million gallons in 1996 will be used to meet the ROR. In 1995, foregone revenues for this level of additional production will be $62 million. Thereafter revenue losses from 500 million gallons of new ethanol annually will be about $270 million per year. Total foregone revenues over the period 1995–1999 would amount to $1.15 billion as a result of the ROR. When farm program payment savings and revenue losses are considered together, net reductions in Federal outlays are $1.15 billion.

Finally, we have analyzed the costs of the ROR for consumers using RFG. We believe these costs will be minuscule for several reasons. First, the ROR provides for a flexible system that allows refiners to trade ROR credits among themselves and across geographic regions. Credit trading will allow renewables to be used in areas where they are most economical. Second, ethanol will be the low-cost oxygenate for making winter RFG and should actually save consumers money. Moreover, EPA has implemented a phase-in of the regulation that will allow markets to adjust to these requirements without causing shortages of oxygenates or reformulated gasoline. There is currently enough additional production and blending capacity in place to meet the 15 percent ROR in 1995.

I hope this information is helpful. If you have additional questions please give me a call.

Sincerely,

JOHN W. MCCLELLAND,
Associate Director.

Mr. DASCHLE. Mr. President, what the USDA reports in its analysis, and others have corroborated this information, given the savings in the Federal farm program of $517 million, the annual cost savings, and the Highway Trust Fund loss, and the tax revenue generated, the savings in the farm program is $343 million.

We have to rely upon domestic energy sources. The Wall Street Journal just today said there again has been a dramatic increase in the price of oil as a result of what is happening not in the United States, but in Nigeria.

Energy imports are growing rapidly. We are now importing 50 percent of all oil consumed. During the last 4 years, imports of MTBE have grown tenfold. Without this rule, we are told that MTBE will double or even triple just in the next 2 years. So for the sake of energy security, we have to develop the renewable fuel market.

Mr. President, finally, let me just say this. The integrity of the rulemaking process is at stake here. That is really what we are talking about. The President makes very clear how important this rule is to this administration, how important it is to him personally, how important it is to the integrity of the rulemaking process.

I ask unanimous consent that this be printed in the RECORD.

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

THE WHITE HOUSE,
Washington, July 22, 1994.

Hon. GEORGE J. MITCHELL,
Majority Leader, U.S. Senate,
Washington, DC.

DEAR MR. LEADER: Last month, the Environmental Protection Agency (EPA) made an important decision to use renewable fuels to help achieve the objectives of the Clean Air Act. By promulgating the renewable oxygenate rule, my Administration made good on a long-standing commitment to a cleaner environment and a stronger economy. The use of reformulated gasoline will help to improve the quality of the air in the nation's dirtiest cities. Through this decision EPA is helping to assure that renewable fuels continue to have a fair market share in a changing world of cleaner burning gasoline.

I am aware of the attempts by some in Congress to block implementation and enforcement of EPA's rulemaking on renewable oxygenates. I strongly oppose any attempts to interfere with EPA's implementation or enforcement of this rule.

Sincerely,

BILL CLINTON.

Mr. DASCHLE. Mr. President, they have listened, they have consulted, they have responded. So the bottom line is that this rule is a good one because it is right. It is right on energy and tax policy; it is right on deficit reduction; it is right on the environment; it is right on reducing imports; it is right for America. The Senate should defeat this amendment.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. JOHNSTON. How much time is remaining?

The PRESIDING OFFICER. The Senator controls 15 minutes and 30 seconds.

Mr. JOHNSTON. Mr. President, I yield 5 minutes to the distinguished Senator from Alaska.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. MURKOWSKI. Mr. President, I rise to support the amendment that would block funding for the enforcement of EPA's ethanol mandate.

In reality, EPA is initiating implementation of a mandate which, in my opinion, is a bad policy. Make no mistake about it, it is a mandate. I do not believe that EPA has the authority to mandate one fuel use over another under the Clean Air Act. The market should dictate what fuel is used.

Certainly this mandate is not fuel neutral. Congress should support a fuel neutral policy. Congress never gave the Environmental Protection Agency the legal authority to mandate one oxygenate over another for reformulated gasoline. The mandate violates specifically the regulatory negotiation agreement regarding fuel neutrality signed by all parties interested in the reformulated gasoline program including the ethanol interests. Mr. President, what we have here is a transfer of jobs from one industry to another.

The Senator from Montana indicated that we were concerned with the MTBE, the ETBE, the ethanol, and the methanol. The public is obviously a bit confused by this mumbo jumbo.

The Senator from Montana also said we should not second-guess the EPA. Well, I tell you, we should second-guess the EPA. In the opinion of the Senator from Alaska, the EPA is one agency that has totally run amok. I can tell you one horror story after another. The question of accountability in the mind of this Senator is the question as to whether the EPA is accountable to the Environment and Public Works Committee or it is the other way around. I am not sure which it is.

But Alaska experienced a case with the Environmental Protection Agency where they mandated adding MTBE to our gasoline to comply with the Clean Air Act 2 years ago. We had people getting sick when they were filling up their cars, women breaking out in rashes. It got so bad that our State government, under the authority of the Governor of Alaska, terminated the MTBE additive and appealed to the EPA to do a study. EPA promised that they would do a study in Alaska.

So they brought up a dynamometer. On the way up to Alaska, it fell off the truck and broke. The EPA never completed the study that they promised to complete for Alaskans to address the question of what health effects occur in cold weather, 40 degrees below zero and colder, associated with the burning of oxygenates in our gasoline. Neither MTBE nor ethanol have been adequately tested in Alaska's cold-weather climate.

The bare-bone ethanol study was incomplete and nonconclusive. There had been concerns regarding moisture picked up in the process of moving the fuel from the gas tank into the carburetor, resulting in a freezing of one's gas line.

So, Mr. President, I am somewhat amused when my colleagues in this body say do not second-guess the EPA. And I am further amused at the statement that we should pursue this 30 percent ethanol mandate because it is in

the national interest of relieving our economy of imports.

Mr. President, I can tell you as a Senator from Alaska one thing that you can do today. You can simply allow exploration in the Arctic National Wildlife Reserve where there is a greater likelihood of finding major, major oil fields to supplant Prudhoe Bay, which is in decline, which has been providing this Nation with 24 percent of its total crude oil for about 20 years now. That does not require any subsidy, not one cent. It can be done right now. American capital will invest and provide U.S. jobs.

What we are doing here, Mr. President, is we are embarking, if you will, on a very dangerous principle. We are saying that, indeed, EPA has the authority to mandate. This mandate, in the opinion of the Senator from Alaska, is totally outside EPA's authority and its jurisdiction. I assure you, colleagues, that this is a very, very dangerous principle.

Finally, as we look at an argument that I have heard that the mandate will reduce corn deficiency payments of some $275 million per year, I come to the conclusion that we are only replacing one subsidy for another.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MURKOWSKI. I thank the Chair and yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BOND addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Mr. President, I yield 3 minutes to the Senator from Missouri.

The PRESIDING OFFICER. The Senator from Missouri is recognized for 3 minutes.

Mr. BOND. Mr. President, I thank my colleague from Iowa.

Mr. President, when Congress passed the Clean Air Act of 1990, corn farmers viewed it as a significant step toward creating an opportunity for corn-based ethanol to compete in the renewable oxygenate market for motor fuel. Clearly, when Congress authorized the production and use of oxygenated fuels and reformulated gasoline in areas experiencing serious air pollution problems, the intent was to allow ethanol to complete fairly in this new market.

Because of the intent from Congress, the Environmental Protection Agency announced the renewable oxygenate requirement, ROR, which requires that 30 percent of the oxygen required in reformulated gasoline, RFG, must be derived from renewable sources such as corn-based ethanol.

Now, the Johnston-Bradley amendment would eliminate a major part of the Clean Air Act. This amendment attempts to rewrite history and undue the original intent of Congress. There are many in this body who have problems with the Clean Air Act who would like to rewrite history, the VA-HUD appropriations bill is not the place to change the Clean Air Act.

What is this debate all about? Well, if you support ethanol, a renewable resource, you support reducing our dependence on foreign oil, reducing harmful carbon monoxide and other tailpipe emissions, and providing a tremendous marketing opportunity for rural America.

The big oil lobby and those opponents of ethanol here today favor the continued use of foreign oil, the use of MTBE, a nonrenewable resource, and are willing to stop new growth in rural America.

In fact, St. Joseph, MO, a town that was hit hard by the great flood of 1993 and who has lost two major employers in the last year, has had several firms looking at St. Joseph as a possible site for an ethanol plant. Clearly, the thought of the big oil lobby trying to kill this towns prospect for new jobs is intolerable.

The current EPA program, which the Johnston-Bradley amendment will kill, will reduce our dependence on foreign oil. We will import 17 million less barrels of imported crude oil in 1995. Are jobs overseas more important to the big oil lobby then jobs in St. Joseph, MO?

The EPA's renewable oxygenate requirement will create millions of dollars of new growth in an otherwise stagnated rural economy. It is estimated that corn producers will see the price of corn increase by over 10 cents per bushel because of the expanded ethanol demand. To a typical 250 acre corn producer, that would mean an additional $3,000 in increased income. Missouri corn producers expected to harvest over 2.3 million acres in 1994 and the ROR could add an additional $25 million in income.

As a result of the Johnston amendment, CBO estimates that there would be an increase in outlays for Federal agriculture programs of $25 million for fiscal year 1995.

The ROR will ensure consumer choice in the marketplace. If the Johnston amendment passes, imported MTBE will virtually be the only oxygen component in reformulated gasoline and consumers will be without a choice.

The American Medical Association has called for a moratorium on MTBE until scientific studies resolve health risk questions. MTBE has been detected in blood samples, and reports of nausea, headaches, dizziness, cough, and eye irritation from MTBE have come from all over the country.

Environmental groups such as the Friends of the Earth, the Sierra Club, the National Wildlife Federation, the Environmental Working Group, and the Natural Resources Defense Council all oppose the Johnston amendment.

The ROS requires that a mere 1.6 percent of the total RFG market be derived from renewable resources. The remaining 98.4 percent will continue to be petroleum derived products. This will ensure that the intent of Congress will be carried out and that would allow ethanol to compete fairly in this new market.

I urge the Senate to reject the Johnston amendment.

The PRESIDING OFFICER. The Senator's time has expired.

Who yields time?

Mr. JOHNSTON. Mr. President, I ask unanimous consent that Senator MCCAIN be added as a cosponsor to our amendment.

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

Mr. JOHNSTON. I yield 4 minutes to the distinguished Senator from Wyoming.

The PRESIDING OFFICER. The Senator from Wyoming is recognized for 4 minutes.

Mr. WALLOP. Mr. President, I am deeply disturbed by efforts by the White House to abandon the requirement for fuel neutrality that is contained in the 1990 Clean Air amendments and the 1992 Energy Policy Act. What we are talking about is an intervention by the White House into EPA's regulatory proceeding to promote a special interest—ethanol—in order to deliver on a 1992 campaign promise to corn State farmers and constituents.

But what of his promises to the American people? In October 1992, on behalf of then Presidential Candidate Bill Clinton, Senator TOM DASCHLE addressed the National Conference on Clean Air Act Implementation and Reformulated Gasoline. At that time Senator DASCHLE assured the audience that:

> Governor Clinton and Senator Gore understand the importance of getting proposals on the table in order to make sure that there will be full compliance with the reformulated gasoline program in January 1995.

He then went on to add:

> * * * they also know that the program will only succeed if all oxygenates can compete for market share within the context of the law. Only in this way will we make sure that consumers are protected, the domestic economy is enhanced, and innovation into new, better ways of making gasoline and oxygenates continues.

Nevertheless, despite these promises, the Environmental Protection Agency has chosen to mandate the use of ethanol and its derivative, ETBE, in reformulated gasoline in place of cheaper and equally effective alternatives, such as the natural gas derivative MTBE.

Twice the Congress rejected policies that would authorize the Federal Government to select specific fuels or any particular oxygenate. In both the 1990 Clean Air Act amendments and the 1992 Energy Policy Act, the Congress enacted policies based on reliance on a competitive and fuel-neutral marketplace to make the selection among petroleum and nonpetroleum based transportation fuels.

Therefore, when it was reported last fall that the Environmental Protection Agency had completed its regulatory negotiation on reformulated gasoline, many of us were relieved. With the full participation of the ethanol and methanol industries, an agreement was reached that preserved fuel neutrality. Certainty was achieved. Finally, this long awaited Federal program could be launched.

Yet, betraying its proper role, before the ink was dry on the agreement, the EPA issued its supplementary rule regarding renewable oxygenates. Despite a lack of justification for the requirement, the final rule mandates a 2-year phase-in of a guaranteed 30 percent market share for renewable oxygenates. Uncertainty returned to the process.

We must not lose sight of the fact that this mandate would affect one-third of the gasoline used in the United States. Even if it satisfied the criteria proposed by the EPA, which it does not, adoption of the mandate at this late hour violates fuel neutrality as well a jeopardizes the orderly introduction of reformulated gasoline into the marketplace.

Let us also not forget that the ethanol fuel industry was created in the late 1970's out of the largest of the American taxpayer. During the last 15 years, there have been 17 attempts by special interests to carve out a guaranteed market for ethanol. Now ethanol producers are perhaps the United States' most heavily subsidized industry.

The annual taxpayer subsidy is $540 million per year. Over the last 10 years, this exemption has cost the highway trust fund $4.6 billion. What a deal for the middle class.

According to the letter from the Highway Users Federation and 12 other organizations, this new renewable oxygenate mandate will reduce annual deposits into the fund by an additional $465 million, for a total revenue loss of over $1 billion annually. This estimate is consistent with the estimate of Transportation Secretary Peña in his February 14 letter to OMB Director Panetta when he estimated that this mandate would result in an additional loss to the highway trust fund of from $340 to $465 million.

As a consequence, all Americans will be faced with higher taxes, poorer quality transportation and fewer jobs. Every billion dollars spent on highway construction creates about 39,000 jobs.

For example, California will lose $42 million annually; Georgia, $13 million; Illinois, $11 million; Indiana, $9.7 million; Maryland, $8 million; Massachusetts, $27 million; Michigan, $12.9 million; Minnesota, $6 million; North Carolina, $12 million; Virginia, $10 million; and South Dakota, $3 million.

Mr. President, fuel neutrality is a basic tenet of both the 1990 amendments to the CAA and the alternative fuel provisions in the Energy Policy Act of 1992. As a result of the EPA's inability to issue the regulations on time, gasoline producers were not able to finalize gasoline composition or to commit to refinery construction necessary to produce the new formulations.

Our Nation's transportation systems are in a critical period of transition. Ultimately, the marketplace must determine what combination of fuels and vehicles will meet the needs of American consumers consistent with national energy and environmental laws.

Because of the EPA's action, fuel neutrality has once again become an issue. Once again the Federal Government, through EPA regulations, is attempting to dictate the content of transportation fuels without regard to the environment. What is of particular concern is that this mandate will penalize American motorists, taxpayers, and the Federal Treasury—while having very little, if any, environmental benefits. Testimony before the Energy and Natural Resources Committee overwhelmingly supports this point.

During hearings before the Energy and Natural Resources Committee, I observed that the mandate not only appears to lack authority, but it violates the objectives of the reg-neg process itself. It fails to preserve the assurances provided to the participants by the EPA. Fifty-one Members of the Senate and over 100 Members of the House share my concerns and have communicated them to EPA Administrator Browner.

The mandate also appears to be inconsistent with President Clinton's Executive order that Federal agencies should only promulgate regulations that are required by law, are necessary to interpret the law, or are made necessary by compelling public need. This proposal fails to meet these tests, as well.

Surely, the American consumer deserves better from its Government. They deserve what was promised by the Senator from South Dakota on behalf of Presidential Candidate Bill Clinton; namely:

> Under a Clinton-Gore Administration * * * [t]here will be leadership so that when disputes arise, as they inevitably will, they will be resolved in a quick and forceful manner. Groups won't be pitted against each other at the expense of progress. We will have an Administration that will work with Congress to make sure that our rational objectives are advanced.

In the words of the Senator from South Dakota, "We should not settle for anything less."

Well, Mr. President, this administration's actions are settling for less with a disturbing political pay off to one firm. Farmer benefits will not even show next to those of Archer-Daniels-Midland Co.

A vote for the amendment of the Senator from Louisiana is a vote of support for the fuel neutrality requirement that was intended by the 1990 Clean Air Act amendments and the 1992 Energy Policy Act.

A vote for the amendment is a vote against Federal command and control policies.

A vote for the amendment is a vote for reliance on a competitive and fuel-neutral marketplace for the selection among petroleum and nonpetroleum based transportation fuels, as the Congress intended.

Let me address two other points. As of August 3, Mr. President, EPA has been particularly unresponsive in answering followup questions from members of the Energy and Natural Resources Committee from a May 12 hearing held on the Agency's proposed renewable oxygenate standard. Questions were sent to the EPA witness Assistant Administrator Mary Nichols on May 19, with a request that responses be provided to the committee by June 10. It has now been 76 days since these questions were sent to EPA, and no responses has been received—not even an interim communication.

In fact, EPA has a pattern of being unresponsive to questions from the Energy and Natural Resources Committee. Answers to questions are outstanding from four hearings.

The most egregious and flagrant example of EPA's disregard of requests from the Senate is their lack of response to our committee's questions from a March 16 hearing regarding the domestic and international implications of energy demand growth in China and the developing countries of the Pacific rim. It has been 128 days—or 4 months—since the questions were sent to EPA on March 28, and no response of any kind from EPA.

The third example is a March 24, 1994 hearing on the impact of the administration's superfund reauthorization proposal on DOE's weapons complex efforts. Followup questions were sent to Assistant Administrator Elliott Laws on March 28, 1994, with answers requested by April 12. In this case, 128 days have elapsed since the due date, and no responses have been received, as well.

Finally, the committee held a hearing on May 10 to examine the implementation of the administration's Climate Change Action Plan and the Energy Policy Act of 1992. Followup questions were sent on May 17. In this case, 78 days have elapsed, and no responses have been received.

Mr. President, I believe Administrator Browner owes not just the committee, but the Senate, an explanation for the deplorable manner in which her office handles routine requests for further oversight information on their programs. In the aggregate, answers to the above questions are 410 days overdue.

Perhaps the EPA Administrator should be called before the committee

to explain this action—or lack of action—on her part. If EPA were in violation of an environmental statute, at $25,000 per day this would amount to $10.25 million. Perhaps we should consider assessing a fine on the Office of the EPA Administrator by reducing its appropriation by this amount.

And now we must display the deference between the politics of campaigns and the politics of records.

In October 1992, the Senator from South Dakota addressed the National Conference on Clean Air Act Implementation and Reformulated Gasoline in Washington, DC. At the time, certain promises were made to the American people on behalf of Presidential candidate Bill Clinton. I would like to read a few excerpts from his remarks.

In order to clarify congressional intent, the Senator stated that:

There appears to be some question about Congressional intent relative to ethanol and the reformulated gasoline program. For this explanation, I will take off my Clinton-Gore hat for a moment. As the principal sponsor of the reformulated gasoline amendment in the Senate, I can speak with some authority on this subject. The goal of reformulated gasoline was to force gasoline makers to reduce the toxic, ozone forming elements of gasoline by using clean-burning oxygenates.

The Senator seems to agree that the goal of the reformulated gasoline program under the Clean Air Act is the abatement of ozone pollution. The Senator also seems to agree that the Clean Air Act does not grant the EPA specific authority to consider energy security or climate change concerns when establishing the performance standard for reformulated gasoline.

In his remarks, the Senator went on to make the point that:

Contrary to some propaganda at the time, we did not give anyone a formula for gasoline. We did not say what oxygenate to use. We did not say whether to reduce olefins, or xylene, or sulfur or other components of gasoline that are known to cause ozone pollution * * *. Different refiners have different capabilities.

The Senator then added that:

Some oxygenates are more readily available than others and may make more economic or technical sense depending on the refiner or blender. There are a host of variables that could be used to decrease ozone within the general parameters of our provision.

The Senator agreed on behalf of Governor Clinton that each refiner or blender should have the flexibility to use the oxygenate that makes the most economic or technical sense.

If the Clinton administration truly believes that each refiner should be able to use the oxygenate that makes the most economic or technical sense, then the administration should support reliance on the market, instead of promulgating a rule that guarantees renewable oxygenates a market regardless of price.

Later in the Senator's remarks he assured the audience that,

Governor Clinton and Senator Gore understand the importance of getting proposals on the table in order to make sure that there will be full compliance with the reformulated gasoline program in January, 1995.

He then went on to add:

* * * they also know that the program will only succeed if all oxygenates can compete for market share within the context of the law. Only in this way will we make sure that consumers are protected, the domestic economy is enhanced, and innovation into new, better ways of making gasoline and oxygenates continues.

If the Clinton-Gore administration believes that the consumer must be protected, then this Senator does not understand how EPA's action expedites full compliance by January 1995 with the reformulated gasoline program.

In my opinion, EPA has blatantly disregarded congressional intent regarding fuel neutrality in two major pieces of legislation—the Clean Air Act and the Energy Policy Act. Instead, the EPA has done just the opposite; they have pushed through the regulatory process a rule that favors one oxygenate over another.

The rule is not fuel neutral.

As the Senator from South Dakota said in his October 1992 statement, this program will only succeed if all oxygenates can compete for market share within the context of the law. EPA's renewable oxygenate rule fails to meet this test.

In October 1992, the Senator from South Dakota further assured those in attendance that "Governor Clinton wanted me to stress that he is not pro-ethanol at the expense of other oxygenates." The Senator then observed:

There is a tremendous opportunity under the Clean Air Act for methanol and MTBE, biodiesel, CNG, and other alternative fuels. A strong methanol and MTBE industry in the U.S. has many of the same virtues as a strong ethanol program. Instead of helping bolster agricultural prices, methanol can play a substantial role in strengthening the natural gas industry, which is extremely important in enhancing our long-term energy security. MTBE an methanol growth will also strengthen our industrial sector and provide high paying jobs.

Ethanol, ETBE, MTBE, TAME, and other oxygenates should all be able to play a role in reformulated gasoline. And these industries should be clear as the Federal Government's commitment to this objective.

If the administration believes, as the Senator from South Dakota has portrayed, that there is tremendous opportunity for methanol and MTBA, biodiesel, CNG, and other alternative fuels, then where is the justification for EPA's end run of the fuel neutral feature of current law that relies on a competitive market and guarantee renewable oxygenates a market regardless of price.

In October 1992, the solution advocated by the Senator from South Dakota on behalf of Governor Clinton was:

First, retain the environmental integrity of the law; and

Second, guarantee that ethanol will be able to play a role in competing for market share on an equal footing with other fuels.

If ethanol should compete with these other oxygenates on an equal basis, then I do not understand how he justifies either the EPA's mandate or the existing Federal tax subsidy.

In his remarks, the Senator from South Dakota then pledged that—

If Bill Clinton were President * * * [w]e would have a complex model on the table by now letting science dictate what ethanol's role can and should be. Any solution to the current impasse must be based on consensus, as much as possible, and it must be able to withstand legal and technical challenges.

He then added that:

The worst thing that could happen to the ethanol industry, not to mention the people who have to breathe the air in these cities, is for a political solution to be proposed that has no chance of withstanding protracted legal challenges.

Under a Clinton-Gore Administration * * * [t]here will be leadership so that when disputes arise, as they inevitably will, they will be resolved in a quick and forceful manner. Groups won't be pitted against each other at the expense of progress. We will have an Administration that will work with Congress to make sure that our national objectives are advanced.

We should not settle for anything less.

If, as the Senator from South Dakota believes the proposed EPA renewable oxygenate rule is "based on consensus" and is "able to withstand legal and technical challenges," then why is it being challenged by members of the reg-neg process.

The underlying reformulated gasoline rule is based on consensus and should withstand challenge. The same cannot be said for the renewable oxygenate rule.

The Clean Air Act and the Energy Policy Act specifically state, as does report language, that Congress' intent was to allow the marketplace to decide the appropriate, most cost-effective component of reformulated gasoline, rather than guaranteeing renewable oxygenates a market regardless of price.

My opinion is that the rule does not accomplish this objective. Instead, the EPA's action pits special interest groups against each other at the expense of environmental progress.

The administration's rule has been portrayed by the Senator from South Dakota as having our Nation's best interest at heart. I submit, Mr. President, that EPA's rule is not in our Nation's interest; rather it is intended to be in the best interest of Archer Daniels Midland.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. I yield 3 minutes to the Senator from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. KERREY. Mr. President, there are probably 10 or 15 undecided Senators. My guess is they will come to the floor in the next 15 or 20 minutes trying to make up their mind.

First of all, I want to thank the distinguished Senator from Wyoming for praising the President for keeping a campaign promise. That is precisely what he did. I appreciate the fact that the President is doing that.

Let me say that there are four arguments that I have heard against the renewable fuel rule, that the Environmental Protection Agency heard, and it finally issued. There are four arguments.

First, that it is bad for the American economy and jobs because it is antimarket. That is baloney; just pure baloney. I mean every regulation, every spending program in Washington, DC, is by definition antimarket. So if you supported any rule, regulation, or spending program, you basically supported intervention into the market. That is what we do here. We measure that intervention to protect jobs and to make sure that we are not doing something bad. But everything that we do is effectively an intervention. It is baloney to oppose this rule, to support the Johnston amendment because all of a sudden you are riding the high horse of being promarket.

Second, I have heard people say it is bad for farmers. Baloney again. Typically people who say it is bad for farmers have no idea what is going on in agriculture. Every farm organization in America is opposed to the Johnston amendment. So please do not vote for the Johnston amendment because you think it is going to be bad for farmers.

Third, that it is going to be bad for the taxpayer. Baloney. The fact is the distinguished Senator from Louisiana has to find a $39 million offset for his amendment because it is going to cost more money. So do not cite a study saying it is going to be bad for the taxpayer and all this stuff about money being lost to the trust fund and States losing highway money. The distinguished Senator from Minnesota earlier showed that only three States are affected. Baloney it is bad for the taxpayer.

Bad for the environment? Baloney. It is renewable fuel. You tell me why a renewable fuel is bad for the environment. The only thing it is bad for is for those people who want to exploit the environment and to deplete the resources that are nonrenewable.

Mr. President, this amendment should be defeated because of the policy implemented by the Clinton administration, and the courage of the President to confront the oil industries and those individuals who want the status quo. This policy will be good for jobs; 2,200 permanent jobs just from the investments in Nebraska in 1993; not jobs in the Middle East. I do not mean the Middle East but the United States. I do not mean Bahrain and the United Arab Emirates. Almost every single drop of petroleum produced will create jobs in the United States.

This policy creates jobs here at home. This policy will be good for taxpayers, as evidenced by the fact we have to find an offset to pay for the amendment. It is good for the taxpayers because it will reduce deficiency payments. It is good for farmers because every single farmer in America will benefit as a consequence of higher prices.

Finally, it is good for the environment. We will find ourselves very soon with the Vice President in the chair. He would not support this policy if he did not believe it was good for the environment of this country.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. JOHNSTON. Mr. President, I understand the Republicans cannot vote until 6:05. I therefore ask unanimous consent that the time for the vote be extended for 5 minutes until 6:05 and that the time be equally divided.

Mr. HARKIN. Mr. President, could we extend it to 6:07 equally divided?

Mr. JOHNSTON. Yes, Mr. President.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. JOHNSTON. I yield 1 minute to the Senator from New Jersey.

Mr. BRADLEY. Mr. President, in terms of whether the environmental organizations are for the mandate or against the mandate, not some procedural nicety, but the mandate, I ask unanimous consent that a statement in opposition to the mandate by the Northeast States for Coordinated Air Use Management be placed in the RECORD, along with a statement by the California Air Resources Board in opposition to the mandate be placed in the RECORD; I ask unanimous consent that the Environmental Defense Fund statement in opposition to the mandate along with the Florida Audubon Society statement in opposition to the mandate; the Sierra Club statement in opposition to the mandate; National Resource Defense Council in opposition to the mandate; World Resources Institute in opposition to the mandate; National Audubon Society in opposition to the mandate; Resources for the Future in opposition to the mandate all be placed in the RECORD.

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

NORTHEAST STATES FOR COORDINATED AIR USE MANAGEMENT,

July 29, 1994.

Senator BILL BRADLEY,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR BRADLEY: In response to your request, the Northeast States for Coordinated Air Use Management (NESCAUM) is pleased to enumerate our concerns relative to the U.S. Environmental Protection Agency's (EPA's) Renewable Oxygenate Requirements for federal reformulated gasoline. NESCAUM is an association of state air quality control agencies in the six New England states, New Jersey and New York.

NESCAUM has publicly opposed the Renewable Oxygenate Requirements (ROR) proposal from the outset because we believe that such a program would result in adverse environmental and economic impacts in our region. Further, we believe that the proposed program is in direct contradiction to the negotiated agreement on reformulated gasoline (RFG) that NESCAUM member states were party to. In light of these concerns, NESCAUM appreciates and supports your efforts to alter EPA's plans to implement this program.

Of primary concern to NESCAUM is the fact that the increased use of ethanol under an ROR program would exacerbate several air quality problems in our region. Greater emissions of volatile organic compounds (VOCs) would occur during the early and late portions of the region's ozone season since gasoline blended with ethanol is more volatile than similar gasoline without ethanol. VOCs and oxides of nitrogen (NO_x) are the pollutants primarily responsible for creation of ground-level ozone or "smog". This initiative would promote conditions that result in extending the length of the Northeast ozone season. This effect would be particularly significant in the southern portion of the NESCAUM region. New Jersey, for example, is prone to high ambient levels of ozone in the Spring and early Fall.

We are also concerned that the increased use of ethanol during the remainder of the year would lead to increased emissions of carbon monoxide (CO) and NO_x. CO is primarily a winter problem in the Northeast. The higher volatility ethanol-blended gasoline can contribute to an overloading of an automobiles evaporative canister and subsequently lead to higher CO emissions. EPA has acknowledged that the increased use of ethanol will result in increased NO_x emissions. In addition to further contributing to the "shoulder" season ozone exceedances mentioned above, increased NO_x emissions contribute to elevated ambient levels of nitrogen dioxide and fine particulate matter, both are criteria air pollutants for which EPA has established national ambient air quality standards. The expected increase in NO_x and nitrous dioxide emissions under an ROR program also have important global climate change implications since these pollutants have 150 and 270 times greater climate change impacts than carbon dioxide (CO_2). These increased emissions will offset much of the CO_2 benefit that EPA has used as the primary environmental justification for the ROR program.

EPA estimates that inclusion of the renewable oxygenate requirements will add about one cent per gallon to the cost of RFG. Given that the ROR program provides little, if any, air quality benefits, the projected annual cost of $50 million is hard to justify. The proposed program would result in a significant transfer of wealth from the motorist in the Northeast to agricultural interest in the Midwest. In spite of the potential economic benefits of the ethanol initiative to the corn growing states, Midwest states with nonattainment areas have not pursued voluntary opt-in to the RFG program.

EPA has identified reduced foreign oil consumption as a major justification for the proposed ROR. However, the total estimated savings appear to be extremely modest on a

relative basis, and highly dependent upon the assumptions made in the supporting analysis. While NESCAUM is generally supportive of efforts to foster energy savings and energy security, considerable question remains as to whether minor and uncertain energy benefits provide an adequate basis under the Clean Air Act for a new program such as that contemplated in the ROR proposal.

Finally, as active participants in the regulatory negotiation that produced the consensus agreement upon which the federal reformulated gasoline rule was to be based, NESCAUM is disheartened by EPA'S efforts to include an initiative that clearly violates the fuel neutral concept adopted by the "reg-neg" participants.

In conclusion, NESCAUM would like to state our continued opposition to the renewable oxygenates requirement and our support for your effort to keep this program from becoming part of the RFG program which we believe is a sound environmental program in its current form.

Sincerely,

MICHAEL J. BRADLEY,
Executive Director.

TESTIMONY OF MICHAEL J. BRADLEY BEFORE THE U.S. SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES

Good morning. My name is Michael Bradley and I am the Executive Director of the Northeast States for Coordinated Air Use Management (NESCAUM). NESCAUM is an association of state air pollution control agencies representing Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island and Vermont. The Association provides member agencies with technical assistance and policy guidance on regional air pollution issues of concern in the Northeast. We appreciate this opportunity to testify before the Committee regarding the Renewable Oxygenate Requirement (ROR) for Federal Reformulated Gasoline (RFG) which was proposed last December by the Environmental Protection Agency (EPA) in an effort to accommodate the corn grower's desire for a larger role in the RFG program.

I would like to begin by offering the Committee a brief explanation of the contribution of motor vehicles and their fuels as a source of air pollution in the northeastern U.S. and with an overview of the comprehensive motor vehicle emission control program that is currently being put in place in our region. I will then share with the Committee our concerns related to the ROR proposal and explain why NESCAUM believes that the proposed does not represent an appropriate or effective air quality control option. I would, however, like to emphasize the fact that NESCAUM strongly supports the federal reformulated gasoline program and that all ozone nonattainment areas in the Northeast have opted in to this program. My comments today are directed specifically at the proposed ROR component of the RFG program.

Ozone nonattainment remains a persistent and pervasive air pollution problem in the United States. The problem is particularly acute in the northeast corridor where the general public in states from Virginia to Maine is periodically subjected to unhealthful ambient ozone concentrations. Ozone and its precursor pollutants, volatile organic compounds (VOCs) and oxides of nitrogen (NO_X), are transported hundreds of kilometers along the east coast by weather systems. It is now widely understood that the ozone nonattainment problem in our region cannot be solved without addressing long-range transport. In recognition of this fact, Congress joined the NESCAUM states with our counterparts in the Mid-Atlantic region through the Northeast Ozone Transport Commission (OTC). The OTC has been charged with the challenging task of developing coordinated regional strategies to bring all areas of the region into timely compliance with the national ambient air quality standard (NAAQS) for this pollutant.

As you know, the 1990 Clean Air Act Amendments (CAA) require states to develop State Implementation Plans (SIPs) which demonstrate attainment of the ozone NAAQS within a given timeframe, according to the severity of an area's nonattainment problem.

* * * * *

The RFG revisions in the CAA of 1990 directed EPA to develop requirements that would address both the evaporative properties of gasoline and the combustion characteristics. NESCAUM's member agencies were active participants in the regulatory negotiation (reg-neg) process that produced consensus among all major interest groups on the structure of the RFG program. Throughout the ensuing federal rulemaking effort, we have supported the development of a cost-effective and fuel-neutral approach that results in the greatest feasible level of emission reductions. We are particularly pleased that EPA has ensured that Phase II RFG will provide reductions in emissions of NO_X which are critical to ozone attainment in the Northeast corridor. We are also encouraged that the vast majority of reg-neg participants have endeavored to adhere to the agreements reached in the negotiated rulemaking.

Based on the Administration's stated intention to make greater use of the regulatory negotiation process and similar dispute resolution techniques, we question the Agency's rationale for proposing the ROR concept which is inconsistent with the negotiated RFG rule. We would like to point out that after considerable deliberation, stakeholders involved in the reg-neg decided that, on the basis of fairness, the RFG program would be fuel-neutral. The ROR initiative proposed by EPA violates this objective. The state air agencies, as well as other parties, will be closely monitoring EPA action in this instance as an indicator of the federal government's commitment to abide by agreements reached through negotiated rulemaking.

We also question the merits of this proposal in terms of legal authority, air quality impacts, economic impacts and energy implications. The following sections highlight our concerns in each of these regards.

LEGAL BASIS

The CAA directs EPA, in developing requirements for RFG, to take into consideration "the cost of achieving such emission reductions, any non air-quality and other air-quality related health and environmental impacts and energy requirements." NESCAUM finds it curious that EPA is now pointing to this language as a rationale for proposing the ROR program. Indeed, these and other factors were afforded serious consideration during the regulatory negotiations, negotiations which included representatives of companies that produce "renewable oxygenates", that led to the reg-neg agreement and the subsequent EPA proposed rule for RFG. In fact, the resolution of these issues was critical to the development of a consensus agreement. We don't believe this statutory language provides sufficient authority or reason for the EPA to create an entirely new program, such as the proposed ROR.

NESCAUM is also concerned that the increased use of ethanol during the remainder of the year will lead to increased emissions of CO. Many researchers and public agencies (including EPA) have noted that increases in fuel volatility (RVP), which would occur with the use of ethanol, can result in increased evaporative canister loading and, consequently, increased CO emissions during the air/fuel mixture enrichment process that accompanies purging of the evaporative canister. Because the RFG program does not include an RVP limit outside the summer ozone season, any mandate leading to increased use of ethanol in the wintertime, would in NESCAUM's judgment, result in additional CO emissions.

EPA has acknowledged that the increased use of ethanol outside the peak ozone season would also result in increased emissions of nitrogen oxides (NO_X). In addition to adversely affecting ozone levels during the "shoulder" periods in Spring and Fall, increased NO_X emissions would contribute to elevated ambient levels of the criteria pollutants nitrogen dioxide (NO_2) and fine particulate matter (PM_{10}). While no areas in the Northeast currently exceed the NAAQS for NO_2, excursions above the standard are observed periodically in Boston and New York City, particularly during the winter. EPA is currently assessing the protectiveness of the NAAQS for NO_2. If the standard is revised so that attainment status is based on short-term ambient concentrations, areas like Boston and New York will be at risk of being designated as NO_2 nonattainment areas. In light of these issues, we are troubled by EPA's proposal of a mandate that would lead to increased emissions of NO_X.

It is also important to note that New York City has recently been designated as a PM_{10} nonattainment area. With a wealth of recent scientific evidence suggesting an enormous public health problem relating to the inhalation of fine particulate matter, EPA is currently reassessing the PM NAAQS. Any tightening of the particulate standard would place other areas in the Northeast at risk of being designated as PM nonattainment areas. Given the proclivity of NO_X to form secondary particulate matter and the potential for the proposed ROR to increase mobile source NO_X emissions, we must question the foresight of this EPA initiative.

EPA's failure to acknowledge the impacts of the increase in emissions of NO_X and nitrous oxide (N_2O) is also troubling because of the global climate change implications associated with increased emissions of these gases, which are respectively 150 and 270 times greater than that of CO_2. Given that EPA's estimate of the CO_2 reductions which would result from the proposed ROR appears to hinge on best-case assumptions regarding ethanol production efficiency, the failure to acknowledge NO_X and N_2O emissions calls into question the conclusion that the proposed ROR would actually offer any global climate change benefits.

CONCLUSION

While the U.S. EPA justifies the ROR proposal by pointing to projected greenhouse gas emission reductions and attempts to minimize possible adverse air quality consequences, NESCAUM believes that the potential global climate change benefits would be marginal, at best and that the adverse air quality impacts may be significant, especially if the ozone, nitrogen dioxide and/or

particulate NAAQS are tightened. As stated, NESCAUM strongly supports the federal reformulated gasoline program as promulgated in December, 1993, as well as EPA's objective of implementing measures to reduce greenhouse gas emissions. Unfortunately, the ROR proposal will deliver only modest global climate change benefits at a significant cost in terms of adverse air quality and economic impacts in the Northeast. In light of the potential air quality disbenefits and the high cost of the proposed program on consumers and businesses in the region, NESCAUM opposes the ROR proposal.

NESCAUM believes it is particularly ironic that this program could be forced on the Northeast and Mid-Atlantic states when many Midwestern states eligible to participate in the federal reformulated gasoline program have resisted doing so in spite of a clear air quality need and the direct economic benefits that would accrue in those states.

In conclusion, NESCAUM believes that the ROR proposal represents an unsound environmental policy with unfair economic consequences for states that are trying to meet their Clean Air Act commitments in the most timely and cost effective manner. Adding further costs to the RFG initiative to include a program component without clear overall air quality benefits makes our job of providing healthy air to the citizens of our region more expensive and more difficult.

AIR RESOURCES BOARD,
Sacramento, CA, February 14, 1994.

U.S. ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC.

DEAR SIR OR MADAM: The California Air Resources Board (ARB/Board) appreciates this opportunity to comment on the United States Environmental Protection Agency's (U.S. EPA) proposed renewable oxygenates program for reformulated gasoline. I have summarized our comments below and enclosed a more detailed analysis for your consideration.

As now written, the proposed requirements would likely have adverse fiscal and air quality impacts on California. First, California will lose federal highway funds because the ethanol tax credit will reduce the federal excise tax by 54 cents for every gallon of ethanol blended with gasoline. Second, the proposed requirements could increase the refiners' cost to produce reformulated gasoline, which would likely be passed on to the consumer. Third, the proposed requirements could make it difficult for California refiners to meet the Phase 2 reformulated gasoline (RFG) regulations because it limits their flexibility in choosing how to meet the regulations. Because the ARB has adopted stringent standards on gasoline properties for Phase 2 RFG, our policy has always been to remain fuel-nuetral, providing refiners' with flexibility. The proposal would limit that flexibility, without providing an air quality benefit. In fact, the proposed requirements could also have negative impacts on California's air quality. Emissions of oxides of nitrogen, particulate matter, carbon monoxide, and hydrocarbons could increase, and this would force us to adopt other measures to attain and maintain state and national air quality standards.

Because of the concerns listed above, we cannot support the current proposal. We recommend that the U.S. EPA reexamine its proposal in light of these concerns and not promulgate a final rule that could have both adverse air quality and economic impacts on California.

ENVIRONMENTAL DEFENSE FUND,
Washington, DC, July 29, 1994.

Hon. BILL BRADLEY,
U.S. Senate,
Washington, DC.

DEAR SENATOR BRADLEY: You have requested the views of the Environmental Defense Fund (EDF) on the environmental consequences of using ethanol as an automotive fuel additive. As you may know, EDF provided written comments on EPA's proposed rule regarding ethanol which raised a number of environmental concerns. We wish to make clear that our views have not changed with the insurance of the final rule by EPA. Attached to this letter is a copy of our comments. We hope this letter and attachment adequately expresses our view on this matter.

Sincerely,

WILLIAM J. ROBERTS,
Legislative Director.

COMMENTS TO THE ENVIRONMENTAL PROTECTION AGENCY

(By Paul J. Miller, Ph.D., Environmental Defense Fund)

The Environmental Protection Agency is to be commended for its efforts to replace a portion of the fossil fuels currently consumed by the transportation sector with alternative fuels derived from renewably-grown biomass. Such an approach promises to reduce carbon dioxide emissions (a potent greenhouse gas) while also reducing the federal trade deficit incurred from foreign oil imports. It is heartening to see EPA address this issue, and the Environmental Defense Fund supports the environmental goals EPA seeks to achieve.

Unfortunately, while the proposed rulemaking has laudable goals, its practical effect at best will be to divert scarce resources away from other options that can have a greater impact on greenhouse gas emissions, and at worst will exacerbate the very problems it seeks to solve.

THE USE OF ETHANOL AS A RENEWABLE OXYGENATE

The primary reasons for using renewable oxygenates as part of reformulated gasoline are the potential improvements in air quality, reductions in greenhouse gas emissions and reductions in foreign oil imports. While EPA states methanol from biomass such as wood or organic waste products requires "essentially no use of crude oil," EPA goes on to say there is no methanol capacity in the United States based on biomass sources. Therefore, ethanol will be the most likely source of renewable oxygenates under this proposed rulemaking. As a practical matter, the ethanol will come from corn, the major source of ethanol in the United States.

It has been argued elsewhere that the use of "renewably" produced ethanol will have marginal benefits at best on air quality, and may in fact be detrimental during the "shoulder seasons" that immediately precede and follow the high ozone season (see testimony of S. William Becker, Executive Director, State and Territorial Air Pollution Program Administrators and the Association of Local Air Pollution Control Officials). Even assuming, however, that there is some air quality benefit to the use of corn ethanol, it will be largely outweighed by the environmental damage caused by growing corn and the poor economics of corn as a source of ethanol.

THE ENVIRONMENT

Under the predominant agricultural practices of the United States today, corn is grown on land subjected to intensive cultivation with heavy applications of fertilizers, herbicides and pesticides. Large areas of land under cultivation have led to significant soil erosion along with a loss of natural biodiversity as land has been converted to monocropping. Heavy applications of fertilizers, herbicides and pesticides cause serious water pollution problems when rain water drains from fields into rivers and streams. This non-point source of pollution is a major issue in the current re-authorization of the Clean Water Act. In addition, biologically harmful levels of chemicals from agricultural sources concentrate in wildlife, leading to high mortality rates and birth deformities. Two vivid examples are the adverse effects widespread use of DDT has had on the reproduction rates of birds of prey, and the hatchling deformities caused by selenium poisoning of migratory waterfowl feeding in the irrigation evaporation ponds of California's San Joaquin Valley.

In a recent study of the environmental impacts of energy crops, the Office of Technology Assessment essentially dismissed the use of annual crops such as corn as a source of energy because of the environment damage associated with its cultivation.[1] With the poor environmental record of most modern day agriculture, the environmental harm that will be caused by greatly expanding corn ethanol production to meet the requirements of this proposed rulemaking will far outweigh the marginal air quality benefits that the use of ethanol may have in reformulated gasoline.

GREENHOUSE GAS EMISSIONS

In addition to increased environmental degradation from greater corn cultivation, the use of corn as a source of biofuel does little to reduce greenhouse gas emissions. According to scientists at the National Renewable Energy Laboratory (NREL), the fossil fuel savings obtained by the use of ethanol from corn in reformulated gasoline are largely canceled by the greater use of fossil fuels in the actual growing and processing of the corn to make ethanol.[2] Approximately one-third to more than one-half of the energy content of ethanol produced from corn is offset by the fossil energy used in fuel and fertilizer to grow the crop. Additional fossil fuel inputs are required to process the corn into ethanol. The NREL researchers conclude that, taken as a whole, the energy input from all fossil fuel sources is approximately equivalent to the energy content of the produced ethanol, and the net amount of carbon released from the fossil fuels is comparable to that of gasoline. Similarly, the fossil fuel required to make corn ethanol means any reduction in foreign oil imports is not likely to be significant. While these reasons alone make ethanol from corn unattractive, the greater emissions of nitrogen oxides from the increased use of fertilizers to grow more corn would have negative effects on greenhouse gas reductions. Fertilizer is a source of nitrogen oxides such as N_2O that are even more potent greenhouse gases than carbon dioxide.

ECONOMICS

Even apart from the environmental cost, the financial cost of ethanol from corn calls into question the utility of its use in reformulated gasoline. A cost breakdown of ethanol made from corn by both wet and dry milling is given in Table 1. While the cost varies from year to year depending on the price of corn, on average, the cost of a gallon of ethanol made from corn greatly exceeds the price of a gallon of gasoline. Even under

the best of assumptions, the cost of corn ethanol will be about $1.50/gallon. Instead of the price falling with expanded ethanol production, the U.S. Department of Agriculture projects that the cost of corn will rise and the revenue from coproducts will fall as corn ethanol production increases over current levels.[3] Obviously, to make the price competitive will require huge subsidies. EPA estimates that the current $0.54/gallon tax credit given to the corn ethanol industry could amount to $340 million in lost highway-related revenue if this proposed rulemaking goes forward. This is on top of the roughly $550 million tax credit already given to the industry based on an annual ethanol production of about one billion gallons. Furthermore, about 80 percent of this alcohol is produced by a single firm that receives a comparable share of the tax subsidy.[4]

AN ALTERNATIVE

In light of the environmental cost of producing more corn and the limited benefit the use of corn ethanol will have on air quality and greenhouse gas emissions, it makes far more sense to target scarce resources on other measures that are more environmentally and economically sound.

One such measure that deserves more attention, but is beyond the scope of this proposed rulemaking, is to sustainably grow energy crops to displace fossil fuels currently used by utilities for powerful generation. Energy crops such as herbaceous energy crops (HECs) (*e.g.* switchgrass) and short-rotation woody crops (SRWCs) (*e.g.* poplars) reduce soil erosion and require fewer applications of fertilizers, herbicides and pesticides (see Table 2). While not having the biodiversity of undisturbed ecosystems, the growing of energy crops can improve the habitat potential of previously degraded farmlands because monocropping need not be done. As an added benefit, recent cost estimates indicate that energy crops are already competitive at today's electricity prices, therefore they do not need the massive subsidies required for ethanol production from corn (see Table 3).

Growing energy crops for power generation, however, is not without its own environmental implications. According to the Office to Technology Assessment, "Substituting energy crops (such as short-rotation woody crops or herbaceous perennials like switchgrass) for conventional new crops (such as corn or soybeans) will under proper management generally improve soil quality, reduce soil erosion and runoff, reduce the use of agricultural chemicals (fertilizers, pesticides, herbicides, fungicides), improve local air quality, and improve habitat for a variety of animals. On the other hand, substituting energy crops for hay, pasture, or well-managed Conservation Reserve Program Lands will generally have mixed impacts."[5]

If natural forests are replaced by monocrop energy plantations, a substantial loss of biodiversity could occur. Undisturbed wetlands are an integral part of surrounding ecosystems and should not be drained or converted for biomass farming. On the other hand, if biomass is grown on land currently degraded from overgrazing or farming, or on farmland whose ecology has been greatly simplified by monocropping, biological diversity can be greatly enriched, both above and below ground. Croplands with wetness problems may be prime candidates for bioenergy farming. As a specific example, scientists are evaluating the silver maple as a SRWC for occasionally flooded Iowa bottomland that was once cleared for farming, but subsequently used for pasture or abandoned.[6] Such work may provide an economically and ecologically-sound alternative to the rebuilding of levees destroyed during the 1993 Midwest floods.

The types of crops raised and growing methods used will need to be individually tailored on a regional basis. Environmental considerations such as maintaining or improving biodiversity may require biomass farmers to accept less than maximum yields. To address these issues, several recent efforts have begun to look at the development of environmental guidelines for biomass energy production.[7] These efforts deserve EPA's support and attention before it embarks upon a well-intentioned but misdirected program to mandate the use of "renewable" oxygenates in reformulated gasoline.

CONCLUSION

The proposed rulemaking at issue here will have the practical effect of greatly expanding the use of corn for ethanol production (potentially a 60% increase over current ethanol production levels by EPA's own estimate). This in turn will increase the environmental damage caused by intensive cultivation of corn, while the associated subsidies to the corn ethanol industry will drain scarce resources away from other options capable of achieving greater environmental benefits. While the goals enunciated by EPA as laudable, this proposed rulemaking is not the appropriate path towards a renewable energy future.

TABLE 1.—COST OF ETHANOL FROM GRAIN[1] (MODERN GREENFIELD PLANTS)

[Dollars per gallon of pure ethanol]

Cost component	Wet milling[2] (capacity=70 million gallons/year)	Dry milling[3] (capacity=20 million gallons/year)
Capital[4]	0.41	0.54
Energy costs		
Coal	0.10	0.14
Natural gas	0.32	0.32
Electricity	0.04	0.05
Subtotal	0.46	0.51
Chemicals, enzymes, yeast	0.04	0.12
Personnel	0.07	0.19
Maintenance	0.11	0.16
Feedstock[5]	1.16	1.12
Byproduct credit	−0.50 to −0.75	−0.03 to −0.64
Totals	1.50 to 1.75	2.00 to 2.34

[1] Except for corn prices, all cost components are from E.E. Wyman, R.L. Bain, N.D. Hinman, and D.J. Stevens, "Ethanol and Methanol from Cellulosic Feedstocks," pp. 865–923, in T.B. Johansson, H. Kelly, A.K.N. Reddy, and R.H. Williams, eds., Renewable Energy: Sources for Fuels and Electricity, Island Press, Washington, DC, 1993.

[2] For wet milling: the yield is 116 gallons of ethanol per ton of corn; coproducts are worth $57.8 to $86.7 per ton of corn ($0.50 to $0.75 per gallon), and the capital cost is $2.46 per gallon per year of capacity.

[3] For dry milling: the yield is 121 gallons of ethanol per ton of corn; coproducts are worth $35.9 to $76.9 per ton of corn ($0.30 to $0.64 per gallon), and the capital cost is $3.22 per gallon per year of capacity.

[4] The annual capital charge rate is 15.1% (based on an assumed 25-year plant life and average financial parameters for major US corporations, 1984–88: 9.9% real rate of return on equity, 6.2% real rate of return on debt, a 30% debt fraction, a 44% corporate income tax rate, a property tax plus insurance rate of 1.5% per year), and the plant capacity factor is assumed to be 90%.

[5] The average cost of corn production in the US, 1986–1990, excluding the return to the landowner was $268.79 per acre per year or $2.43 per bushel of corn (USDA, "Costs of Production—Major Field Crops, 1990"). To this should be added the net return to the corn farmer in this period, some $52.8 per acre, or ($52.8 per acre)/(110.61 bushels per acre)=$0.48 per bushel. Thus the total cost of corn, including the return to the farmer, averaged, 1986–91, $2.91 per bushel or ($2.91/bushel)/(0.02151 dry tons/bushel)=$135/dry ton of corn.

TABLE 2.—TYPICAL EROSION LEVELS AND AGRICULTURAL CHEMICAL USE OF SELECTED FOOD AND ENERGY CROPS[1]

Crop	Erosion (Mg/ha-yr)	Fertilizers			
		Nitrogen (kg/ha-yr)	Phosphorous (kg/ha-yr)	Potassium (kg/ha-yr)	Herbicide (kg/ha-yr)
Corn	21.8	135	60	80	3.06
HECs	0.2	30	50	90	0.25
SRWCs	2.0	60	30	80	0.39

[1] L.L. Wright and W.G. Hohenstein (eds.), "Biomass Energy Production in the United States: Opportuntiies and Constraints," US DOE and US EPA, draft, August 1992.

TABLE 3.—BIOMASS POWER[1]

Cost breakdown	Conventional traveling grate[2]	Whole-tree burner[3]	Gasifier/combustion turbine[4]	
			First	Tenth
Capital cost ($/kW)	1,850	1,416	1,500	994
Operating cost (¢/kWn)	4.12	2.01	3.67	3.14
Cost of electricity (¢/kWh)	7.54	4.63	6.45	4.98

[1] Data compiled by Union of Concerned Scientists, Powering the Midwest, p. 54 (1993). Costs are in real levelized terms, assuming 10.5 percent fixed charge rate, 65 percent capacity factor, and a fuel cost of $34 per dry ton ($2.0 per million Btu).

[2] US DOE, Solar Thermal and Biomass Division, Electricity from Biomass: A Developemnt Strategy (1992).

[3] Research Triangle Institute, Whole Tree Energy: Engineering and Economic Evaluation (Palo Alto, Calif.; Electric Power Research Institute, 1991). Operating costs for technologies compared in this report are significantly lower than in other sources.

[4] Supra note 15.

For comparison, baseload electricity is typically generated at a cost of about 6¢/kWh with peak electricity at about 10¢/kWh.

In addition to cost of constructing a wood-burning power plant from scratch, estimates have also been made on converting existing coal-fired power plants to co-fire wood and to burn whole trees. These costs are $50/kW and $410/kW, respectively.[8]

FOOTNOTES

[1] The OTA report states:

Bioenergy crops include annual row crops such as corn, herbaceous perennial grasses . . . such as switchgrass, and short-rotation woody crops . . . such as poplar. Annual row crops are grown in essentially the same manner as their food crop counterparts and consequently offer few or no environmental benefits over conventional agricultural practices. Because of this, annual row crops are not examined further in this report.

U.S. Congress, Office of Technology Assessment, *Potential Environmental Impacts of Bioenergy Crop Production—Background Paper*, OTA-BP-E-118 (Washington, DC: US Government Printing Office, September 1993), p. 1.

[2] E.E. Wyman, R.L. Bain, N.D. Hinman, and D.J. Stevens, "Ethanol and Methanol from Cellulosic Feedstocks," pp. 910–12, in T.B. Johansson, H. Kelly, A.K.N. Reddy, and R.H. Williams, eds., *Renewable Energy: Sources for Fuels and Electricity*, Island Press, Washington, DC 1993.

[3] U.S. Department of Agriculture, *Ethanol's Role In Clean Air*, USDA Backgrounder Series, Washington, DC (1989).

[4] T.B. Johansson, H. Kelly, A.K.N. Reddy, and R.H. Williams, "Renewable Fuels and Electricity for a Growing World Economy: Defining and Achieving the Potential," p. 50, in T.B. Johansson, H. Kelly, A.K.N. Reddy, and R.H. Williams, eds., *Renewable Energy: Sources for Fuels and Electricity*, Island Press, Washington, DC, 1993.

[5] *Supra* note 1, p. 23.

[6] J.H. Cook, J. Beyea and K.H. Keeler, *Potential Impacts of Biomass Production in the United States on Biological Diversity*, Annu. Rev. Energy Environ., Vol. 16, p. 416 (1991); *citing* L.L. Wright, T.W. Doyle, P.A. Layton, and J.W. Ranney, *Short Rotation Woody Crops Program: Annual Progress Report for 1988. Environ. Sci. Div. Pub. No. 3373, ORNL-6594*, pp. 1–5, 31, 37, 41, 45, Oak Ridge Natl. Lab. (1989).

[7] These are: *Towards Ecological Guidelines for Large-Scale Biomass Energy Development*, Report of a Workshop Convened by the National Audubon Society and Princeton University, May 6, 1991; and the National Biofuels Roundtable, convened by the Electric

Power Research Institute and the National Audubon Society.

[8] *Supra* note 14, p. 50.

FLORIDA AUDUBON SOCIETY,
Casselberry, FL, July 28, 1994.

Hon. BILL BRADLEY,
Hart Senate Office Building,
Washington, DC.

DEAR SENATOR BRADLEY: This is to confirm our strong support for the Bradley/Johnson amendment which is intended to slow the precipitous move toward ethanol being pursued by the EPA and the sugar industry and other agricultural interests. For the past 4 years, FAS has been involved in a number of efforts designed to counteract the momentum of the ethanol lobby because of the serious negative impact that crop changes to produce increased quantities of ethanol have on wetlands and ultimately the Everglades ecosystem. We strongly urge you to continue your support of this important amendment.

Sincerely,

CHARLES LOE,
Senior Vice President.

TESTIMONY OF A. BLAKEMAN EARLY

Mr. Chairman and members of the Committee. I have attached to my testimony Sierra Club's comments on the EPA's proposed renewable oxygenate program. Briefly, those comments contend that the renewable oxygenate program is illegal, a violation of the regulatory negotiation that is the basis for the reformulated gasoline program regulations, and fail to provide any significant air quality or other benefits that would justify the additional cost and complexity imposed on the reformulated gasoline program.

My testimony will simply highlight and amplify some of these points.

1. The Renewable Oxygenate Program Proposal Violates the RFG Regulatory Negotiation.

As you may already know. The regulatory negotiation involved 35 parties, including the ethanol and corn growers and took many months to negotiate. This negotiation was first hailed as the most successful "reg-neg" ever. But from the environmental community's point of view it has proven to be a failure due in large part from the efforts of the ethanol industry and the corn growers to push changes that drastically alter the compromise they originally endorsed. One of the principal purposes of our participating in the "reg-neg" was to arrive at regulations that would be less controversial and less likely to be challenged with consequent delay and confusion in implementing the much-needed reformulated gasoline proposal. As a result of the ethanol industry and corn grower's efforts this program has been plagued with delay in the issuance of the regulations and, if this program is finalized, litigation—the very outcomes most reg-neg participants sought to avoid. This is a disservice to all the people in smog non-attainment areas who are struggling to reduce the smog problem and need this program to be implemented as quickly as possible to help them.

2. The Renewable Oxygenate Program Violates the Principal of Fuel Neutrality.

The oxygen requirement for reformulated gasoline was adopted by the Senate with the support of the ethanol, methanol industries and the environmental community on the basis of fuel neutrality. Senator DASCHLE, one of the authors, stated, "(O)ur amendment does not lock refiners into any particular fuel composition. * * * Refiners can decide how they want to get octane without toxic aromatics. They can decide how to achieve the oxygen standard."

Later Senator Daschle stated, "* * * to claim this is an ethanol amendment is wrong. The 2.7 percent oxygen standard is fuel neutral." By mandating that a specific percentage of the fuel contain domestic renewable oxygenate, the proposed regulation violates the very principal of fuel neutrality that was the basis for obtaining Congressional approval.

3. The Renewable Oxygenate Program Does Not Provide Global Warming and Air Quality Benefits.

As my testimony points out, even the EPA's initial analysis of the program failed to establish that mandated renewable oxygenate use would result in a net reduction of global warming gases. In proposing the renewable oxygen program, EPA claimed DOE support for its assertion that the renewable oxygen program "would reduce foreign oil imports, * * * reduce fossil energy use, and lower emissions of harmful greenhouse gases. The DOE has now challenged these EPA claims and recently released a report from Argonne National Laboratories showing that the ROP is more likely to increase—not reduce—foreign oil imports, fossil energy use, and global greenhouse gas emissions. The following table summarizes the recent DOE findings, assuming increase ethanol and ETBE production from corn.

	Percent increase over MTBE use	EPA estimates
Total Energy	1.6	
Oil Use	3.2	−1.8
Imported Oil Use	7.3	−0.26
CO2-equivalent Emissions	1.0	

The DOE study also considered a scenario under which the renewable oxygen program merely causes existing corn-based ethanol production to be diverted to the PFG program without an actual increase in total ethanol production. Under this scenario, DOE estimated total energy use will be reduced by only 0.6 percent and CO2-1 equivalent emissions by a barely noticeable 0.1 percent. And this analysis does not even calculate the impact of additional fertilizer use to global warming caused by nitrous oxide emissions from new corn fields. Testimony by numerous corn producers' organizations at the EPA hearing on the renewable oxygen program concluded that the renewable oxygen program would in fact increase corn-based ethanol production significantly. In fact, strong corn-grower support for the renewable oxygen program is predicted on the economic relief which corn growers believe that increase production will bring to their hard-pressed industry.

Although the main objective of the reformulated gasoline program is to reduce pollutants that contribute to smog and reduce toxics, the renewable oxygenate program appears to have no additional benefits in comparison to the reformulated gasoline program as finalized, and may in fact provide less air pollution reduction. EPA's analysis of the "shoulder season", hot periods which occur before and after the official "ozone season" may under estimate the ozone increases that higher use of ethanol is reformulated gasoline may create. Ethanol use by refiners may be very high during the non-ozone season in order to reduce the amount of ETBE use that would be needed during the season. The result could be significant increases in ozone levels from a program that is supposed to obtain decreases.

In addition, the EPA is under a general mandate to obtain "the greatest reduction" in emissions of toxic air pollutants. The renewable oxygenate program would appear to reduce the amount of toxic air pollutants. EPA has already publicly stated that "due to a characteristic of MTBE unique amount oxygenates, evaporative benzene emissions are suppressed, and MTBE achieves a greater toxic performance on a wight percent oxygen basis than the other oxygenates." By requiring less MTBE use and substituting ethanol, the proposed program would likely have the effect of reducing the amount of benzene emissions reduced. Moreover, it takes a greater volume of MTBE to provide the needed oxygen in reformulated gasoline. The added volume reduces the amount of toxic aromatics, thus reducing the over-all toxic emissions in comparison with lower volumes of ethanol needed to achieve the same oxygen level. I note that ETBE would have the same volumetric beneficial effect.

Finally, the proposed program is designed to encourage substantial use of ETBE before this fuel has been adequately tested. While ETBE has attractive properties as an oxygenate, we can not support its widespread use until testing assures we are not subjecting the public to a new toxic pollution hazard. Frankly, we fail to comprehend how the EPA can proceed without such assurance.

In sum, we see the renewable oxygenate program as potentially increasing global warming, increasing smog, increasing air toxics, and increasing water pollution and damage to erodible and sensitive habitat areas. All this at an increased cost to the reformulated gasoline consumer and a significant decrease in Highway Trust Fund revenues. I assert that this proposal is fatally flawed. It is time to focus on the main goal of the reformulated program which is reducing air pollution and stop trying to manipulate it for other purposes, such as increased ethanol demand.

There are farm groups, Governors, and Senators supporting the proposed renewable oxygenate program while severely criticizing the EPA for issuing regulations where the benefits do not justify the costs. In my opinion, the proposed renewable oxygenate program represents the essence of the very regulatory program they argue against in other circumstances. Only in this case, the costs fall on gasoline consumers and the benefits inure to corn farmers and ethanol producers. Sierra Club's message to them is—you can't have it both ways.

NATURAL RESOURCES
DEFENSE COUNCIL,
Washington, DC, March 8, 1994.

Hon. BILL BRADLEY,
U.S. Senate,
Washington, DC.

DEAR SENATOR BRADLEY: In a recent letter to you and other Senators regarding EPA's proposed renewable oxygenate requirement (ROR), Senators Daschle, Leahy, and Lugar quoted extensively from the Natural Resources Defense Council's comments to EPA on the ROR proposal. Taken out of context, these quotations may have given the erroneous impression that NRDC supports the ROR as currently proposed. I am writing to clarify our actual position on the issue.

A crucial part of NRDC's position on the ROR is an insistence that any such requirement include stringent full fuel-cycle environmental performance criteria. A minimum criterion, in our view, would require at least a 20 percent reduction in full fuel-cycle greenhouse gas emissions. As we point out in our comments, the ability of today's corn-based ethanol to meet such a test is, to say the least, debatable. Ethanol is not renewable to the extent that fossil fuels are

consumed in agricultural production and fuel conversion processes. Thus, we concluded that without strict environmental criteria "the perverse result of a renewable oxygenate requirement might be to mandate use of a fuel that has little, and in the worst cases even negative, environmental benefit."

Independent of these issues, our comments also raised questions regarding the appropriateness of the ROR in the context of a previously concluded regulatory negotiation on reformulated gasoline. Finally, it may be worth noting that NRDC did not attempt to address cost and consumer concerns relevant to the ROR proposal that could also be significant.

It is true that we support EPA's general concern with broader environmental impacts—including global warming—and with stimulating truly renewable petroleum alternatives. Thus we agree that a renewable oxygenate requirement could achieve environmental benefits in theory; however, we also note that "designing a requirement such that it actually achieves those benefits in practice will not be straightforward." In sum, we cannot support EPA's ROR proposal until our concerns and those of other stakeholders are addressed.

I would be glad to discuss this issue further or to send you a copy of our comments to EPA. Meanwhile, I would appreciate your help in clarifying our position with your colleagues in the Senate.

Sincerely,

MARIKA TATSUTANI,
Senior Research Associate.

[From World Resources Institute, May 1994]

THE KEYS TO THE CAR: ELECTRIC AND HYDROGEN VEHICLES FOR THE 21ST CENTURY

(By James J. MacKenzie)

ETHANOL

Ethanol (ethyl alcohol, also known as grain alcohol) is the intoxicating ingredient in alcoholic beverages. In 1991, gasohol (nine parts gasoline and one part ethanol) accounted for about 6 percent of U.S. motor-fuel consumption. Congress and some agricultural states, have promoted the use of ethanol in cars, claiming that it will reduce carbon-monoxide emissions when blended with gasoline.

About 95 percent of the ethanol used in motor vehicles in the United States is derived from corn, and the greatest political support for ethanol comes from corn-growing states. But despite gasohol's political popularity, greater use of this fuel wouldn't significant reduce ozone levels. Nor would corn-based ethanol appreciably reduce the threat of global warming. In a study of ethanol's impacts on air quality, Sierra Research concluded that gasohol would on average reduce CO concentrations by 25 percent, but would increase NO_x emissions by 8 to 15 percent and evaporative emissions of VOCs by 50 percent. Switching to gasohol, the researchers estimated, would increase ozone concentrations by at least 6 percent. The Office of Technology Assessment also concluded that ethanol would not help cut smog concentrations:

* * * recent government studies indicate that future use of ethanol blends, assuming modern vehicles, low volatility gasoline, and no volatility corrections made for blending, will have negligible impact on urban ozone levels. * * *

A review in 1993 of air pollution from motor vehicles also found that switching to ethanol blends won't do much to conquer smog. Indeed, it concluded that the "addition of ethanol to gasoline is generally counterproductive with respect to ozone formation * * * [and that no] convincing argument based on combustion or atmospheric chemistry can be made for the addition of ethanol to gasoline."

Estimates of the net greenhouse impacts of ethanol are subject to great uncertainty. All depend on which feedstock is used, what fuels are used in distillation, and how much energy is credited to the by-products (such as animal feeds, in the case of corn) of ethanol production. According to OTA, the corn-based technology now used to produce ethanol offers no significant greenhouse benefit. Calculating the greenhouse gas emissions for vehicles running on pure ethanol (E100), DeLuchi concludes that switching to motor vehicles running on E100—made from corn—would increase greenhouse gas emissions by 20 percent (for light-duty vehicles) to 50 percent (for heavy-duty vehicles). DeLuchi also points out, though, that these results reflect a wide range of assumptions about the processes for producing ethanol and that:

"The general message of the corn-to-ethanol scenarios is that one can pick values for a set of assumptions that will support virtually any conclusion about the impact of the corn-to-ethanol cycle on global warming."

Like CNG, ethanol is subsidized by the federal and some state governments. The federal tax subsidy on gasohol is 5.4 cents per gallon (or $0.54 per gallon of ethanol). Several states also reduce their fuel taxes on gasohol. In 1990, combined federal and state subsidies amounted to $467 million. The average federal/state subsidy in 1990 was about $0.62 per gallon of ethanol, with present production costs estimated at $0.90 to $1.15 per gallon. The subsidy thus amounts to 50 to 70 percent of total production costs.

Producing ethanol from corn requires large amounts of land. To fuel a typical American car for a year on pure ethanol would take about 14 acres of corn—about nine times the amount of cropland needed to feed an average American. Even devoting the nation's entire corn crop, some 8 billion bushels, to ethanol production would displace less than 10 percent of the country's motor vehicle fuel. Moreover, growing corn year after year causes serious erosion. According to a recent OTA report, U.S. corn production erodes about 9 tons of soil per acre per year, some 20 times faster than new soil is formed. For these reasons, replacing all motor fuels with ethanol-from-corn is out of the question, and ethanol proponents agree that corn would not be used for making more than 2-3 billion gallons per year.

NATIONAL AUDUBON SOCIETY,
New York, NY, July 14, 1994.

Mr. DEAN KLECKNER,
President, American Farm Bureau Federation, Maryland Avenue, Washington, DC.

DEAR MR. KLECKNER: I am writing to draw your attention to the seemingly stark contradiction between the American Farm Bureau Federation's enthusiastic support for the Environmental Protection Agency's new policy on adding ethanol to gasoline, and your organization's equally enthusiastic support for the so-called "takings" or "property rights" agenda. The substantial threat that an exaggerated version of "takings" presents for the new EPA policy highlights, I respectfully suggest, your organization's shortsightedness in supporting a legislative and judicial agenda on "takings" that threatens to inflict serious harm on the agricultural community.

As you are well aware, on June 30, 1994, Administrator Carol Browner announced that nearly one-third of gasoline sold in the most polluted cities in the United States must contain renewable oxygen-bearing additives. In practice, these mandated additives will principally be ethanol derived from corn. According to press reports, the American Farm Bureau Federation, whose members obviously produce corn, and the Archer Daniels Midland Co., which produces at least 60% of the nation's ethanol supply, vigorously support the policy. On the other hand, the petroleum industry equally vigorously opposes the policy. The Environmental Protection Agency has defended the policy in the belief that it will help reduce green house emissions, help the balance of trade, and improve domestic energy security. Some or all of these ostensible benefits have been contested by the American Petroleum Institute and others, including some environmental groups.

Whatever the actual public benefits, however, this new policy will result in a potentially enormous transfer of wealth from one sector of the economy to another—from the natural gas industry and its employees to ethanol producers and corn farmers, who will now have an expanded market for their product. According to press reports, the Environmental Protection Agency has estimated that this new policy could boost annual demand for corn by some 250 million bushels; as a result, farmers, who already receive substantial federal subsidies, could receive at least $250 million in additional annual income. This increased income would naturally contribute to higher agricultural land values. On the other hand, the new policy will tend to reduce sales and jobs in the methanol and natural gas industries, reducing the value of these businesses.

In supporting takings legislation, the American Farm Bureau Federation and other supporters of these bills have often argued, generally in the context of wetlands or other environmental regulations, that when the government adopts new policies for public benefit, the public should "compensate" those whose property values are adversely affected by the new policy. Does this mean that the American Farm Bureau Federation would support payment by the American taxpayer to the natural gas industry to "compensate" these companies for the losses they will suffer as a result of this new policy?

It is interesting to observe how S. 2006, a "takings" bill introduced by Senator Robert Dole of Kansas, would have applied to the development of this new policy. S. 2006 would require federal agencies, before issuing any new "policy" which could result in a taking or diminution of use or value of private property" to prepare a "taking impact analysis." The analysis would include, among other things, an assessment of whether a "taking" may occur under the new policy, a description of the effect of the policy on private property, a description of alternatives to the proposed policy "that would lessen the adverse effects on the use or value of private property," and an estimate of "the reduction in use or value of any affected private property as a result of such policy." As applied to the new EPA ethanol policy, S. 2006 would have required preparation of a takings impact analysis, because the new policy will certainly diminish the "use" and "value" of property of the natural gas industry. The bill would also require an elaborate analysis of the estimated effects of the new policy on the natural gas industry and an evaluation of alternatives that would lessen the adverse effects on the property interests of the gas

industry. It is obvious, at a minimum, that S. 2006, if enacted, would have been a formidable procedural barrier to the adoption of the new ethanol policy, to the detriment of the agricultural community.

Finally, press reports indicate that the petroleum industry recently commenced a legal action to challenge the new policy. It is interesting to speculate whether the natural gas industry might also file suite challenging the new policy as a Fifth Amendment "taking." The American Farm Bureau Federation has, of course, filed friend of the court briefs in recent Supreme Court "takings" cases urging the Court to adopt an increasingly more expansive view of Fifth Amendment property rights. I understand that your organization has taken the position that any action by the government that diminishes an owner's right to use his property constitutes a "taking" of that owner's property. Under this view of the Fifth Amendment "takings" clause, however, could it not be argued that the Environmental Protection Agency has adopted an ethanol policy that effects a taking because it surely will diminish the right of the natural gas industry to use its property? If the natural gas industry mounted such a challenge to the ethanol policy, would the American Farm Bureau Federation be willing to file a friend of the court brief in support of this particular application of an expansive reading of the "takings" clause? Or would your enthusiasm for this particular legal theory wane if it were turned into a sword and attack a policy of enormous benefit to the agricultural community?

There is an old saying: Be careful what you wish for; your wish may come true. This saying is particularly apt when it comes to the agricultural community and the "takings" issue.

Sincerely,

PETER A.A. BERLE,
President & CEO.

THE IMPACT OF A PROPOSED EPA RULE MANDATING RENEWABLE OXYGENATES FOR REFORMULATED GASOLINE: QUESTIONABLE ENERGY SECURITY, ENVIRONMENTAL AND ECONOMIC BENEFITS

(By Vito Stagliano, Resources for the Future)

In a proposed rule issued in December 1993, the Environmental Protection Agency (EPA) intends to require that 30 percent of the oxygenates to be used in reformulated gasoline be derived from renewable feedstock. The only such feedstock currently available is ethanol which is heavily subsidized by the Federal government and by a number of States. EPA justifies the rule on grounds that it would improve energy security, create domestic employment and contribute to reduction of greenhouse gas emissions. A RFF examination of the proposed rule leads to the conclusion that energy security would not be affected but oil imports would likely rise; employment would be redistributed rather than created, and global climate change benefits would be marginal or negative. This is due to the availability of unsubsidized, lower-cost, domestically produced, non-renewable oxygenates which can be blended with reformulated gasoline at greater volume than ethanol, and produce environmental benefits indistinguishable from those of renewable oxygenates.

EPA appears not to have considered the option of waiving the statutory requirement that summer reformulated gasoline contain 2 percent oxygen by weight. Authority is provided by the CAAA to exercise the waiver option in cases where the oxygen requirement is deemed counterproductive to the achievement of ozone control objectives. The addition of oxygen to summer reformulated gasoline imposes substantial costs to consumers without providing discernible environmental benefits, and would appear to meet the test for a waiver.

THE IMPACT OF A PROPOSED EPA RULE MANDATING RENEWABLE OXYGENATES FOR REFORMULATED GASOLINE: QUESTIONABLE ENERGY SECURITY, ENVIRONMENTAL AND ECONOMIC BENEFITS

The Clean Air Act Amendments (CAAA) of 1990 require, inter alia, that motor gasoline used in ozone non-attainment areas be "reformulated" to reduce emissions of volatile organic compounds (VOC). The law further requires that reformulated gasoline contain a minimum of 2 percent oxygen by weight. A proposed EPA rule[1] would further require that 30 percent of the oxygenates used in reformulated gasoline be derived from renewable sources. This paper examines the effects of the renewable oxygenate requirement and concludes that the proposed rule is likely to produce adverse economic and energy security results without improving environmental quality.

CAAA Title II Regulations

Title II of the CAAA aims inter alia to reduce emissions of toxic and tropospheric ozone-forming compounds in order to improve ambient air quality in U.S. cities. Nine[2] metropolitan areas are classified by EPA as having severe ozone problems. An additional 90 areas are classified as moderate to serious.

Congress specified in the statute that volatile organic compounds (VOC) which are precursors of ozone pollution, must be reduced by 15 percent between 1995 and 1999 and by 25 percent or more in 2000 and beyond, from 1990 baseline to be established by EPA. Congress directed that gasoline be "reformulated" to reduce VOCs and that reformulated gasoline contain a minimum 2 percent oxygen by weight. Congress also stipulated that maximum VOC reductions should be sought, taking into account cost, health and other air and non-air environmental impacts, and energy requirements.

The nine metropolitan areas classified as having severe ozone pollution account for approximately 21 percent of total U.S. gasoline consumption of 113 billion gallons per year. Under conditions of full option by the ninety additional moderate-to-serious areas, fully 55 percent of the U.S. gasoline pool would require reformulation.

Except for the requirement that reformulated gasoline contain a minimum 2 percent oxygen, the intent of Congress is precise. The 2 percent oxygen standard is an aberration because gasoline can be reformulated to achieve VOC reductions without the addition of oxygenates. Congress recognized that the 2 percent oxygen standard could be problematic and consequently provided to EPA waiver authority for cases in which the requirement would produce counterproductive results. Without so-specifying, Congress apparently wanted to create a new market for ethanol. Ethanol can be used in reformulated gasoline either directly in winter months or in the form of Ethyl Tertiary Butyl Ether (ETBE) in summer. The alternatives to ethanol and ETBE are methanol or Methyl Tertiary Butyl Ether (MTBE) derived from natural gas.

In interpreting Congressional intent, EPA was confronted by immutable science and economics. Ethanol, as such, cannot be blended into gasoline during summer months because its high volatility increase the very VOCs that reformulated gasoline is intended to reduce. If used as a feedstock for ETBE, the volatility problem is resolved but the higher cost of ethanol, even with its 54 cents/gallon exemption from Federal excise taxes, makes ETBE uncompetitive with MTBE.

EPA was further constrained by the fact that the reformulated gasoline rule took shape as a result of a regulatory negotiation process a process supported by stakeholders to the extent that the final rule would assure fuel (oxygenate) neutrality.[3] EPA was also under court order, obtained by the Natural Resources Defense Council to issue its rule no later than December 1993.

In December 1993, EPA issued the final reformulated gasoline rule. Separately, EPA issued a new, proposed rule aimed at ensuring the use of ethanol in reformulated gasoline.

In the proposed rule, EPA intends to require that an arbitrary 30% of the oxygenates to be used in reformulated gasoline be derived from renewable sources. These potentially include corn, grain, wood or any organic matter. But the only renewable oxygenate currently produced in the United States is ethanol derived from grain. EPA justifies this proposal on the grounds that it will reduce imports of crude oil, create investment and jobs in America, reduce fossil energy use, and lower emissions of greenhouse gases. EPA believes that the CAAA statute provides broad authority to carry out this proposal under Section 211 (K)(1) which directs EPA to promulgate regulations "establishing requirements for reformulated gasoline."

It remains for the courts to decide whether or not EPA has the statutory authority to direct a specific fuel, at a pre-determined level of consumption, into the transportation fuel market. Of analytical concern is whether or not the rationale provided in the EPA proposed rule makes policy sense on the merits. It should be noted that with this proposal, EPA enters policy areas substantially removed from its mandate. The proposal involves issues of energy security policy, domestic and international trade policy, domestic employment and investment policy and global climate change policy.

Benefits could potentially accrue to the Nation were Federal regulators to consider a particular rule's cascading effects. But in expanding the universe of considerations, regulators assume concomitant responsibility for results. As will be discussed in the following sections of this paper, it would appear that in the case of the renewable oxygenate rule, EPA's effort to broaden the policy considerations is stymied by counterproductive results.

Energy Security

EPA justifies its renewable oxygenate proposal, among other reasons, on grounds that the United States imports half of the oil it uses, and that these imports account for half of the U.S. trade deficit. EPA notes that since 1972 the U.S. has spent $1.3 trillion on imported oil. EPA believes that: "money now spent on imported oil . . . could instead be spent on renewable fuels currently grown or processed in the United States. This would keep capital in the U.S., provide domestic jobs, strengthen our national security, and support a wide variety of American agricultural and fuel industries."

Concerns about the trade deficit notwithstanding, the analytical literature is rich in the history of failed attempts to reduce U.S.

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[1] Footnote at end of article.

oil imports or find oil substitutes by means of government intervention in the market place. The Truman Administration experimented with Federal investment in synthetic liquid fuels. The experience was repeated, albeit at higher cost, by the Carter Administration. Eisenhower imposed controls on oil imports. Nixon imposed controls on oil prices. All of these efforts proved futile. The United States government has been repeatedly forced to reverse its policy of intervention in the petroleum market, because the costs of intervention have proved consistently higher than the benefits.

Energy security is a complex subject, extensively studied. A strong analytical concensus, reached perhaps as far back as 1981, supports the view that dependence on imported oil is not symmetrical with energy security. Even if U.S. oil imports were to be drastically reduced to a fraction of their present level of roughly 6 million barrels/day, the U.S. could not be insulated from disruptions in any part of the international oil market, nor from price fluctuations resulting from such disruptions. Rather, energy security is to a far greater degree a function of the geopolitical forces that shape the international oil market than of marginal policies to induce reductions in imports.

U.S. policies that have the aim of reducing oil imports by substitution of domestically subsidized fuels are inimical to broader U.S. security and trade interests. The United States obtains oil at market prices from nations that are, with few exceptions, allies and trade partners. They include, in order of oil trade importance, Saudi Arabia, Venezuela, Canada, Mexico, Nigeria, Angola, Virgin Islands, United Kingdom, Algeria and Norway. The U.S. obtains approximately 25% of its oil imports from Persian Gulf producers.

The majority of U.S. oil suppliers are liked to the United States, to each other, and to other trading nations by bi-lateral and multilateral treaties that have the force of law. These obligations include respect for market competition and avoidance of artificial preferences for national products. Federal interventions to mandate market share for domestic fuels would expose the United States to indefensible charges of protectionism; the same practices that have exacerbated U.S.-Japan trade relations, and recent U.S.-European Community negotiations on the Uruguay round of trade talks.

The substantial cost of oil imports is not, as EPA suggests, the sole factor to consider in assessing the value to the economy of higher priced oil substitutes. The U.S. economy actually derives substantial benefits from free access to the international oil markets. Low oil prices fuel economic growth, employment and productivity. High energy prices act as a drag on economic expansion and fuel inflationary pressures.

In sum, the U.S. cannot now, or in the foreseeable future, meet its petroleum needs except through imports. Federally mandated alternatives to oil imports decrease economic efficiency and hamper free trade without contributing to U.S. energy security.

Cost/Oil Barrel Saved

EPA calculates that the renewable oxygenate program will reduce oil imports by 9,000 barrels per day during the five months (summer ozone program) in which ETBE will be used in reformulated gasoline. EPA estimates that the high cost of ETBE will add $388 million to the cost of the reformulated gasoline program. In simple terms, this would mean that during the five months in which the ozone control program is in effect, 1.35 million barrels of oil will be saved as a result of EPA's renewable oxygenate proposal, at a per barrel cost of $289.00.

The proposal does not appear to be a cost-effective, or least cost means of reducing oil imports. For reference, the Department of Energy (DOE) estimates that the imposition of a $10.00/per barrel tariff on imported oil would increase domestic production by up to 500,000 barrels/day, with concomitant reductions in oil imports and a $10 billion to $12 billion improvement in the trade deficit. A $10.00/barrel fee would increase current oil prices to about $25.00 per barrel, or to less than a tenth the per barrel cost of the EPA proposal. Similarly, DOE estimates that synthetic oil substitutes (coal liquids) can be produced at a cost of $32.00 to $45.00 per barrel.

Actually, the oil import savings projected by EPA may be entirely illusory. A plausible second scenario leads to the opposite conclusion. Ethanol is currently blended with gasoline and sold as gasohol. Recall that ethanol cannot be directly blended in summer reformulated gasoline because of its high volatility, and can therefore be used in summer only as a feedstock for ETBE. EPA's requirement that 30% of oxygenates used in reformulated gasoline be produced from renewable sources would have the effect of making ETBE a higher value market for ethanol than the gasohol market. This is so because, as the only oxygenate that currently meets EPA's renewable source criterion, ETBE use will essentially be required by law. Under normal market dynamics, a proportion of ethanol currently used in gasohol will be diverted to the higher value reformulated gasoline market. As a consequence, a proportion of the oil displaced by current use of ethanol in gasohol, which amounts to about 900 million gallons/year, would no longer be displaced.

The effect on oil consumption and imports is compounded during the winter months of the reformulated gasoline program. In winter, when gasoline volatility is a lesser concern, reformulated gasoline makers would have no incentive to use the higher cost ETBE. They would, however, be required to fulfill the 30% renewable oxygenate mandate, and they would likely do so by using ethanol. Ethanol would be blended with reformulated gasoline at 5% by volume to meet the 2% by weight statutory oxygenate standard, and as a consequence would displace roughly 5% of the crude oil in the fuel. In the absence of the EPA mandate, however, reformulated gasoline makers would use MTBE, which can be blended at 13% by volume in order to achieve the 2% by weight statutory standard. As a consequence, and discounting variations in energy content, the oil savings achievable with MTBE would be at least 8% higher than those achievable with ethanol. Not incidentally, VOC as well as carbon dioxide emissions would also be lower in the MTBE case because oil would account for a lower proportion of the reformulated fuel.

In sum, the oil import savings claimed by EPA in the renewable oxygenate proposal appear implausible. The mandate will increase the cost of reformulated gasoline beyond the already significant cost of meeting the unnecessary 2% oxygen standard, most likely without producing any savings in crude oil consumption or imports.

Income Transfer and Deadweight Losses

The proposed renewable oxygenate rule will have the effect of transferring income from Gulf Coast natural gas and MTBE producers to corn and ethanol producers in the Mid-west. This may be a desirable national policy to the limited extent that corn production dedicated to ethanol production reduces Federal farm price support obligations. But the income transfer appears to be highly inefficient and would not, in any case, principally benefit farmers of corn.

Montgomery (1994) argues that 70% of the cost of producing ethanol is associated with post corn harvest costs. His analysis indicates the following cost breakdown of ethanol production: capital costs 32.2%; operating costs 39.8%, net corn (feedstock) costs 28%. Capital costs include a return on investment in ethanol processing plants; operating costs include the energy (mainly from coal) required for feedstock grinding, process steam and distillation.

Public policy aimed at income transfer, argues Montgomery, should aim to keep waste or deadweight losses minimal in relation to total income transferred. In this case of EPA's proposed rule, deadweight losses depend on the difference between the cost of producing ethanol and the cost of substitutes such as MTBE, which can be produced for 60% of ethanol's equivalent cost. Every dollar spent on ethanol, Montgomery concludes, delivers 30 cents of income to farmers, but imposes $1.40 in deadweight loss on consumers.

The proposed EPA rule would also transfer income from Northeastern and Californian consumers of reformulated gasoline to Midwestern corn and ethanol producers because the vast majority of ozone-non-attainment areas are located on the East and West coast of the United States. Only one is located in the Mid-west. The socio-economic distributional effects of the proposed rule would be inequitable as well: The higher, Federally-mandated cost of reformulated gasoline would effect low-income consumers disproportionately because they devote a higher proportion of their disposable income to energy costs than do higher-income consumers.

Active and Sunk Federal Subsidies

The U.S. ethanol industry was created by Congress and is maintained as an economic enterprise by a number of preferences in the Federal Tax Code. Initial taxpayer investments and current tax preferences can be summarized as follows:

National Energy Act of 1978: $400 million in loans were authorized by Congress to finance ethanol plant construction. DOE and Treasury data indicate that of 18 plants funded, the Federal government had, by 1992 received full repayment for only one.

Consolidated Farm and Rural Development Act of 1980: $250 million were appropriated by Congress to support loan guarantees administered by the Farmers Home Administration for producers of ethanol. The record of Federal debt exposure on these guarantees is not available.

Amendments of 1990 to the Tax Reform Act of 1984: Federal excise taxes for gasoline were set at 14.3 cents/gallon, but fuels containing 10% alcohol received an exemption of 5.4 cents/gallon. The value of the exemption equals 54 cents for every gallon of ethanol used in gasoline blends, and represents a subsidy of $22.68 per 42 gallon barrel of ethanol. Federal Treasury losses due to the ethanol excise tax exemption totalled about $550 million in 1992.

The Energy Policy Act of 1992: The excise tax exemption was extended to include blends of ethanol/gasoline at levels below ten percent. The statute, and previous laws were further interpreted by the Treasury Department to include a tax credit for producers of ETBE.

Omnibus Tax Reconciliation Act of 1980: Tariffs were imposed on alcohol imported for use as a fuel. The tariff was initially 10 cents per gallon but rose to 60 cents per gallon in 1986.

State Subsidies: Seventeen States offer fuel tax exemptions or producer subsidies for fuel ethanol ranging from $0.10 to $1.40 per gallon of ethanol.

In sum, Federal and State support of ethanol production is extensive, and probably sufficient to ensure—without market mandates—a share of the oxygenates market created by the CAAA. This market includes reformulated gasoline and oxygenated gasoline used to combat carbon monoxide pollution in thirty-nine metropolitan areas that do not meet CO ambient air quality standards.

Job Creation and Domestic Investment Policy

EPA argues in the proposed rule that because renewable oxygenates are more likely to be produced in the United States than are fossil fuel oxygenates, jobs and investment capital would be retained in the domestic economy. This argument may have mercantilist merit to the extent that the reformulated gasoline market induces incremental domestic production capacity for ethanol and ETBE. And it may have jingoistic merit to the extent that non-renewable oxygenates are imported rather than domestically produced. Neither argument, however, withstands scrutiny.

Current ethanol production capacity (operational and idle) is estimated at 1.2 billion gallons per year. Firm expansion plans are reported to likely achieve capacity of 1.6 billion gallons per year in 1995. Ethanol sales to the gasohol market were slightly over 810 million gallons in 1992. EPA estimates that the renewable oxygenate mandate would require roughly 630 million gallons of ethanol per year.

Assuming that the ethanol market will function competitively [which may not necessarily be the case because ethanol production capacity is abnormally concentrated], existing and projected ethanol capacity will be sufficient to meet most CAAA-induced demand. As earlier noted, ethanol currently used in gasohol is likely to be diverted to the higher-value ETBE market in the summer ozone season. In the winter, ethanol would be used to concurrently satisfy thirty percent of oxygenate requirements in reformulated gasoline and the separate requirements of the carbon monoxide control program. Under this scenario, it is difficult to detect demand for ethanol production capacity beyond capacity already in place or firmly planned. Further job creation seems unlikely.

The more probable outcome of the EPA proposal is loss of employment and devalued investment in the MTBE and methanol production industry. The oxygenates market was extensively analysed by the National Petroleum Council between 1992 and 1993. The NPC analysis modeled reformulated gasoline supply and demand under a variety of scenarios. Model results were as follows:

U.S. oxygenate supply 1995

[Barrels/day of MTBE equivalent]

U.S. domestic production and potential supply	442,000
U.S. total potential demand	345,000
Composed of:	
CAAA demand (9 cities plus known opt-ins)	276,000
Gasohol demand	69,000
U.S. projected excess capacity	97,000

Existing oxygenates production capacity is overwhelmingly for production of non-renewable oxygenates: 312,000 barrels per day versus renewable installed capacity of 100,000 barrels per day. It is therefore probable that the EPA renewable mandate will likely idle non-renewable oxygenate capacity rather than induce construction of new renewable oxygenate capacity. In sum, it seems virtually certain that the proposed rule would not increase employment but redistribute it.

Environmental Policy Beyond Clean Air

EPA believes that the renewable oxygenate requirement will provide added environmental benefits because the production of oxygenates from corn and other biomass involves lower emissions of greenhouse gases than that of oxygenates derived from fossil fuels. This is because fossile-fuel derived oxygenates (methanol, MTBE) are produced from natural gas feedstocks. ETBE and ethanol production require fossil fuels for soil fertilization, farm machinery, grinding, distillation and plant operation, but ethanol contains embedded solar energy which is, of course, non fossil fuel based. There may therefore be some carbon dioxide reduction benefits to the use of renewable oxygenates, although it is not entirely clear that total greenhouse gas emissions are lower for ethanol production than for production of alternatives.

The issue is not, however, whether the production of a given gallon of ethanol or ETBE emits less greenhouse gases than does the production of methanol or MTBE. The issue is, rather, whether the net greenhouse gas impact of the renewable oxygenate mandate is infact positive. The answer is almost certainly: no. As previously noted, during the winter reformulated gasoline program, the renewable mandate would force the use of ethanol blended at 5% by volume. In the absence of the mandate, winter reformulated gasoline would be blended with MTBE as 13% by volume. In the MTBE case, reformulated gasoline would contain 8% less crude oil than would the same gasoline blended with ethanol. Greenhouse gas emissions would consequently be lower in the MTBE case. In the summer reformulated gasoline program the greenhouse gas effects of using ETBE would be slightly more positive than those of using MTBE, but insufficient to offset the winter gasoline equation.

There is, in any case, a significant difference between claiming incidental benefits for a rulemaking on pollutants regulated by statute, and establishing a standard for emissions not currently regulated by any Federal law. EPA proposes to promulgate such a standard, requiring that renewable oxygenates be produced with a net 20% reduction in carbon dioxide emissions, compared to emissions from non-renewable oxygenates.

The issue is whether the Clean Air Act Amendments provide to EPA any statutory basis to set CO2 standards. Greenhouse gases are addressed in Title VI of the CAAA solely to the extent of codifying U.S. commitments to the Montreal Protocol on phase-out of CFCs and halons. But no reference can be found in the statute that can be interpreted to provide authority for regulation of carbon dioxide or other greenhouse gas emissions. EPA's presumption of authority to regulate CO2 emissions would set an unusual precedent of regulatory reach. It is difficult to see how the exercise of such self-awarded administrative authority could be judicially sustained.

Conclusions

The EPA proposal appears to be untenable on the very grounds used to justify it. It will have no material effect on energy security regardless of whether or not petroleum will be displaced by the mandate for ethanol use. Domestic employment and investment opportunities will not materialize because excess capacity exists to manufacture oxygenates. The more likely outcome will be to idle existing MTBE/Methanol capacity without inducing construction of incremental ethanol capacity.

FOOTNOTES

[1] EPA: Regulation of Fuels and Fuel Additives: Renewable Oxygenate Requirement for Reformulated Gasoline. Proposed Rule. December 1993.

[2] Severe ozone areas: Los Angeles, New York, greater Connecticut, Baltimore, Philadelphia, Chicago, Milwaukee, Houston, San Diego.

[3] A summary of the understandings reached during the RegNeg process between EPA and stakeholders can be found in testimony of January 14, 1994 by Roger Hemminghouse for the National Petroleum Refiners Association, delivered at the public hearing called by EPA to obtain comments on the proposed renewable oxygenate rule.

Mr. BRADLEY. Mr. President, I would like to take a few minutes to address, in detail, the lack of a positive environmental rationale for the EPA mandate. I understand that some environmental groups have signed a letter which urges opposition to all amendments on this bill. I am sure that this procedural position has created ambiguity about the substantive position of these groups on the EPA rule. I would like to clear away that uncertainty.

Before I do that, however, I would like to address some of the procedural issues that may be raised. I need to point out that the amendment does not amend the Clean Air Act or any environmental law. It merely prohibits the use of funds to implement an EPA regulation. I note that, already in the bill—page 62, lines 8 to 13, to be precise—there is a nearly identical prohibition of an EPA clean air requirement. There are other references to Clean Air Act regulations in the report. If anyone is to assert that this is somehow a clean bill that will be sullied by our amendment, they will have to argue against the existing text of the bill.

In my statement earlier, I quoted EPA Assistant Administrator Mary Nichols, who was unable to assert any definite environmental benefits from the ethanol mandate. I would like to include the relevant text from the Senate Energy Committee hearing in the RECORD.

EPA's testimony that day was clear, but what about the other environmental professionals? Mr. President, my region believes that reformulated gasoline can help with air quality problems. In fact, most of the Northeast and Mid-Atlantic have opted-in to the reformulated gas program. Connecticut, Maine, New Hampshire, Delaware, New Jersey, Pennsylvania, Rhode Island, New York, Virginia, Maryland, Massachusetts—these States have all voluntarily agreed to the original RFG program. My region believes that there can be benefits from RFG.

But what is the consensus on the ethanol mandate? Let me quote from a

letter I received last week from the Northeast States for Coordinated Air Use Management, which includes representatives from eight States' environmental offices:

NESCAUM has publicly opposed the Renewable Oxygenate Requirements (ROR) proposal from the outset because we believe that such a program would result in adverse environmental and economic impacts in our region.

Of primary concern to NESCAUM is the fact that the increased use of ethanol under an ROR program would exacerbate several air quality problems in our region.

This effect would be particularly significant in the southern portion of the NESCAUM region.

[Note: That means New Jersey!]

The proposed program would result in a significant transfer of wealth from the motorist in the Northeast to agricultural interest in the Midwest. In spite of the potential economic benefits of the ethanol initiative to the corn growing states. Midwest states with nonattainment areas have not pursued voluntary opt-in to the RFG program.

In conclusion, NESCAUM would like to state our continued opposition to the renewable oxygenates requirement and our support for your effort * * *.

This letter makes one interesting point: My region has agreed to participate in the underlying RFG program. The Midwest, whose representatives today are telling us of the benefits of ethanol within the RFG program, is not even participating. Has Ohio or Illinois or Indiana opted-in to the program. No.

Another area that will be greatly affected by this mandate is southern California. The California Air Resource Board sees exactly the same problems and comes to the same conclusion as its northeast counterpart: "* * * the proposed requirements would likely have adverse fiscal and air quality impacts on California. * * * we cannot support the current proposal."

When I asked the EPA at a Senate hearing in May whether there was any support for the mandate from significant, national environmental organizations, the EPA could not provide a single example of an endorsement. The facts and the record are clear: There is no support. On the contrary, just about every major environmental organization opposes this mandate and has said so publicly. There are no environmental benefits. There may be environmental costs. Worse still, it appears to many of these groups that the Clean Air Act—which these groups fought so hard to create—is becoming a vehicle for political payback.

Last week, I received a letter from the Environmental Defense Fund, one of the driving organizations behind the 1990 Clean Air Act.

We wish to make clear that our views have not changed with the issuance of the final rule by EPA.

The proposed rulemaking at issue here will have the practical effect of greatly expanding the use of corn for ethanol production.

This in turn will increase the environmental damage caused by intensive cultivation of corn, while the associated subsidies to the corn ethanol industry will drain scarce resources away from other options capable of achieving greater environmental benefits.

This mandate can also have profound negative effects at the local level in some instances. The Florida Audubon Society, which has been waging a strenuous and often lonely war to save the Everglades from extinction, wrote saying:

This is to confirm our strong support for the Bradley/Johnston amendment * * *.

For the past 4 years, FAS has been involved in a number of efforts designed to counteract the momentum involved in a number of efforts designed to counteract the momentum of the ethanol lobby because of the serious negative impact that crop changes to produce increased quantities of ethanol have on wetlands and ultimately the Everglades ecosystem.

The record is as clear as any record can be. The opposition is across the board.

From the Sierra Club, testimony of A. Blakeman Early:

* * * we see the renewable oxygenate program as potentially increasing global warming, increasing smog, increasing air toxics, and increasing water pollution and damage to erodible and sensitive habitat areas.

* * * this proposal is fatally flawed.

From the National Resource Defense Council:

Ethanol is not renewable to the extent that fossil fuels are consumed in agricultural production and fuel conversion processes.

* * * without strict environmental criteria "the perverse result of a renewable oxygenate requirement might be to mandate use of a fuel that has little, and in the worse cases even negative, environmental benefits."

In sum, we cannot support the EPA's ROR proposal * * *

[Note: "ROR" refers to Renewable Oxygenate Requirement; that is, the ethanol mandate.]

From the World Resources Institute:

* * * despite gasohol's political popularity, greater use of this fuel wouldn't significantly reduce ozone levels. Nor would corn based ethanol appreciably reduce the threat of global warming.

Switching to gasohol * * * would increase ozone concentrations by at least 6 percent.

From the National Audubon Society:

* * * this new policy will result in a potentially enormous transfer of wealth from one sector of the economy to another—from the natural gas industry and its employees to ethanol producers and corn farmers * * *

The EPA proposal appears to be untenable on the very grounds used to justify it. It will have no material effect on energy security regardless of whether or not petroleum will be displaced by the mandate for ethanol use. Domestic employment and investment opportunities will not materialize because excess capacity exists to manufacture oxygenates. The more likely outcome will be to idle existing MTBE/Methanol capacity without inducing construction of incremental ethanol capacity.

Mr. President, I hope that this exercise has cleared up the issue of the environmental virtues of this proposal. The simple truth is that there are none. On the contrary, many of long time defenders of the environment see this new rule as harmful.

Those are the facts. I realize that the opponents of our amendment are waiving a letter signed by several groups urging opposition to all amendments to this appropriations bill. But no one can allege that this procedural opposition to the amendment translates to substantive support for the EPA mandate.

There is no doubt that the EPA mandate represents terrible environmental policy. Our amendment should be adopted.

Mr. President, this mandate will cost the taxpayers $250 million. CBO says that this is a $30 per barrel subsidy for oil saved versus $1 per barrel subsidy for oil produced with oil. Ethanol gets $30 per barrel for every barrel that is saved. In terms of other subsidies, antimarket or promarket, the reality is the mandate and a subsidy is like the difference between allowing you to deduct your meals and mandating that you eat an entire meal 30 percent of the time of nothing but oysters.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HARKIN. Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator controls 12 minutes and 30 seconds.

Mr. HARKIN. I yield 2 minutes and 30 seconds to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. Mr. President, the American Medical Association passed a resolution urging that a moratorium be placed on the use of MTBE-blended fuels until such time that scientific studies show that MTBE-blended fuels are not harmful to our health.

Thanks to the oil industry that raised questions about this, they asked us to take another look at this AMA resolution. Taking another look at it, it literally blows the heart out of the oil industry's arguments that the EPA and other institutions have concluded that MTBE is not harmful to the health of American consumers.

Now note, the AMA resolution urges a moratorium on MTBE-blended fuels, not on pure MTBE. That is a very important, telling distinction. I would like to read for you from a May 16, 1993, article contained in the U.S. Oil Week. That publication is hardly a proethanol publication. I quote:

EPA's 1993 MTBE study failed to find a high likelihood of dangerous or toxic health effects, but the agency admitted the study has flaws. Among the biggest flaws: EPA never tested gasoline/MTBE blends; just pure MTBE. But the recent health complaints recorded from the people are from gasoline/MTBE fuel blends, not pure MTBE or any other pure oxygenate.

The U.S. Oil Weekly continued:

In 1993 MTBE studies, EPA failed to figure out why thousands of people have complained of headaches, dizziness, nausea, nosebleeds, and from MTBE oxy-fuel blends.

Mr. President, it is clear that it is the oil and MTBE industry and not renewable fuel advocates who are attempting to fool the American public.

The fact of the matter is and the AMA was right on target there have not been sufficient studies to clear MTBE-blended fuels. What is the health effect of burning MTBE-blended fuels; or, the effects of MTBE-blended emissions?

The Centers for Disease Control are still studying this problem. EPA has admitted there is sufficient grounds to do additional studies, but there is no evidence that they are doing so. Senator HARKIN and I asked for the reported conclusions of these new studies 2 months ago and we still do not have anything from EPA.

Chris Dyson, an energy policy analyst for Public Citizen has stated that, politically, EPA officials can't afford to give much credence to the public health concerns because "they have a lot invested in the oxygenated program."

Mr. President, it is that simple and that serious.

If you vote for the Johnston amendment, you are voting to deny American consumers, little alternative to MTBE-blended fuels which has made thousands of Americans throughout the country sick.

Mr. President, I ask unanimous consent that the full text of the AMA resolution be printed in the RECORD.

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

RESOLUTION PASSED BY THE AMERICAN MEDICAL ASSOCIATION

Whereas, The Clean Air Act amendment of 1990 required the use of oxygenated fuel in winter in all areas which exceed the National Ambient Air Quality Standard (NAAQS) for carbonmonoxide (CO), and Anchorage and Fairbanks were two of 39 cities required to use oxygenated fuel in the 1992–1993 winter season; and

Whereas, in Fairbanks and Anchorage in 1992–1993 a large number of citizens complained of symptoms including headaches, dizziness, nausea, cough, and eye irritation; and studies by the Alaska Division of Public Health and the National Centers for Disease Control and Prevention found that these symptoms were associated with exposure to oxygenated gasoline, that MTBE was detectable in the blood of all workers and communities studied in Fairbanks, and that the association between symptoms and exposure to MTBE in gasoline needs further study; and

Whereas, limited scientific evidence raises questions about the potential carcinogenicity of MTBE; and

Whereas, the Alaska Division of Public Health recommended in reports released on December 11, 1992 and December 23, 1992 that the oxygenated fuels programs, in Fairbanks and Anchorage, respectively, should be suspended; and

Whereas, results of recent scientific studies suggest that addition of MTBE to gasoline does not lower CO emissions from motor vehicle exhaust at temperatures below 0 degrees; and

Whereas, a dramatic decline in CO levels in ambient air in Anchorage and Fairbanks occurred before the implementation of the oxygenated fuels program as a result of the existing inspection and maintenance program and replacement of aging vehicles without using MTBE; and

Whereas, based on current ambient air CO levels in Anchorage and Fairbanks, characteristics of population, conditions of temperature and darkness, and low opportunity for exposure, no beneficial public health effects can be expected from further minor reductions of ambient CO levels that might result from use of MTBE, therefore be it.

Resolved, That the American Medical Association urges that a moratorium on the use of MTBE-blended fuels be put into place until such time that scientific studies show that MTBE-blended fuels are not harmful to health, and that no penalties or sanctions be imposed on Alaska during the moratorium.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that a news release on MTBE fuels from the American Medical Association, dated July 11, be printed in the RECORD.

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

METHYL TERTIARY BUTYL ETHER FUELS

CHICAGO, July 11.—Reports that the American Medical Association is petitioning the U.S. Environmental Protection Agency today for a nationwide moratorium on Methyl Tertiary Butyl Ether (MTBE) fuels are inaccurate.

The questions raised about the alleged health hazards of MTBE fuels and their benefits at the AMA's annual meeting in June relate primarily to their use in extremely cold climates, and the focus of the resolution was the use of these fuels in Alaska.

Neither the AMA nor the resolution attempted to answer the question of MTBE fuels safety in Alaska or anywhere else.

Mr. JOHNSTON. This news release states:

Reports that the American Medical Association is petitioning the U.S. Environmental Protection Agency today for a nationwide moratorium on MTBE fuels are inaccurate.

I ask unanimous consent that the words of EPA as written here be printed in the RECORD.

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

Information on MTBE safety as recorded in the EPA's "Integrated Risk Information System":

"A comprehensive review by Environmental Protection Agency scientists of 20 major MTBE chronic exposure research projects establishes the safety of MTBE."

EPA's summary of the proceedings of an EPA-sponsored research conference on MTBE and other oxygenates, held on July 26–28, 1993:

"Just last year, an extensive series of health studies on MTBE exposure near cars or service stations demonstrated that no adverse health effects occur from MTBE exposure."

Mr. JOHNSTON. I yield the floor.

Mr. HARKIN. Mr. President, How much time exists on both sides?

The PRESIDING OFFICER. There are 9 minutes 46 seconds for the Senator from Iowa, and there are 7 minutes 6 seconds for the Senator from Louisiana.

Mr. HARKIN. I yield 2 minutes 30 seconds to the Senator from Ohio.

Mr. METZENBAUM. Mr. President, this is the wrong amendment on the wrong bill at the wrong time. It is an end run on the regulatory process. It is a back-door attack on the integrity of the legislative process in the Senate. It is simply a bad amendment, and it does not belong on this bill.

The Senator from Louisiana is asking the Senate to reverse a rulemaking process that began with the passage of the Clean Air Act amendments in 1990. His amendment would upset years of rulemaking in one easy step.

When EPA began to develop the rulemaking on the use of reformulated gasolines, it did so under the express guidance of the Clean Air Act passed by this body, signed by the President.

Now the Senator from Louisiana wants to turn the clock back and rephrase the mandate for reformulated gasolines, and he wants to do it on an appropriations bill.

This amendment has not even seen the light of day in the authorizing committee. The Environment Committee and the Clean Air Subcommittee have jurisdiction over the act that delegated the authority for the rule. But have they been consulted? No.

This amendment would upset a rulemaking process in which 12,000 comments were filed to develop an important environment, energy, and rural economic policy.

Passing this amendment is bad for consumers. Citizen Action, one of the largest consumer organizations in the country, has noted that the adoption of the EPA rule would reduce the overall costs of the reformulated gas program.

Finally, as I said at the outset, this is the wrong time for this amendment. The rule that the Senator from Louisiana wants to eliminate is the subject of several lawsuits that have been filed.

If there is an issue as to whether the rule exceeds the scope of the legislative authority of the Clean Air Act, let the courts make that determination. We have a system of checks and balances between the legislative, executive, and judicial branches that works quite well.

Now is not the time to start second-guessing it. I understand that a number of my colleagues are prepared to speak at length if this amendment is not tabled. If the amendment is not tabled, I will join them, and I am willing to speak at length on this issue. I urge my colleagues to oppose the Johnston amendment rather than to have to listen to me and others speak at length.

Mr. JOHNSTON. Mr. President, I yield myself 4 minutes.

Mr. President, I must tell my colleague from Ohio that we will not have the pleasure of listening to him no matter what happens, because if this amendment is not tabled—and I hope and trust it will not be—then there will

be, under the unanimous-consent agreement, I believe 10 minutes of debate equally divided, after which we will go to a cloture vote.

Mr. President, the debate has largely revolved around the question of whether this mandate cleans up the air and saves oil. Mr. President, we have heard about the question of what has the EPA said about this matter, and I ask unanimous consent to have printed in the RECORD the testimony of Ms. Nichols, who is the assistant administrator of EPA, with the responsibility for air.

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

The CHAIRMAN. Well, between now and 1998—you talk about there are no short-term advantages here. There is no advantage between 1998 in fuel displacement or air quality, is there?

Ms. NICHOLS. The only I think real benefits in the short term, according to the numbers that we receive, is the displacement of fossil energy used in making the reformulated gasoline.

The CHAIRMAN. Well, yesterday Mr. Sussman testified that that was pretty well a wash. I think he had some figure, point zero zero something or other. Is that not correct?

Ms. NICHOLS. It is very small. It is a very small benefit.

Mr. JOHNSTON. We had a colloquy earlier about what does she mean by short-term benefits. In a question from me, I asked about her about the short-term, and she said:

For the longer-term environmental impact, which we believe will only be realizable if and when there is a diversity of renewable sources.

That means in the next century. I also asked her:

Well, between now and 1998, you talk about there are no short-term advantages here. There is no advantage between 1998 in fuel displacement or air quality, is there?

Ms. NICHOLS: The only I think real benefits in the short term, according to the numbers that we receive, is the displacement of fossil fuel energy used in making reformulated gasoline.

Question:

Well, yesterday, Mr. Sussman testified that that was pretty well a wash. I think he had some figure, point zero zero something or other. Is that not correct?

Ms. NICHOLS: It is very small. It is a very small benefit.

Mr. JOHNSTON. Mr. President, also to the point is the rulemaking filed by EPA in the Federal Register. This is the official position of the EPA. Here is what they state at page 7719 of the Federal Register of February 16, 1994. I want to quote this because I think it settles this question:

At the time of the February 26, 1993 proposal, EPA had a number of concerns with respect to its legality, energy benefits, and environmental neutrality . . . Additional data and information has been developed which indicates that energy benefits would be unlikely to occur as a result of the proposal. While the production of much of the ethanol in the country produces on the margin more energy and uses less petroleum than went into its production, a recent study by the Department of Energy indicates that the margin disappears when ethanol is mixed with gasoline. The energy loss and additional petroleum consumption necessary to reduce the volatility of the blend to offset the volatility increase caused by the ethanol, causes the energy balance and petroleum balance to go negative.

I will repeat the last phrase:

. . . causes the energy balance and the petroleum balance to go negative.

I ask unanimous consent that this page from the Federal Register be printed in the RECORD at this point.

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

CONCERNS WITH THE PROPOSAL

At the time of the February 26, 1993 proposal, EPA had a number of concerns with respect to its legality, energy benefits, and environmental neutrality. Nevertheless, we proposed the provisions for public comment in the hope that these concerns could be overcome based on new data and information developed in-house or received through public comment. Since the time of the proposal these concerns have been enhanced. Additional data and information has been developed which indicates that energy benefits would be unlikely to occur as a result of the proposal. While the production of much of the ethanol in the country produces on the margin more energy and uses less petroleum than went into its production, a recent study by the Department of Energy (refer to DOE's comments on the proposal) indicates that the margin disappears when ethanol is mixed with gasoline. The energy loss and additional petroleum consumption necessary to reduce the volatility of the blend to offset the volatility increase caused by the ethanol causes the energy balance and petroleum balance to go negative. Since the potential energy benefits were the basis in the proposal for providing the incentives for renewable oxygenates, the justification for the proposal no longer exists.

Additional data and information has also been developed which indicates that VOC emissions would increase significantly under the proposal. As discussed in section I of the RIA, the commingling effect of mixing ethanol blends with non-ethanol blends in consumer's fuel tanks, the effect of ethanol on the distillation curve of the blend, and unrestricted early use of the complex model combined result in roughly a 6–7.5% increase in gasoline vehicle VOC emissions even though there is no increase in the average RVP of in-use gasoline. As a result, the proposal would have sacrificed 40 to 50 percent of the VOC control that is required under section 211(k) for reformulated gasoline in exchange for incentives for what is likely to have been only a marginal increase in the market share of ethanol in reformulated gasoline and no energy benefits or cost savings.

As discussed in section I of the RIA, ethanol is not excluded from competing in the reformulated gasoline market under the provisions of the April 16, 1992 SNPRM. As a result of the economic advantage of ethanol over other oxygenates, ethanol should maintain a significant market share under the reformulated gasoline program even without the renewable oxygenate incentives proposed in the February 16, 1993 proposal. As a result, the actual ethanol market share increase as a result of the renewable oxygenate provisions would be expected to be far less than the maximum of 30% for which incentives were provided. Given the relatively small increase in ethanol demand as a result of the renewable oxygenate provisions in exchange for such a large loss in the environmental control of the reformulated gasoline program, there does not appear to be any justification for promulgating these provisions.

Furthermore, comments were received from virtually all parties, including ethanol industry representatives, that the proposal was unworkable and would significantly increase the cost of the reformulated gasoline program. While EPA maintains that the program would have provided an economic incentive for the use of renewable oxygenates in reformulated gasoline up to a 30% market share, EPA acknowledges that the proposal would have intruded into the efficient operation of the marketplace, impacting the cost of the reformulated gasoline program. As a result, after taking into account the cost, non-air quality and environmental impacts, and energy impacts, EPA has found itself with no choice but to back away from the renewable oxygenate provisions of the February 26, 1993 proposal.

Mr. JOHNSTON. Mr. President, Robert Sussman, EPA Deputy Administrator testified:

It shows that increasing the use of ethanol derivatives and reformulated gasoline will have no net impact on the emission of greenhouse gases. In other words, the net impact will be neither positive nor negative.

Mr. President, one final statement, and that is from the study from Argonne National Lab for DOE. They state:

It is clear that there will be increases in oil use associated with the ROS.

I ask unanimous consent that the material be printed in the RECORD.

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

CONCLUSIONS

The significance of these results varies with the parameter evaluated. One reviewer made the comment that the few percentage point differences estimated in this analysis do not mean that the impacts of alternative scenarios are really different. Another reviewer essentially termed impacts of less than 1% as trivial. This point, that the analysis has generated estimates of very small differences in the impact of the different oxygenates, is particularly true for the CO_2-equivalent emissions analysis. There are large uncertainties in estimating the CO_2-equivalent emissions of various fuels. This analysis only generates differences on the order of about one-half of one percent or less. From this we have to conclude that there are essentially no differences between the RFGs using various oxygenates in terms of their CO_2-equivalent emissions.

The uncertainty associated with the estimates of oil use and fossil energy is less than that for CO_2. Because the oil use increases associated with the use of ethanol and ETBE are higher than the CO_2 increases (about one to three percent) and because the uncertainty associated with their estimation is less, we attach more significance to the oil use estimates. It is clear that there will be increases in oil use associated with the ROS.

The significance associated with the decrease in fossil energy use is somewhere between the significance associated with the

CO_2 results and the oil use results. The uncertainty associated with these results is similar to that for oil, but the percentage decrease associated with the use of ethanol and ETBE only range from about one half to one percent. From this we conclude that there will be a small decrease in fossil energy use with the ROS.

Mr. JOHNSTON. Mr. President, it is just absolutely clear from the DOE, from the EPA, from the Argonne National Laboratory, from every reputable study, that this will not reduce oil imports. It will not clean up the air. That is why all of these environmental organizations have come out against this rule.

Mr. CONRAD. Mr. President, I want to speak in strong opposition to the Johnston amendment, which would prevent the Environmental Protection Agency from carrying out the Renewable Oxygenate Requirement [ROR] for Reformulated Gas [RFG] under the Clean Air Act. The ROR, which mandates that at least 30 percent of the oxygenates in RFG come from renewable sources, is a policy that will benefit all Americans. Simply put, it is good energy policy, good environmental policy, good economic policy, and good budget policy. The ROR should move forward in 1995, as planned. It should not be held up by the U.S. Senate.

I would like to briefly detail some of the benefits of the ROR. Before I begin, however, I would like to point out that the ROR includes all renewably produced oxygenates. This includes ethanol, ethanol derivatives [ETBE], and methanol derivatives [MTBE] produced from landfills and other renewable sources. The ROR is not an ethanol mandate. Nevertheless, my remarks will focus largely on ethanol, since it has drawn the brunt of the criticism from ROR opponents.

To begin with, the ROR is smart energy policy. For many years, we have struggled to put together a national energy strategy that increases our economic security and reduces our dependence on imported oil. The ROR helps to do this by substituting domestic renewable fuels for imported oil and imported MTBE. In fact, the ROR is estimated to reduce oil imports by over 17 million barrels per year and MTBE imports by 600 million gallons per year. If we do not use domestic renewable oxygenates, the U.S. demand will instead be met by imports from the Persian Gulf. In fact, a tremendous amount of MTBE production capacity is already being put in place in the gulf. I have always said that it is poor energy policy to depend on cheap imports, especially from an area as unstable as the Middle East.

Just as important, the increased demand for ethanol and ETBE will help strengthen the domestic renewable fuels industry, laying the groundwork for greater import reductions in the future. A viable renewable energy industry is essential for good U.S. energy policy, and that industry is now beginning to emerge. New technologies are being brought on line that make ethanol cheaper and more efficient to produce.

The ROR is also good for the environment. Reduced imports mean fewer tankers and less of a chance of a disastrous oil or MTBE spill. MTBE is highly toxic and can be very dangerous if spilled. By contrast, ethanol is nontoxic, safe, and will simply break down if spilled.

More significantly, the ROR will deliver cleaner air and lower greenhouse gas emissions. Ethanol and ETBE reduce emissions of volatile organic compounds [VOC's], carbon monoxide, and air toxics—all primary components of urban air pollution and smog. Some have expressed concern about the negative impact of ethanol use in summer months because of ethanol's high evaporative properties. This concern has been addressed by requiring less-evaporative ETBE in summer months. Renewably produced oxygenates will also significantly reduce carbon dioxide emissions compared to MTBE and other fossil fuels. New ethanol and ETBE production will incorporate more efficient technology, leading to even larger CO_2 reductions. In fact, new ethanol production has an efficiency of 110 to 120 percent, meaning you get more energy out than you put in.

If you aren't convinced about the merits of the ROR for energy and environmental reasons, you should be for economic ones. Increased ethanol production will create over 14,000 permanent new jobs, plus thousands of short-term construction jobs. This is the kind of economic development that is desperately needed in rural America. It is also the kind of development we should keep here in the United States, instead of shipping it overseas.

The ROR is also good for the American agricultural industry because it will increase the value of farmers' crops. Reasonable estimates put the increased annual farm income due to the ROR at $400 to 600 million. These are not pie-in-the-sky numbers, Mr. President. They come from the USDA Office of Economics, and they've been verified by other groups. This increased income will turn over many times, generating additional economic activity.

Some are worried that more money for U.S. farmers will result in significantly higher gasoline and food prices for U.S. consumers. This is not true. Even the most conservative estimates put the price increase for RFG at less than one cent per gallon. And, many people believe the ROR will actually reduce RFG costs by forcing MTBE to compete in the market. This is one of the reasons that Citizen Action, the Nation's largest consumer group, has endorsed the ROR and opposes the Johnston amendment. As for food, the cost of corn or wheat is only a tiny fraction of the overall cost of production. Go to the store each year and see if the price of your bread fluctuates with the price of wheat. You'll see that it doesn't.

Finally, what is the cost of the ROR to the Federal Government? Anyone familiar with agricultural programs and policies cannot help but conclude that the ROR will result in significant net budgetary savings. Why? Because increased commodity prices will reduce the farm program costs. USDA estimates the ROR will reduce these costs by $2.3 billion over the next 5 years. $2.3 billion. I say to my colleagues that this is budget cutting we all can live with. However, if we pass the Johnston amendment, we will not see this reduction. Instead, we will see decreased economic growth and greater farm program spending.

The Congressional Budget Office analysis of this issue differs greatly from the USDA analysis. CBO calculates that the Johnston amendment will save money in the out years. The difference between the two analyses involves some very arcane assumptions about farm acreage set-aside. I can only say that CBO's set-aside assumptions are wholly unrealistic, and therefore so are CBO's numbers. It would seem to me that USDA, the agency which determines the yearly set-asides, would have a better idea of what the right assumptions are in this case. However, CBO refuses to listen to USDA. My colleagues would be well-advised to consider USDA's opinion in this matter.

Mr. President, I will not deny that my State of North Dakota has a stake in this issue. We have two ethanol plants, and several others are in the planning stages. However, this is much more than a parochial issue—it is a national one. With the ROR, the entire country benefits from energy security, from environmental protection, from economic growth, and from deficit reduction. We should go forward with the renewable oxygenates requirement. We should defeat the Johnston amendment.

Mr. LIEBERMAN. Mr. President, I rise in support of the amendment offered by my colleagues Senator BRADLEY and JOHNSTON.

In general, I am very reluctant to support an amendment which prohibits the EPA from spending money to enforce properly promulgated regulations. There is a right to challenge these regulations in the Court of Appeals. In general, I believe this should be the route of opposition.

In this case, however, I am so concerned about the potential detrimental impact on the environment and consumers of Connecticut, as well as the integrity of the entire Clean Air Act implementation process, that I feel congressional action is warranted.

While there is no doubt that the potential negative environmental effects of this rule are far less than under the Bush administration proposal, the purpose of the Clean Air Act requirements is to help clean up our air, not potentially worsen air quality in order to serve some other social or economic purpose. This rule still has potential adverse air quality impacts on Connecticut and the Northeast. The Clean Air Act amendments do not allow EPA to sacrifice air quality to achieve other aims.

This November, the State of Connecticut and all other nonattainment areas must submit State implementation plans showing how they will achieve attainment by the dates in the Clean Air Act. In Connecticut, industries and individuals have come together to help ensure that the State can meet the act's requirements. But the reductions to be achieved from the reformulated gasoline program will be a very important part of this attainment demonstration. If the anticipated reductions are not achieved from reformulated gasoline, or air quality is actually worsened, the burden on the industries of Connecticut and other nonattainment areas potentially will increase.

At a hearing before the Senate Energy Committee, Assistant Administrator for Air and Radiation Mary Nichols testified that there would be no air quality benefits from the ethanol mandate. The Northeast States for Coordinated Air Use Management [NESCAUM] and the Sierra Club testified that the rule would have a significant cost in terms of adverse air quality. NESCAUM has reiterated these concerns in a letter to Senator BRADLEY dated July 29, 1994 in which it supports the efforts to alter EPA's plans to implement the program.

Let me spend a few minutes outlining my concerns about the environmental impact of the rule.

First, the Northeast States have raised concerns that while the rule discourages use of ethanol during the peak ozone season, the use of ethanol during the spring and fall months—the time period surrounding the high ozone season known as the shoulder season—will lead to increased emissions of volatile organic compounds. The Northeast States are required to monitor ozone levels from the period April 1 through October 31, The States have informed EPA that ozone excedances occur in the region during this shoulder period. The use of ethanol will contribute to elevated ozone levels during this period of time when the States are required to monitor their ozone levels.

The final EPA rule attempts to respond to this concern by allowing the States to petition EPA to extend the period of time for the high ozone season during which ethanol use is discouraged. I have consulted with the Northeast States and this response is entirely inadequate. States would not be able to even petition for this protection until 1997. The requirements that the States must demonstrate are onerous and resource-intensive; they are required to conduct complex and expensive additional air quality monitoring. Whether States will be able to meet this exacting test is unclear. Why should the States be faced with this burden in addition to their other very significant responsibilities under the Act? The State regulators have no motivation to discourage ethanol use during the shoulder season other than to protect air quality.

Second, the Northeast States are concerned that the increased use of ethanol will lead to increased emissions of carbon monoxide during the wintertime. According to the States, many researchers including EPA, have noted that increases in fuel volatility which would occur with the use of ethanol, can result in increased evaporative canister loading and consequently increased carbon monoxide emissions.

Third, EPA has acknowledged that the overall air toxics emissions performance would be reduced by the mandate.

Fourth, the States are concerned that the increased use of ethanol outside the peak ozone season will contribute to emissions of nitrogen oxides. NOx is a contributor to PM10. Based on recent studies by researchers at the Harvard School of Public Health and EPA, it has been estimated that 50,000 to 60,000 premature deaths a year are caused by pollution from small, respirable airborne particles known as particulate matter which are emitted without violating the current standard. New Haven, CT, and New York City are PM10 nonattainment areas under the current standard; and EPA is currently reassessing whether the current standard is protective and may revise the standard.

In its regulatory analysis accompanying this rule, EPA contends that the proposal may have a beneficial impact on air quality because it will encourage the use of ETBE, an ether made from ethanol, during the summertime months rather than the use of other additives. According to EPA, ETBE has a greater VOC reduction potential than other additives. However, EPA's analysis is highly speculative. In part, it is based on the contention that ETBE use will be encouraged because it is eligible for the Federal tax credit afforded to ethanol blends. But evidence in the RECORD and the testimony of the Northeast States indicates that ETBE is not eligible for this credit. Additionally, as the Sierra Club pointed out in its testimony and as EPA states in its regulatory analysis, the Agency to date has completed no health studies of ETBE to determine if any risks exist. I do take some comfort from EPA's statement that ETBE producers will be required to demonstrate any health impacts and if there are any risks, EPA will consider the implications of its rule in light of that information.

In short, implementation of this rule has potential negative air quality impacts for those States struggling to meet the requirements of the Clean Air Act.

Nor can this proposal be justified by global warming benefits. EPA retreated from its initial position that the proposal would provide benefits. EPA now states that there will be no global warming benefits in the short-term. Analysts at DOE's Argonne National Labs performed a study for DOE which concludes that carbon dioxide equivalent emissions would be higher with an ethanol mandate. EPA speculates that there will be potential global warming benefits in the long run, but these potential benefits rest on best-case assumptions about significant changes in the production processes for ethanol. Additionally, both the Northeast States and the Sierra Club have testified that EPA failed to adequately account for NO_x emissions in its global warming calculations.

I am also extremely concerned about the potential cost to the consumer in the Northeast. EPA states that the mandate itself will not result in any increase in costs at the pump. But I tend to agree with Senator BRADLEY: anytime you use a product that costs $1.10 per gallon, to replace something available for less than half the price, that's bound to be a bad decision and someone will pay for it. Also, EPA's cost estimates rest in part on ETBE's eligibility for a tax exemption, but that eligibility does not appear to be the case.

I also share the concern raised by the State of Connecticut about the impact on the Federal transportation trust fund of the ethanol mandate. Ethanol is exempt from contributing to this fund. The State of Connecticut has written to me that the loss of revenue resulting from the rule would hinder the ability of the fund to finance transportation infrastructure investments. Such investments are critical to our economic well-being and competitiveness."

For all of these reasons, I urge support of the Johnston-Bradley amendment.

Mr. LAUTENBERG. Mr. President, I rise in support of the amendment by the Senator from Louisiana and my colleague from New Jersey to prohibit funds appropriated in this bill from being used to implement or enforce EPA's ethanol mandate regulations. The EPA regulation is inconsistent with the Clean Air Act, provides no clean air benefits and may worsen levels of polluted air, will increase costs to consumers, and will adversely affect

funding of the Highway Trust Fund reducing the money available for transportation projects across the Nation.

Mr. President, I am one of the authors of the Clean Air Act. I understand full well the importance that reformulated gas can play in achieving clean air. But when we developed the bill, we did not mandate that any particular product be used to achieve the clean air goals of the reformulated gas program. We set a standard for levels of oxygenates which reduce pollution from gasoline and then left it up to industry to determine the most economical means of achieving this standard. EPA knows this. EPA's own Regulatory Impact Analysis on the ethanol mandate regulation says "EPA has no legal authority under the Clean Air Act to provide such a mandate." So the ethanol mandate is something which the Congress not only did not require, it did not authorize.

Mr. President, you would think that if EPA was going to mandate the use of ethanol, it would provide clean air benefits. But the ethanol mandate does not provide any benefit in reducing summertime ozone levels. All oxygenates will reduce emissions of smog forming pollutants.

And ethanol may actually worsen air pollution during what is known as the shoulder season. These are the months on either side of the summer smog season. Because ethanol is more volatile than other oxygenates, use of ethanol will exacerbate smog. Since the ethanol mandate is likely to lead to increased use of ethanol in the shoulder season, smog may become more of a problem in the shoulder season.

Mr. President, the ethanol mandate also will have a significant fiscal impact on the Highway Trust Fund. As chairman of the Senate Transportations Appropriations Subcommittee, I can tell you firsthand how important funding for the Fund is. Every year, I receive requests from virtually all of my colleagues to use the Highway Trust Fund for projects in their States. But if we deplete the fund, we will not have money available for these projects.

The ethanol mandate will result in a significant reduction in funds available to the Highway Trust Fund. Ethanol already receives a significant tax break from the Federal gasoline tax which reduces funding for the Highway Trust Fund. The more use of ethanol, the less money going into the Fund.

According to Secretary of Transportation Federico Peña, the ethanol mandate will result in losses to the Highway Trust Fund of from $340–$465 million per year. These losses would be on top of the current losses of over $500 million per year because of the fuel tax exemption for ethanol. Secretary Peña concluded that the ethanol mandate could cost as much as $10 billion over the next decade. That is a pretty steep impact for a program which will not provide clean air benefits.

I recently wrote CBO Director Robert Reischauer about the loss of Federal gas tax revenues. CBO's estimate of a loss of $545 million over 5 years is consistent with Secretary Peña's estimate. CBO also determined that the ethanol mandate would increase budget outlays over the next 5 years by $249 million. I ask unanimous consent that a copy of Director Reischauer's letter to me be included in the RECORD.

Finally, the ethanol mandate will result in higher gasoline costs. Resources for the Future, a respected think tank, estimated that consumers in the northeast will pay at least 7 cents per gallon more because of the ethanol mandate.

Mr. President, the EPA mandate is a bad policy. So I urge my colleagues to support the Johnston-Bradley amendment.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 28, 1994.

Hon. FRANK R. LAUTENBERG,
Chairman, Subcommittee on Transportation and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: In your letter of July 21, you inquired about CBO's scoring of Senator Johnston's amendment that would delay implementation of the renewable oxygenate standard promulgated by the Environmental Protection Agency (EPA). If adopted, this amendment would preclude EPA from implementing—in fiscal year 1995—its rule mandating that a specified percentage of the oxygenates used in reformulated gasoline come from renewable sources. Because the standard takes effect on January 1, 1995, this amendment would prohibit enforcement for nine months.

There are two aspects to the scoring of the Johnston amendment—the effect on spending for farm price support programs and the effect on federal revenues.

Effect on Outlays. The Johnston amendment would affect spending for farm price support programs because demand for corn would diminish, leading to a reduction in the price of corn in the first year and subsequent actions by the Secretary of Agriculture to offset the impact of lower demand. CBO estimates that a nine-month delay in implementing the EPA standards would increase outlays for farm programs by $25 million in fiscal year 1995 and by $4 million in 1996. We expect that outlays would decline by $12 million in 1997. (A permanent delay would increase spending by $17 million in 1995, but would generate outlay savings totaling $249 million over the 1995–1999 period.)

Under the scorekeeping rules delineated in the conference report on the Budget Enforcement Act of 1990, such changes in mandatory spending made in appropriation bills are scored as discretionary. They would therefore be counted against the Appropriations Committee's spending allocations under the Congressional Budget Act of 1974 and against the discretionary spending caps established by the Balanced Budget and Emergency Deficit Control Act of 1985.

Effect on Revenues. The Johnston amendment would affect federal revenues because firms producing motor fuels that contain ethanol are eligible for tax preferences. Firms have the option of taking the tax preference as either an excise tax exemption or an income tax credit. A decline in ethanol use from delaying implementation of the EPA standards would increase federal tax revenues by diminishing the use of these preferences. The Joint Committee on Taxation (JCT) estimates that a nine-month delay in implementing the EPA standards would produce a revenue increase of $26 million in fiscal year 1995 and $37 million in fiscal year 1996. These amounts, which are net of reduced income and payroll tax revenues, reflect estimated increases in excise taxes dedicated to the Highway Trust Fund of $33 million in fiscal year 1995 and $47 million in fiscal year 1996. (A permanent delay in implementing the standards would have a much greater revenue effect, estimated by JCT to total $545 million over five years. This amount, which is net of reduced income and payroll tax revenues, is based on an estimated increase of $697 million in excise tax revenues for the Highway Trust Fund over the 1995–1999 period.)

Under established scorekeeping procedures, the revenue effects of appropriation bills do not affect the scoring of those bills relative to the committee's spending allocations and the dicretionary spending caps, because the legislative language of the Budget Enforcement Act of 1990 clearly puts all changes in revenues on the pay-as-you-go scorecard. Thus, even though the Johnston amendment would have the effect of generating additional revenues, the revenue increase cannot be used to offset an increase in spending that is charged against the Appropriations Committee's allocations and the discretionary caps.

I hope this explanation is helpful to you. If you would like further information on this issue, we would be pleased to provide it. The CBO staff contacts are Mark Booth (for revenue estimates), who can be reached at 226–2865, and David Hull (for outlay estimates), who can be reached at 226–2860.

Sincerely,

JAMES L. BLUM,
(For Robert D. Reischauer, Director).

Mr. CHAFEE. Mr. President, the 1990 Clean Air Act amendments require the use of reformulated gasoline in the nine cities with the worst summertime smog problems. Smog results from the combination of air pollution—emissions from cars and trucks and industry—and sunlight. The principal component of smog is ozone.

Under the Clean Air Act the Federal Government has established a health standard for ozone. It is up to the States to develop plans to control various sources of pollution, so that the Federal health standard is attained in every city. One of the largest sources of the ozone problem is the gasoline fuel that we burn in our cars and trucks.

Gasoline is a complex mixture of 200 chemicals with a wide variety of recipes depending on the brand, octane rating and season of the year. The precise formulation can have dramatic impacts on air pollution.

For instance, one of the substances added to gasoline in increasing quantities in recent years is butane. Butane is a relatively inexpensive byproduct of natural gas production. It is the fuel

used in cigarette lighters and is highly volatile. So volatile, in fact, that most of the butane added to gasoline evaporates from the gasoline tank of a car before it ever reaches the engine to be burned. Limiting butane content can reduce total smog pollution by up to 10 percent in some cities. EPA has issued a rule that limits the addition of butane to gasoline in summer months.

The 1990 Clean Air Act amendments require oil refiners who make and sell gasoline to reduce the hydrocarbon pollution from their gasoline by 15 percent in the 9 U.S. cities with the worst smog problem. The nine cities do not include any part of my home State of Rhode Island. But other cities with less serious smog problems may also "opt in" to the reformulated gasoline program. And the State of Rhode Island would like to use reformulated gasoline as one part of its strategy to reduce ozone.

In addition to the hydrocarbon reduction requirement, reformulated gasoline must also contain 2 percent oxygen by weight. This oxygen will be added by blending the gasoline with an alcohol—either methanol or ethanol. The oxygen in the fuel promotes more complete combustion and prevents the formation of carbon monoxide in the tailpipe exhaust gases. Carbon monoxide, like smog, is an air pollutant regulated under the Clean Air Act.

It is this requirement for additional oxygen in reformulated gasoline that is causing all the controversy. There are two competing additives. One is called MTBE and is made from methanol that might be derived from natural gas or coal. The other oxygen additive is ethanol made principally from corn in the United States. The potential market for these additives created by the reformulated gasoline requirements of the Clean Air Act have pitted the oil industry against agriculture in a heated battle over EPA's regulations.

There are many arguments on both sides of the question, but there are two concerns raised by the MTBE proponents to which I have given close attention. First, they allege that using ethanol in reformulated gasoline will actually make it more difficult to control smog pollution. If true, that would be good reason to vote for this amendment. But I believe the assertion is mistaken.

It is true that when ethanol is added to gasoline, the volatitlity—a measure of the amount of the fuel that evaporates—of the blended fuel is higher. A more volatile fuel will generally mean more air pollution. But the rule for reformulated gasoline puts an overall limit on smog-forming emissions. In other words, if refiners use ethanol to meet the oxygen requirements for reformulated gasoline, the rules will require them to make some other changes in the formulation to compensate for the increase in volatility. The overall result must be a 15-percent reduction in smog-forming emissions. There can be no negative air quality impact, if the finished fuel complies with the rules.

Second, the oil industry has charged that prices for fuels using ethanol as an oxygen additive will be much higher than prices for fuels using MTBE. The oil industry made a similar charge about reformulated gasoline, in general, asserting at the time the Senate considered the 1990 amendments that reformulated gasoline would increase prices to consumers by 25 cents per gallon. Shortly after the bill was passed some of the very same oil companies were running ads for their gas saying that it already met these new reformulated gasoline requirements. Little has been heard lately about the 25-cent-per-gallon price rise.

EPA has done a careful analysis of the costs of ethanol additives and the impact of its renewable fuels mandate on consumers. That analysis shows that costs to use ethanol might be slightly higher, perhaps totalling $4 million to $60 million per year for the Nation. But these cost increases are spread over such a large quantity of gasoline, nearly 40 billion gallons of reformulated gasoline will be sold each year, that consumers will not see any real change in price.

Mr. President, I have brought to the Senate floor today letters from President Clinton to Majority Leader MITCHELL and from EPA Administrator Carol Browner to Senator DASCHLE that address these questions of cost and air quality impact directly. We are assured by the Administration that its ethanol mandate will not cause prices to increase and that the air quality requirements of the Clean Air Act will be fully complied with.

Mr. President, I would ask unanimous consent that both of these letters, along with a letter addressed to the Senate signed by five major environmental organizations opposing this amendment, be printed in the RECORD after my remarks.

Because of these from the administration assurances, I intend to vote against the amendment offered by the Senator from Louisiana. I generally oppose amendments to appropriations bills that attempt to amend the underlying authorizing statutes. EPA believes it has the authority under the Clean Air Act to issue this rule. Senator JOHNSTON disagrees. But that is not a question the Senate need decide. The rule has been challenged in court and if EPA has exceeded its authority, the courts will overturn the rule.

I believe that section 211(k) of the Clean Air Act gives EPA clear authority to take into account the energy impacts of its rules. Here, the Agency has determined that a rule favoring domestically produced, renewable energy resources is an appropriate consideration in carrying out the reformulated gasoline requirements of the Clean Air Act. Considering all of these factors, I do not think the Senate should vote to overturn EPA's policy on a rider to appropriations bill. I would urge the Senate to reject the Senator's amendment.

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

THE WHITE HOUSE,
Washington, DC, July 22, 1994.

Hon. GEORGE J. MITCHELL,
Majority Leader,
U.S. Senate,
Washington, DC.

DEAR MR. LEADER: Last month, the Environmental Protection Agency (EPA) made an important decision to use renewable fuels to help achieve the objectives of the Clean Air Act. By promulgating the renewable oxygenate rule, my Administration made good on a long-standing commitment to a cleaner environment and a stronger economy. The use of reformulated gasoline will help to improve the quality of the air in the nation's dirtiest cities. Through this decision EPA is helping to assure that renewable fuels continue to have a fair market share in a changing world of cleaner burning gasoline.

I am aware of the attempts by some in Congress to block implementation and enforcement of EPA's rulemaking on renewable oxygenates. I strongly oppose any attempts to interfere with EPA's implementation or enforcement of this rule.

Sincerely,

BILL CLINTON.

U.S. ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, July 21, 1994.

Hon. THOMAS A. DASCHLE,
U.S. Senate, Washington, DC.

DEAR SENATOR DASCHLE: Since EPA announced its decision on the role of renewable oxygenates in reformulated gasoline (RFG) on June 30, a great deal of misinformation has been heard from critics of the decision. I would like to take this opportunity to clarify EPA's views on this important clean air program.

The Administration is aware that floor amendments to EPA's appropriations bill may attempt to overturn EPA's rulemaking on renewable oxygenates. The Administration believes that it is inappropriate to legislate regulatory restrictions through the appropriations process and will strongly oppose any attempts to interfere with EPA's implementation or enforcement of the rule.

The requirement that 30 percent of the oxygenates used in RFG be produced from renewable sources, such as grain, biomass or even garbage, is necessary to assure that renewable oxygenates are not disadvantaged in the RFG program. EPA is not establishing a new program to benefit any particular fuel, rather we are assuring that renewable fuels continue to have an opportunity to compete in a changing world of cleaner burning gasoline. Our actions are consistent with longstanding Congressional support for renewable motor fuels and this Administration's environmental and energy goals.

We have taken the necessary steps in the rule to alleviate potential disruption in the gasoline distribution system. In the context of overall gasoline usage, this program will result in only one-half of one percent of the gasoline consumed in the U.S. annually being made from renewable sources.

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It is not an "ethanol mandate." Rather, it is fuel neutral in that any renewable oxygenate will qualify. The production of all oxygenates will increase substantially as a result of the RFG program. For example, nonrenewable MTBE made from natural gas may well experience a 170 percent increase in its market. No industry is a loser in this program.

I hope the above points and enclosure are useful in explaining the role of renewable oxygenates in the reformulated gasoline program. Please contact us if you have any questions or need further information.

Sincerely,

CAROL M. BROWNER.

IMPACTS OF THE RENEWABLE OXYGENATES RULE

ENVIRONMENTAL AND OTHER BENEFITS

The renewable oxygenates rule ensures that the benefits of the RFG program will be achieved. In addition to the 15 percent reduction in VOC and toxic emissions from vehicles using Phase I RFG, additional reductions in VOC emissions may occur if ETBE displaces currently-used ethanol during the summer months. This occurs because the rule does not credit the use of renewable oxygenates that increase evaporative emissions during the summer smog season. (The summer season is defined as May 1 to September 15, although a State may request a longer season if needed for smog control.)

The rule provides a strong incentive for the development of new technology to efficiently produce renewable oxygenates which would lead to long-term global warming benefits. Short-term global warming benefits would occur if methanol from landfills is used to make renewable MTBE as one company announced recently.

There are also energy benefits. According to a DOE report, up to 20 percent less fossil energy is used to produce ethanol as compared to MTBE produced from natural gas.

COST

Consumers should see no increase in the prices of RFG at the pump as a result of the renewable oxygenate rule. EPA estimated that the reformulated gasoline rule that was promulgated last December would cost between 3 and 5 cents per gallon more than conventional gasoline. This includes the cost of oxygenates. The new rule simply requires some oxygenates to be renewable. EPA's analysis shows that the incremental cost impact of the new rule ranges from 0.02 cents to as much as 0.2 cents per gallon when spread over the 39 billion gallons of RFG that will be produced each year.

With respect to the impact on the Highway Trust Fund, EPA estimated a $180 million loss and published this estimate in the rule. Treasury, as part of updating the President's budget in the Mid Session review, subsequently estimated the loss to be around $240 million. USDA provided estimates that show that the Highway Trust Fund losses are more than offset by savings in farm deficiency payments. The rule included a $344 million savings estimate based on a USDA analysis of a report by the General Accounting Office. USDA has provided a more recent savings estimate of $275 million.

SUPPLY

There is no doubt that there exists today an adequate supply of renewable oxygenates to satisfy the requirements of this program. The only question is whether renewable oxygenates would need to be shifted out of existing markets and into RFG cities. To alleviate as much as possible concerns about the ability of the fuels industry to do some shifting and also provide time for new renewable oxygenates production to come on line, the Agency took a number of steps in the regulation. First, we set the initial year's requirement at 15 percent. In 1996, the requirement goes to 30 percent.

Second, we included averaging provisions. With averaging, a refiner may use more renewable oxygenate during the later part of 1995, for example, and none during the first part of the year, as long as over the year the 15 percent requirement is met.

Third, we included trading provisions, under which Refiner A in Chicago may use more than the required amount of renewable oxygenates. The "excess" oxygen credits may then be sold to Refiner B in Chicago or even Refiner C in Baltimore who choose not to use renewables.

As mentioned above, no industry is losing in the reformulated gasoline program. Renewable oxygenates, like ethanol from grain, will get 30 percent of the new RFG oxygenates market and nonrenewables, like MTBE from natural gas, will get 70 percent of the new market. The production of all oxygenates will grow significantly.

FRIENDS OF THE EARTH, SIERRA CLUB, NATIONAL WILDLIFE FEDERATION, ENVIRONMENTAL WORKING GROUP, NATURAL RESOURCES DEFENSE COUNCIL,

July 21, 1994.

DEAR SENATOR: When the Senate considers the VA–HUD–Independent Agencies appropriations bill for FY95, we ask that you oppose all new policy amendments affecting the environment. We take this position regardless of the substantive merits of such amendments, which we believe are not the issue in this case.

Subcommittee Chair Barbara Mikulski and the members of the Subcommittee have reported a bill which focuses on the funding allocations which are the primary purpose of appropriations bills. While it is entirely appropriate to have a lively floor debate about those funding choices, we oppose any new proposal to encumber this bill with amendments which are legislation or limitations restricting specific environmental policies. Whatever the merits of any such proposals, we believe they would be more appropriately pursued through authorizing bills, regulatory procedures or the courts.

We recognize that Congress has a right and a responsibility to set environmental policies when necessary. However, floor amendments to the VA–HUD–Independent Agencies appropriations bill should not be the tool of first resort. We oppose any floor amendments on takings, risk, cost/benefit and unfunded mandates. Consistent with our general opposition on procedural grounds to new policy floor amendments, we oppose the Johnston amendment to prevent the Environmental Protection Agency from implementing the ethanol rule. We understand that a lawsuit has been filed on this matter, which we believe should be decided through regulatory and legal means.

We make no pretense that the appropriations process is procedurally pure, and believe that each bill should be handled on a case-by-case basis. In the case of this bill, we draw the line on the bill as reported, and urge you to oppose all new environmental policy amendments offered on the floor.

Sincerely,

RALPH DE GENNARO,
Director, Appropriations project, Friends of the Earth.

DAVID HAWKINS,
Senior Attorney, National Resources Defense Council.

A. BLAKEMAN EARLY,
Washington Director, Envir. Quality Program, Sierra Club.

SHARON NEWSOME,
Vice President, Resources Conservation Dept., National Wildlife Federation.

DAVID DICKSON,
Senior Analyst, Environmental Working Group.

ETHANOL THE FUTURE IS NOW

Mr. PRESSLER. Mr. President, I oppose the Johnston amendment and urge this body to reject it. The crucial issue in this debate is how the United States can meet competitively future energy needs with cleaner burning fuels.

The new EPA renewable oxygenate standard [ROS], was developed to achieve this goal. The standard will permit renewable fuels, such as ethanol, to be competitive in the reformulated gasoline market. Adopting the Johnston amendment will prevent this from happening. The amendment is designed to deny ethanol a role in meeting this Nation's future energy needs. It should not be adopted.

BACKGROUND

EPA issued the renewable oxygenate standard on June 30, 1994. The proposed standard is the culmination of years of work and countless staff hours. It should be noted that the rule received more public comments—over 12,000—than any other regulation in EPA's history.

In addition, EPA officials received abundant expert testimony on the pros and cons of developing renewable oxygenate stands for the reformulated gasoline market. The use of renewable fuels in the reformulated gasoline program has been supported by both the past and current administrations. The record on this issue is complete. No stone was left unturned.

Simply put, the rule is designed to enable the development of fuels that are environmentally sensitive, renewable, and good for the economy. Yet there are those who do not want this to happen.

Mr. President, the renewable oxygenate standard [ROS] is the proper solution. The standard will assure adherence to the air quality standards of the 1990 Clean Air Act. It should be implemented.

WHO SUPPORTS THE STANDARD

The list of supporters of the renewable oxygenate standard is impressive. The administration strongly opposes the Johnston amendment. The EPA, USDA, OMB, and the Energy Department all support the standard.

Agriculture solidly supports EPA's renewable oxygenate standard. The Governor of the State of South Dakota supports the new standard. Consumer groups support the standard.

In addition, environmental groups oppose the Johnston amendment.

Friends of the Earth, the Sierra Club, the Natural Resources Defense Council, the National Wildlife Federation, and the Environment Working Groups all oppose the Johnston amendment.

Mr. President, I ask unanimous consent that letters from all these groups appear at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. PRESSLER. Mr. President, ethanol is one of this Nation's most efficient sources of energy. The EPA has stated that the renewable oxygenate standard has both immediate and long-term environmental benefits.

BENEFITS

Greenhouse gas emissions will be reduced under the new rules, according to the EPA. Ethanol use lowers carbon monoxide output.

Several studies have shown that ethanol yields equivalent reductions in urban ozone as does the use of MTBE. Under EPA's rule, all environmental objectives of the reformulated gasoline program will be met. According to the EPA, the new standard "maintains the environmental benefits of the reformulated gasoline program as promulgated on December 15, 1993, and has the potential to increase these benefits through the incentives it provides for increased ETBE use during the summer months."

Earlier this year, I wrote a letter to the Journal of Commerce responding to an editorial that erroneously attacked ethanol. I ask unanimous consent that a copy of my letter appear in the RECORD at this point.

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

[From the Journal of Commerce and Commercial, Mar. 10, 1994]

ETHANOL: GOOD NEWS FOR THE ENVIRONMENT

(By Sen. Larry Pressler)

Wayne Brough's article "A Special Bargain for Ethanol" (Opinion, March 2, Page 6A) sees the glass as half empty and not half full. His diatribe against the ethanol industry simply overlooked the facts. According to Mr. Brough, there are no environmental benefits, no economic benefits and no consumer benefits to ethanol. Nothing could be further from the truth.

The facts are these. Ethanol reduces our dependence on imported oil and enhances U.S. energy security. Dependence on foreign oil costs the United States $40 billion to $80 billion each year. Every billion dollars spent on imports results in the loss of 25,000–30,000 U.S. jobs. Ethanol can help change that. The EPA expects its proposal will create and sustain more than 10,000 new domestic jobs, a fact Mr. Brough overlooks.

Ethanol is one of this nation's most efficient sources of energy. A recent Department of Agriculture study showed that ethanol's energy efficiency was 108% to 125%. For every 100 BTUs used in the production of ethanol, 108–125 BTUs of ethanol are created. Compare ethanol's energy efficiency with gasoline's 85%, methyl tertiary butyl ether's (MTBE) 55% and coal gasification's 45%. It is evident that ethanol is an efficient energy source.

Ethanol production is vital to improving farmers' income and to economic growth in agricultural communities. The expanded production and use of ethanol prompted by EPA regulations should increase corn prices more than 30 cents a bushel and reduce corn price supports over 50%. Resulting savings to U.S. taxpayers should be in the hundreds of millions of dollars.

Ethanol has improved air quality and it has broad consumer acceptance. The city of Denver has experienced significant air quality improvements as a result of ethanol usage. Citizen Action, one of the largest consumer organizations, called on President Clinton to include the use of ethanol in the reformulated gasoline program.

The proposed rules recognize ethanol as a friend of the environment, and they assure a fuel-neutral reformulated gasoline marketplace. Without the changes adopted by the administration, MTBE would be the primary oxygenate used in reformulated gasoline. Without competition, consumers would pay higher prices. This was the ostensible goal of Mr. Brough's article—to demonstrate the need to avoid higher consumer costs. Ethanol can help achieve the goal Mr. Brough promotes.

He also attempted to illustrate how new government regulations under the Clean Air Act could cost Americans up to $25 billion annually. He raised a valid concern that the Clean Air Act could result in expanded government control over the economy. But Mr. Brough would have done well to discuss other EPA proposals, such as how new environmental regulations ignore the considerable costs they impose on farmers, ranchers and other small businesses.

Unfortunately, he missed that opportunity and unfairly attacked ethanol. The facts on ethanol speak for themselves. EPA carefully considered costs and energy and air quality effects in determining its proposed regulations. If the merits of ethanol had not been evident, the EPA would not have issued the regulations it did.

Mr. PRESSLER. Mr. President, USDA studies have shown that the renewable oxygenate standard can reduce farm program costs by $2.3 billion between 1995–99. These savings come from higher prices for corn as a result of the standard.

AGRICULTURAL AND BUDGET BENEFITS

Our farmers need higher prices for their crops. Corn is a leading crop in South Dakota. The proposed standard would raise the income of the average South Dakota corn producers by more than $3,600. However, should the Johnston amendment be approved, this potential income would be lost. Not only would it be lost, but corn prices could drop and corn farmers would be robbed of existing income.

Mr. President, the Johnston amendment would hinder economic growth, increase costs to the Government, adversely affect corn prices, and cause economic hardships for corn producers nationwide. Just last year, ethanol blended gasoline achieved a 44-percent market share in South Dakota making it the leading State in ethanol use. If this trend continues, South Dakota will become the first State in the Nation to achieve a 50-percent market share for ethanol blended fuel.

Increasing ethanol use will provide additional markets for South Dakota corn growers, benefit the State's agricultural economy, and decrease the U.S. dependency on foreign oil. If other States follow South Dakota's lead, ethanol production and consumption will benefit the economies of communities nationwide.

CONCLUSION

Mr. President, if one needs to know congressional intent on this issue, one only needs to look at the record. Congress clearly intends that ethanol play a role in the reformulated gasoline program.

Ethanol will help us meet our Nation's future fuel needs. There is no argument. Ethanol is good for the economy. It is good for agriculture. Ethanol is good for the environment.

I urge my colleagues to reject the Johnston amendment.

EXHIBIT 1

JULY 27, 1994.

Hon. LARRY PRESSLER,
U.S. Senate,
Washington, DC.

DEAR SENATOR PRESSLER: As representatives of America's farmers, we want to reiterate our support for the Renewable Oxygenate Requirement (ROR) for reformulating gasoline, and express our strong opposition to potential amendments to the VA, HUD and Independent Agencies appropriations bill that would effectively repeal this important program.

The ROR was recently finalized by the Environmental Protection Agency after extensive comment and careful consideration. This is the appropriate forum for consideration of Clean Air rules.

An expanded renewables market will generate demand for grain and other energy crops and provide economic opportunities for rural America. More importantly, this Clean Air rule will enhance the environmental benefits of reformulated gasoline, will contribute to energy security, will reduce emissions of greenhouse gasses, and will provide consumers with a choice of oxygenates. According to EPA, the ROR will maximize reductions of volatile organic compounds. The Department of Energy has concluded that the ROR will provide significant reductions in fossil energy use. The best news is that the positive environmental and energy benefits of the ROR will not increase the cost of reformulated gasoline at the pump for consumers.

The benefits of this Clean Air rule for agriculture are significant. According to an analysis completed by the U.S. Department of Agriculture, the ROR will increase the demand for corn used in ethanol production and will reduce farm program costs by $2.3 billion over the next five years. At the same time, feed co-products of ethanol production will be available to meet the needs of beef, dairy and poultry producers.

The ROR simply makes sense for America. We ask that you support the rule by opposing amendments to repeal this important program.

Sincerely,

American Agriculture Movement, Inc.; American Agri-Women; American

Farm Bureau Federation; American Seed Trade Association; American Society of Farm Managers and Rural Appraisers; American Soybean Association; American Sugar Beet Growers Association; National Agricultural Chemicals Association; National Association of State Departments of Agriculture; National Association of Wheat Growers; National Barley Growers Association; National Cattlemen's Association; National Corn Growers Association; National Cotton Council; National Council of Farmer Cooperatives; National Family Farm Coalition; National Farmers Organization; National Farmers Union; National Grain Sorghum Producers; National Grange; National Rural Electric Cooperative Association; Women Involved in Farm Economics.

JULY 21, 1994.

DEAR SENATOR: When the Senate considers the VA-HUD-Independent Agencies appropriations bill for FY95, we ask that you oppose all new policy amendments affectng the environment. We take this position regardless of the substantive merits of such amendments, which we believe are not the issue in this case.

Subcommittee Chair Barbara Mikulski and the members of the Subcommittee have reported a bill which focused on the funding allocations which are the primary purpose of appropriations bills. While it is entirely appropriate to have a lively floor debate about those funding choices, we oppose any new proposal to encumber this bill with amendments which are legislation or limitations restricting specific environmental policies. Whatever the merits of any such proposals, we believe they would be more appropriately pursued through authorizing bills, regulatory procedures or the courts.

We recognize that Congress has a right and a responsibility to set environmental policies when necessary. However, floor amendments to the VA-HUD-Independent Agencies appropriations bill should not be the tool of first resort. We oppose any floor amendments on takings, risk, cost/benefit and unfunded mandates. Consistent with our general opposition on procedural grounds to new policy floor amendments, we oppose the Johnston amendment to prevent the Environmental Protection Agency from implementing the ethanol rule. We understand that a lawsuit has been filed on this matter, which we believe should be decided through regulatory and legal means.

We make no pretense that the appropriations process is procedurally pure, and believe that each bill should be handled on a case-by-case basis. In the case of this bill, we draw the line on the bill as reported, and urge you to oppose all new environmental policy amendments offered on the floor.

Sincerely,

RALPH DE GENNARO,
Director, Appropriations Project, Friends of the Earth.

DAVID HAWKINS,
Senior Attorney, Natural Resources Defense Council.

A. BLAKEMAN EARLY,
Washington Director, Envir. Quality Program, Sierra Club.

SHARON NEWSOME,
Vice President, Resources Conservation Dept., National Wildlife Federation.

DAVID DICKSON,
Senior Analyst, Environmental Working Group.

THE WHITE HOUSE,
Washington, DC, July 22, 1994.

Hon. GEORGE J. MITCHELL,
Majority Leader, U.S. Senate, Washington, DC.

DEAR MR. LEADER: Last month, the Environmental Protection Agency (EPA) made an important decision to use renewable fuels to help achieve the objectives of the Clean Air Act. By promulating the renewable oxyenate rule, my Administration made good on a long-standing commitment to a cleaner environment and a stronger economy. The use of reformulated gasoline will help to improve the quality of the air in the nation's dirtiest cities. Through this decision EPA is helping to assure that renewable fuels continue to have a fair market share in a changing world of cleaner burning gasoline.

I am aware of the attempts by some in Congress to block implementation and enforcement of EPA's rulemaking on renewable oxygenates. I strongly oppose any attempts to interfere with EPA's implementation or enforcement of this rule.

Sincerely,

BILL CLINTON.

STATE OF SOUTH DAKOTA,
Pierre, SD, May 4, 1994.

The PRESIDENT,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: In the next several weeks, the United States Environmental Protection Agency will be issuing final rules regarding the ability of ethanol to be utilized as an oxygenate in the federal reformulated gasoline program. The proposed rule, "Renewable Oxygenate Requirement for Reformulated Gasoline" would require that 30% of the oxygenates used in reformulated gasoline be derived from renewable resources.

This rule, as proposed by the EPA, would result in a significant increase in the demand for ethanol. As you know, ethanol is one of this nation's premier renewable transportation fuels. Ethanol reduces greenhouse gas emissions, promotes rural economic development, and reduces our nation's dependance on imported petroleum products. Ethanol also stimulates the demand for agriculturally-derived products and services to reduce federal farm deficiency payments.

Without question, you have heard from the petroleum industry that the Renewable Oxygenate Requirement should be withdrawn for a variety of reasons. Principal among the criticisms is that the program will establish a mandate for fuel ethanol. We believe nothing could be further from the truth. In fact, it is my opinion this is a historic action by your administration to begin the long process of reducing our nation's dependance on foreign oil.

I wish to express my strong support for the adoption of the Renewable Oxygenate Requirement, and I encourage you to direct the EPA to promulgate the final rule as proposed. Such an action will send a strong signal of your commitment and approach to both environmental stewardship and economic development.

Thank you in advance for your continued support and attention to this important matter.

Sincerely,

WALTER D. MILLER,
Governor.

The PRESIDING OFFICER. Who controls time?

Mr. HARKIN. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Seven minutes four seconds.

Mr. HARKIN. I yield myself such time as I might consume.

Mr. President, let us face it. This boils down to one essential issue. It can be summed up in one sentence. All the debate held here today can be summed up in one sentence. This is a choice that we have to make, a choice between domestically produced, renewable fuels, or imported methanol and MTBE. That is it.

Are we going to vote for America and vote for American jobs and fuels produced here, renewable fuels, or are we going to vote to continue the pipeline from Saudi Arabia to America? This is what this vote is all about.

As it has been pointed out time and time again, environmental groups support our position in opposition to the Johnston amendment—Friends of the Earth, Natural Resources Defense Council, the Sierra Club, the National Wildlife Federation, and the Environmental Working Group.

A lot of Senators wanted to speak on this issue today. I particularly wanted to mention Senator DORGAN from North Dakota, who could not be here because he is in conference committee. He has been a great leader on this.

Mr. President, I ask unanimous consent to print in the RECORD the EPA response to major points raised by NESCAUM regarding the renewable oxygenate rule, and also the letter from the five environmental groups.

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

EPA RESPONSE TO MAJOR POINTS RAISED BY NESCAUM REGARDING THE RENEWABLE OXYGENATE RULE (ROR)

ACTION CONTRADICTS REG-NEG AGREEMENT

The provisions of the Renewable Oxygenate Rule were not covered by the Reg-Neg agreement.

Does not alter the emission performance standards or other provisions for the RFG program, which was based on Reg-Neg.

The renewable oxygenate requirement was promulgated as a supplement to the reformulated gasoline (RFG) program.

SHOULDER SEASON CONCERNS; OZONE VIOLATIONS IN NEW JERSEY

RFG program requires VOC-controlled fuel at the terminal from May 1–September 15; refiners will be shipping such fuel as early as March 1.

VOC controlled gasoline is thus expected to be utilized during most or all of the shoulder season months of concern in the Northeast.

Impacts of renewable oxygenate rule on VOC emissions during the shoulder season are thus, not likely to be a problem in the Northeast.

States already have authority to control fuel RVP and/or ethanol content; many have standards in place.

Furthermore, EPA included provisions in the final ROR by which states can petition EPA to extend the period during which ethanol cannot be blended for credit toward the renewable oxygenate requirement. This should give states complete assurance that the environmental benefit of the RFG program will be realized.

INCREASE IN EMISSIONS OF CARBON MONOXIDE (CO) IN WINTER

EPA's MOBILE5a does show a small effect of RVP on CO emissions above 45 degrees Fahrenheit.

Thus, only effect on CO emissions is potentially small increase on winter days with temperatures above 45 degrees Fahrenheit; the days with the least concern of CO exceedances.

In any event, the higher oxygen levels from the reformulated gasoline program and the use of renewable oxygenates result in large reductions in carbon monoxide emissions.

INCREASED EMISSIONS OF NO_x

Rule does not alter the NO_x performance standards under the RFG program.

Hence, no increase in NO_x emissions will result.

ECONOMIC IMPACTS

EPA does not believe this rule will increase the price of reformulated gasoline.

EPA has included averaging, trading, and a program phase-in to avoid any short term shortages and price increases.

ENERGY IMPACTS

Program will have fossil energy benefits.

Promulgated to be consistent with Congressional and Executive Branch efforts (past and present) to promote the use of renewables.

FRIENDS OF THE EARTH, SIERRA CLUB, NATIONAL WILDLIFE FEDERATION, ENVIRONMENTAL WORKING GROUP, NATURAL RESOURCES DEFENSE COUNCIL,

JULY 21, 1994.

DEAR SENATOR: When the Senate considers the VA-HUD-Independent Agencies appropriations bill for FY95, we ask that you oppose all new policy amendments affecting the environment. We take this position regardless of the substantive merits of such amendments, which we beleive are not the issue in this case.

Subcommittee Chair Barbara Mikulski and the members of the Subcommittee have reported a bill which focuses on the funding allocations which are the primary purpose of appropriations bills. While it is entirely appropriate to have a lively floor debate about those funding choices, we oppose any new proposal to encumber this bill with amendments which are legislation or limitations restricting specific environmental policies. Whatever the merits of any such proposals, we believe they would be more appropriately pursued through authorizing bills, regulatory procedures or the courts.

We recognize that Congress has a right and a responsibility to set environmental policies when necessary. However, floor amendments to the VA-HUD-Independent Agencies appropriations bill should not be the tool of first resort. We oppose any floor amendments on takings, risk, cost/benefit and unfunded mandates. Consistent with our general opposition on procedural grounds to new policy floor amendments, we oppose the Johnston amendment to prevent the Environmental Protection Agency from implementing the ethanol rule. We understand that a lawsuit has been filed on this matter, which we believe should be decided through regulatory and legal means.

We make no pretense that the appropriations process is procedurally pure, and believe that each bill should be handled on a case-by-case basis. In the case of this bill, we draw the line on the bill as reported, and urge you to oppose all new environmental policy amendments offered on the floor.

Sincerely,

RALPH DE GENNARO,
Director, Appropriations Project, Friends of the Earth.

DAVID HAWKINS,
Senior Attorney, Natural Resources Defense Council.

A. BLAKEMAN EARLY,
Washington Director, Envir. Quality Program, Sierra Club.

SHARON NEWSOME,
Vice President, Resources Conservation Dept., National Wildlife Federation.

DAVID DICKSON,
Senior Analyst, Environmental Working Group.

Mr. HARKIN. Mr. President, there has been so much smog put out by the proponents of the Johnston amendment, it is hard to know where to begin.

I thank all colleagues who have spoken before me, who laid to rest these myths that have been propounded by the proponents of the Johnston amendment.

Let me just summarize if I might.

First, the myth of increased cost to consumers and for subsidies. EPA has said that the renewable oxygenate rule will add only two-hundredths to two-tenths of 1 cent per gallon of gasoline—not the 7 cents a gallon that we heard from the Senator from New Jersey—two-hundredths to two-tenths of 1 cent per gallon.

The Senator from South Dakota [Mr. DASCHLE] has been a great leader on this issue since the Clean Air Act, and he points out that in 1 year alone subsidies to fossile fuels were $21 billion and the subsidies to ethanol were $879 million.

Mr. President, I ask unanimous consent to print in the RECORD an article which appeared in the Washington Post this Sunday, "Oil Slick: Profits Abroad and Poison at Home." It talks about how EPA estimates the cost of cleaning up ground water contaminated by petroleum will run about $790 million a year.

Who is going to pay it?

The cost of plugging 22,500 abandoned wells, $300 million.

Who is going to pay it?

If you think the oil company is going to pay it, you are living in dreamland. We are going to have to pay those bills. I think this editorial points it out.

I ask unanimous consent that the editorial be printed in the RECORD.

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

[From the Washington Post, July 31, 1994]

OIL SLICK: PROFITS ABROAD AND POISON AT HOME

BIG PETROLEUM SHIPS OUT, LEAVING BEHIND A BIG MESS

(By Jack Doyle)

For the last five years the U.S. oil industry has been spending more of its production dollars abroad than it has at home. Companies such as Amoco, Chevron and Phillips are now earmarking 60 to 75 percent of their exploration and production budgets for operations abroad. Meanwhile, at home the oil companies have been selling off production fields, shutting down refineries and laying off workers. More than 500,000 oil jobs have been cut since 1982, at least 130 oil refineries have closed and an estimated $20 billion worth of oil property will come on the market in the next five years.

As Big Oil heads abroad, it is leaving behind a giant oil mess, the cost of which is becoming more apparent every day:

The Environmental Protection Agency estimates the cost of cleaning up groundwater contaminated by petroleum will run about $790 million a year.

The cost of plugging 22,500 abandoned wells on public lands will exceed $300 million, according to the inspector general of the U.S. Department of the Interior.

Texas auditors estimate the cost of cleaning up leaking underground storage tanks in the state will be about $2.5 billion and could take 38 years at current funding levels.

New York officials say well-plugging liability in their state is between $35 million and $100 million.

Oil, it is often forgotten, is a toxic substance, containing three dangerous chemicals: benezene, toluene and xylene. Benzene is a known human carcinogen and chronic exposure can cause leukemia. Toluene can cause mutations in living cells and can damage a developing fetus. It can also damage the liver, kidney, brain and bone marrow. Chronic exposure to xylene may damage the liver, kidneys, skin, eyes and bone marrow as well as developing fetuses. Citizens living near gas stations, storage terminals and refineries—as well as workers—are especially at risk, often exposed to higher levels of petroleum emissions and pollutants.

The problem, in part, is a leaky infrastructure. America's vast and sprawling oil empire—some 650,000 wells, 220,000 miles of pipelines, 2,500 marketing terminals, 700,000 above-ground storage tanks, 200 refineries and more—is aging and in disrepair. Oil, gasoline, jet fuel, diesel and petrochemicals are leaking out of the system in supertanker proportions. Every year, in fact, the energy equivalent of at least 1,000 Exxon Valdez oil spills, roughly 11 billion gallons, is leaked, spilled, evaporated, thrown out, used inefficiently or otherwise dissipated somewhere in the U.S. oil system.

According to the American Petroleum Institute, floating gasoline or other leaked hydrocarbon is found in groundwater beneath 357 oil facilities in the United States. Near Charlotte, NC, residents living near a gasoline tank farm where 17 wells have been contaminated have a leukemia rate double that of normal. In Newell, WVA., a foot of petroleum has been found on groundwater beneath a Quaker State refinery. In California, massive leaks in 28 separate locations have been found beneath a Unocal oil field where a petroleum thinner used to recover heavy crude has leaked out of pipes and storage tanks over the last 40 years.

The investment—or disinvestment—policies of the major oil companies are no small

part of the leaky infrastructure problem. During the go-go 1980s, capital goods replacement and plant maintenance were not top priorities in the oil industry. On Wall Street, merger mania was the rule of the day, and Big Oil went prospecting. Chevron bought Gulf, Mobil bagged Superior, and Texaco went after Getty. Exxon bought up billions of dollars worth of its own stock. Unocal and Phillips borrowed heavily to defend themselves from corporate raiders. Enormous debt piled up, and in 1986 the collapse of oil prices made matters worse.

Soon, the debt service and profit pressures pushed management to cost-cutting and "restructuring." Seasoned employees were let go. Exxon alone cut 40,000 during the 1980s. Untrained, unskilled and less expensive contract workers were used to fill the gaps. Debt was paid down, gasoline was refined and the petrochemicals kept coming—but not without a price.

Between 1983 and 1992, fires and explosions at U.S. oil refineries and petrochemical plants killed more than 80 workers, injured 900 and caused thousands to be evacuated from nearby communities. The Oil, Chemical and Atomic Workers Union charged that many of the accidents were "linked [to] drastic reductions in the resources devoted to plant maintenance." Shell and Phillips, among other companies, were cited by the U.S. Occupational Safety and Health Administration for inadequate maintenance in fatal explosions during 1988–1989. After Exxon's string of spills and refinery mishaps in 1988–90, even Wall Street began to wonder if the company's restructuring hadn't gone too far.

Meanwhile, major U.S. oil companies have been shutting down or selling off old U.S. oil properties. Last year, Mobil closed 10 product storage terminals, sold 4 pipeline systems and cut its U.S. marine fleet by one-third. Exxon has sold $1.1 billion worth of U.S. assets in the last two years.

Chevron is selling off what it calls "marginal" oil and gas properties, hundreds of which were acquired in the 1984 takeover of Gulf Oil. In all, some 1,200 oil and gas properties are planned to be sold by 1995—properties that one senior Chevron official called "garbage." Chevron is also selling one-third of its U.S. refining capacity and more than 800 gas stations, using the proceeds to help pay for its overseas operations, such as its joint venture with Kazakhstan. Booming oil growth is already raging in many developing economies and is expected to pick up even more by the year 2000.

Back home, however, U.S. oilmen are quick to blame environmental regulations as the reason they are shutting down and heading abroad. True, environmental regulations are less stringent abroad—in fact, nonexistent in some countries. But should that become the global standard? In the United States, oil and gas interests already have specific exemptions or exclusions in at least nine federal environmental laws. The Superfund law mandating cleanup of toxic wastes, for example, does not cover petroleum. These exclusions—many obtained in the 1970s—have made possible what amounts to two decades of unregulated activity and toxic pollution. The American people are now paying dearly for this lack of regulation in expensive cleanups and rising public health costs.

Yet, as Big Oil heads abroad, American taxpayers are helping them go. In Russia, U.S. oil companies are receiving U.S. aid to produce oil. In September, the Overseas Private Investment Corp. (OPIC), a federal agency, approved loan guarantees and insurance worth $28 million to Texaco. The company will restore production at 150 idle oil wells in the Sutormin fields of Western Siberia. Last May, Conoco received aid from OPIC for a smaller project.

Texaco and all these other companies have on line projects that will cost multibillion dollars," explained an OPIC spokesman. "The administration has decided it's important for the U.S. to provide assistance to U.S. companies to help the former Soviet Union become a developed economy."

Meanwhile, in the United States, pipelines are leaking, tank farms are seeping and two-thirds of the oil ever discovered here is still in the ground. In fact, without even considering oil shale or tar sands, there is more oil to be extracted and discovered in the domestic U.S. onshore—more than twice as much under some scenarios of price and technology—than there is in the entire federal U.S. offshore and Alaskan regions combined. And fixing the leaks and capturing the inefficiencies in the U.S. oil system today would exceed the energy equivalent of Australia's annual petroleum consumption—about 263 million barrels.

An "oil boom" is possible in America, only this time the dollars must be invested in efficiency, new technology, environmental protection and worker training.

On one level, the oil industry is a very sophisticated technological player. Amazing feats of production are demonstrated daily almost anywhere in the world. Offshore oil platforms are engineering and technological marvels. Yet when it comes to efficiency and pollution prevention, the oil industry is laggard in its technologies.

Some industrial hazard analysts, such as Nicholas Ashford at MIT, point out that existing accident prevention systems are grounded in "secondary prevention"—measures that reduce the probability of accidents but do not really change the inherent risks associated with those technologies or processes. Ashford and others suggest that the industry should move to a new level of safety and plant design—known as "primary prevention" or "inherently safe technology," also applicable to the prevention of leaks, spills and emissions.

A few industry leaders have discovered that the necessary changes need not be all that earthshaking and can have multiple benefits.

"[W]e set out to improve stationary combustion safety at our refineries," reported British Petroleum's James Ross in a 1991 speech to petroleum analysts in Toronto. "The solution was to develop a new burner. This new burner not only increased safety, it also reduced nitrogen dioxide and particulate emissions—and it provided a material improvement in efficiency. We now also provide that technology to our customers."

Certainly in America—which now purports to lead the world in stabilizing greenhouse gases—oil profligacy and oil waste must end in all forms, especially within the oil industry itself.

But how does this process begin?

President Clinton should publicly challenge the oil industry to clean up its waste, repair the infrastructure and improve operating efficiencies capable of "backing out" millions of barrels of imported oil—now at record levels.

Congress should live up to its regulatory responsibilities and repeal the oil and gas exemptions found throughout the nation's environmental laws. Tax writers should abolish the write-off allowed oil companies for expensing oil spill cleanups and property damage. Double hulls should be required on the nation's 30,000 oil barges. Oil pipelines should have automatic shut-off values and improved leak-detection systems. And aboveground storage tanks should have double bottons.

As long as oil must be used—and the prospect of global climate change makes urgent the need to develop non-fossil alternatives—oil producers and oil refiners must be held to a higher standard of efficiency: no waste, no pollution, no endangerment. The petroleum system, in transition to whatever comes next, must perform to a new level of operational and environmental integrity. The free ride for oil should be free no more.

Mr. HARKIN. Mr. President, clearly, the costs of the renewable oxygenate rule are minimal. The benefits are monumental. To those who said they would not want to spend two-tenths of 1 cent, I say if cost is the only concern, maybe we ought to take catalytic converters off cars. They cost more. We could save that money. Why not put lead back in gasoline? That is the cheap way if you want to go that route of cutting cost.

No. The people of this country want cleaner air and domestically produced fuels.

The other myth is it takes more energy to produce ethanol than we get out of it. I heard that six times today. It simply is not true, as this chart points out. This chart shows the energy we get out for the fossil energy put in.

As you can see, for methanol, for every 100 Btu's to make methanol, you get 55 Btu's back. For every 100 Btu's to make gasoline you get 74 Btu's back. For each 100 Btu's used to make ethanol see what you get—118 Btu's out of it. That is the fact. It is not myth. It is fact. There are other data, maybe 20 years old, based on outdated production practices, but these are the facts today.

Now, one of the things we want to do with this rule is to move into the future. So we have another chart. This chart again shows methanol, gasoline, ethanol. You get 1.18 units of energy back for every unit you put into producing ethanol from corn grain. When we go to making ethanol from the total corn plants we get even more energy back, 1.90 units for each unit put in. When we go to making ethanol from switchgrass, for every one unit in we get 18.80 units out.

This chart shows the future, and that is where we are going. Yet the Johnston amendment would choke this bright future off in its infancy so we could not get to this day when we can use switchgrass, where for every 100 Btu we get 1,880 Btu's out of it. The Johnston amendment would choke this promising future for renewable energy off in its infancy.

Information Resources Inc. estimated that if we passed the Johnston amendment the imported MTBE—in 1995 alone, next year, will go up by 75 percent. That is money out of this country going to Saudi Arabia.

Next myth. Somehow this violates the regulatory negotiation agreement for the reformulated gasoline program. Mr. President, this rule complies with the reg-neg agreement.

Mr. President, I ask unanimous consent to print in the RECORD at this point a letter from the EPA to Senator DASCHLE pointing out that this rule complies fully with the reg-neg process.

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

U.S. ENVIRONMENTAL PROTECTION AGENCY,
Washington, DC, August 3, 1994.

Hon. THOMAS A. DASCHLE,
U.S. Senate, Washington, DC.

DEAR SENATOR DASCHLE: I understand a question has come up as to whether the Environmental Protection Agency's renewable fuels rule violates the reformulated gasoline regulatory negotiations agreement. Since the provisions of the renewable fuels rule were not covered by the negotiated agreement, the renewable fuels rule in no way violates that agreement. It does add to the program outlined in that agreement.

Furthermore, the renewable fuels rule does not violate the principle of fuel neutrality. Any fuel made from renewables (including for example methanol produced from landfill gases) would qualify. The negotiated agreement did not address fuel neutrality in the context of renewable vs. nonrenewable oxygenates.

Sincerely yours,

RICHARD D. WILSON,
Director, Office of Mobile Sources.

Mr. HARKIN. Mr. President, the parties accept the reg-neg agreement and the renewable oxygenate rule supports that.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 55 seconds.

Mr. HARKIN. Mr. President, think about the Bell Telephone Companies and the monopoly they had. We had to break it up to provide competition. When we did, we saved the taxpayers money. We got new instruments out there, new telephones and services at lower costs.

The Johnston amendment would provide for methanol and MTBE the same kind of monopoly. What we are asking for is competition. We ask to have a competitive atmosphere out there in the reformulated gasoline market, to have cleaner air, reduced greenhouse emissions, reduced reliance on imported fuels.

I ask my colleagues to reject the myth, cut through the smog, support real competition, domestic jobs, clean fuel, clean air. Vote for America. Vote for American jobs. Defeat the amendment by the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, how much time do I have remaining?

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

Mr. JOHNSTON. Mr. President, I yield myself the remainder of the time.

Mr. President, from time to time, we have an amendment on the floor of this Senate which I call the "buzzard coming home to roost" amendment. That is an amendment which sounds good when you are talking about it or a proposal that sounds good when you are talking about it but which, if enacted, comes back to haunt you.

I remember very well the catastrophic health plan that did that. I could quote several examples.

Mr. President, if this rule of EPA goes into effect, these buzzards are coming home to roost in terms of higher consumer prices, in terms of higher gasoline prices from 2 to 6 cents per gallon in 30 percent of the markets concerned, in terms of the budget which, according to CBO, is going to cost $250 million. According to the Joint Tax Committee it is going to cost over $½ billion to the Highway Users Fund, which impacts each State in the Nation, as I have stated.

Mr. President, I have put into the RECORD quotations from the EPA from their own mouth, from their own studies, which indicate this does not reduce imports, it does not clean the quality of the air. All it does is cost consumers, and it costs the price of gasoline, it costs the Highway Trust Fund and it costs the budget.

Mr. President, there is already $½ billion a year in subsidy for the ethanol market, and that is enough. Vote against tabling this amendment.

The PRESIDING OFFICER. All time controlled by the Senator from Louisiana has expired. All time has expired.

Ms. MIKULSKI. Mr. President, the substance of the JOHNSTON amendment is clearly a central issue at the heart of the Clean Air Act. While drafted as a limitation on funds, it is more appropriately considered as legislating on appropriations.

I am concerned as the manager of the bill that, if the amendment is adopted, it would seriously delay the enactment of this bill. It is enormously controversial. I do not want to delay the enactment of this bill, the vital things. And the VA-HUD appropriations meet compelling human needs—veterans' health care, housing for the homeless, emergency relief.

Therefore, Mr. President, as the manager of the bill and for procedural reasons, I move to table the JOHNSTON amendment and urge my colleagues to join me in that.

Mr. JOHNSTON. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table amendment No. 2426 offered by the Senator from Louisiana [Mr. JOHNSTON].

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The VICE PRESIDENT. Are there any other Senators in the Chamber who desire to vote?

The yeas and nays resulted—yeas 50, nays 50, as follows:

[Rollcall Vote No. 255 Leg.]

YEAS—50

Akaka	Durenberger	Lugar
Baucus	Exon	Mathews
Bond	Feingold	McConnell
Bryan	Ford	Metzenbaum
Bumpers	Glenn	Mikulski
Burns	Gorton	Moseley-Braun
Campbell	Grassley	Packwood
Chafee	Harkin	Pressler
Coats	Helms	Pryor
Conrad	Inouye	Reid
Craig	Jeffords	Riegle
Danforth	Kassebaum	Sarbanes
Daschle	Kempthorne	Sasser
DeConcini	Kerrey	Simon
Dodd	Kohl	Thurmond
Dole	Leahy	Wellstone
Dorgan	Levin	

NAYS—50

Bennett	Gramm	Murkowski
Biden	Gregg	Murray
Bingaman	Hatch	Nickles
Boren	Hatfield	Nunn
Boxer	Heflin	Pell
Bradley	Hollings	Robb
Breaux	Hutchison	Rockefeller
Brown	Johnston	Roth
Byrd	Kennedy	Shelby
Cochran	Kerry	Simpson
Cohen	Lautenberg	Smith
Coverdell	Lieberman	Specter
D'Amato	Lott	Stevens
Domenici	Mack	Wallop
Faircloth	McCain	Warner
Feinstein	Mitchell	Wofford
Graham	Moynihan	

The VICE PRESIDENT. On this vote, the yeas are 50 and the nays are 50. The Senate being equally divided, the Vice President votes in the affirmative, and the motion to table the Johnston amendment No. 2446 is agreed to.

Ms. MIKULSKI. Mr. President, I move to reconsider the vote by which the motion was agreed to.

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

The motion to lay on the table was agreed to.

Mr. LEAHY. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

The majority leader is recognized.

THE 50TH ANNIVERSARY AS MEMBER OF CONGRESSIONAL PRESS GALLERY

Mr. MITCHELL. Mr. President, I ask all Members of the Senate to join me in congratulating Sarah McClendon on this, her 50th anniversary as a member of the congressional press gallery. A native of Tyler, TX, Sarah McClendon worked as a reporter for a number of newspapers in Texas and other States.

In 1946, she founded the McClendon News Service, which serves newspapers throughout Texas. She has been the recipient of numerous awards, far too many to mention at this time. It is no exaggeration to say that in our Nation's Capital, Sarah McClendon is an institution. Her spirited questioning of Presidents and legislators is legendary. I have enjoyed my own many encounters with Sarah at dugout here in the Senate, after conferences, at news conference, and whenever we have happened to meet.

As everyone in Washington knows, Sarah McClendon has an uncanny ability for getting one's attention and getting answers to her questions.

I know all my Senate colleagues join me in commending Sarah McClendon on this, the anniversary of her first 50 years of reporting.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Republican leader.

Mr. DOLE. Mr. President, let me join in the remarks of the distinguished majority leader, in paying tribute to Sarah McClendon on 50 years of membership in the Senate press gallery. I just had an opportunity to go up and visit with Sarah, who, today, is being honored by many of her friends and admirers.

In an extraordinary career spanning more than half a century, Sarah has covered every President since F.D.R., as well as Capitol Hill, the State Department, and just about every agency and every big story in the Nation's Capital.

As the majority leader indicates, she has the ability to get your attention. I have been trying to answer her questions for a long time; never got them right. I got the question right, but the answer was never right.

Her presence at a press conference is unmistakable, and her provocative questions often unforgettable. No doubt about it, Sarah has given her readers—her people, as she calls them—a unique and probing perspective on their Government. She's kept an eagle eye on big Government, been the voice of the little guy, and never shortchanged her readers. "When I see something wrong," Sarah once wrote, "I don't just want to write about it; I want to try to fix it. The right question can do more than produce a news story. It can change Government policy—hopefully, for the better." No doubt about it, Sarah's asked a lot of right questions over the years, and as the New Republic once wrote, "Sarah McClendon may have changed history."

She has performed an outstanding service, and she has many, many friends. In fact, we are all her friends on both sides of the aisle.

This distinguished independent journalist from Tyler, TX, has earned her place in journalism history.

We certainly want to congratulate her on 50 good years, as the majority leader indicated, and as many more as she wants to have.

Mr. MITCHELL. Mr. President, I ask unanimous consent that the Senators now greet Sarah McClendon.

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

[Applause.]

Mr. MITCHELL. Mr. President, if anybody in America thinks that this is going to do Senator DOLE or me any good, wait until the next press conference we have.

[Laughter.]

ORDER OF PROCEDURE

Mr. MITCHELL. Mr. President, there will be no further rollcall votes this evening. We will continue with consideration of the bill. It is my intention that we will complete action on this bill tomorrow. The Senate will return to its consideration at 9 o'clock in the morning.

I thank the managers for their diligence in pursuing the legislation.

Ms. MIKULSKI. Before the majority leader leaves, I would just like to bring to the leader's attention that it is the intention of the managers of this bill this evening to move on some amendments that have been agreed to and which we intend to take.

Tomorrow morning, the first order of business will be the Murkowski amendment on VA, with the Senators agreeing to 1 hour for debate.

Mr. MITCHELL. In that event, Mr. President, Senators should expect a vote at or about 10 a.m. tomorrow.

Ms. MIKULSKI. That is right, and it might just require a voice vote.

Mr. MITCHELL. Mr. President, if I might inquire of the manager, it is my understanding that the managers are attempting to put together a list of amendments which will be the only ones in order to this bill, and that that will be done this evening; am I correct in that?

Ms. MIKULSKI. We are working to do this. We believe that we have a complete list from the Democrats. The Republicans, Senator DOLE and his staff, are working very assiduously in helping us to complete that list. We ask cooperation of our colleagues and thank them for their effort.

Mr. MITCHELL. I thank the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

CONDEMNING RECENT ACTS OF INTERNATIONAL TERRORISM

Mr. METZENBAUM. Mr. President, I ask unanimous consent to be permitted to send a resolution to the desk and that it be immediately considered. The resolution has been cleared by the Foreign Relations Committee, and cleared as far as other Members of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 247) condemning the recent acts of international terrorism committed against Jewish communities in Argentina, Panama, and Great Britain, and for other purposes.

The Senate proceeded to consider the resolution.

Mr. METZENBAUM. Mr. President, I rise along with Senators GRASSLEY, WELLSTONE, PELL, MIKULSKI, MOYNIHAN, and LEAHY to submit a resolution regarding the recent series of terrorist attacks in Argentina, Panama, and Great Britain.

I rise because these attacks, directed against Jewish targets, were intended to derail the Middle East peace process precisely at a time when that process is moving forward.

On September 13, 1993, Israelis and Palestinians came together here in Washington to begin a new era of peace. It was a major step in the process begun in Madrid 3 years ago.

On July 27, 1994, we witnessed another monumental step forward when Prime Minister Rabin and King Hussein jointly declared an end to 46 years of hostilities before this Congress.

These historic events, and the weeks leading up to them, were tragically marred by a series of terrorist bombings over a period of 9 days.

On July 18, a delivery van parked in front of Buenos Aires' central Jewish community offices, entirely demolished the building. It is reported that the van had to have been packed with nearly a quarter-ton of high explosives.

Over 100 people were killed; 230 people were wounded.

The next day, a Panamanian commercial plane was blown out of the sky, killing 21 people. Less than a week later, a car parked in front of the Israeli Embassy in London exploded, severely damaging the Embassy and wounding 14 people.

The next morning another car bomb wounded five people at a London Jewish community center.

In just 9 days, four bombs killed 121 people and wounded 249 others.

Mr. President, some think that the hand behind these bombings resides in Tehran. Some say Damascus. The investigation is proceeding on many fronts, and in many countries.

Mr. President, I want to take special note of the bombing in Argentina.

The death toll was by far the greatest in Buenos Aires history—although these outrages cannot be measured by mere numbers.

Senator WELLSTONE and I recently met with the leader of Argentina's Jewish community.

He conveyed to us the sense of fear hanging over his community as a result of the bombing. People do not know when they might next become

targets. I am sure that similar situations exist in Panama and in Great Britain.

But he conveyed another message.

Apparently, over 100,000 Argentineans turned out—in the pouring rain—to express their outrage at the bombing. The reaction of the average Argentinian in the Buenos Aires rally is truly heartening.

I am informed that the Government of President Carlos Menem is energetically pursuing justice in this case. This official reaction is also heartening.

Mr. President, fighting terrorism is an international effort. But nations victimized by terrorism must take the lead in bringing perpetrators of specific incidents to justice.

They must also aggressively move to prevent further incidents within their borders.

I believe that the public and private reactions in Argentina indicate that it will be a truly inhospitable place for future terrorist endeavors.

Mr. President, we extend our condolences to families of the victims, and our support to those charged with bringing the guilty to justice.

Mr. President, I ask unanimous consent that Senators ROBB, LAUTENBERG, and DOLE be added as cosponsors.

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

Mr. GRASSLEY. Mr. President, I am pleased to cosponsor the resolution that condemns recent terrorist acts taken against Jews and Jewish communities in Argentina, Panama, and Great Britain. These terrorist activities have caused the deaths of more than 100 people and the injury of hundreds more.

The attacks on the Jewish community center in Argentina, the plane in Panama, and the Israeli Embassy, and Jewish community center in England were carefully planned. And their timing seems to be directly related to the progress that has been achieved in the peace process, first with the Palestinian Liberation Organization and very recently with Jordan. I salute the efforts of everyone who has been willing to put aside decades of mistrust in an effort to bring peace to an important part of the world. The peace process is producing tremendous results that would have been unimaginable only a few years ago. However, terrorist organizations that are increasingly at odds with the positive developments in the Middle East are employing terrible means to try to halt that process.

The recent incidents are cause for great concern even apart from the human toll that has already occurred. These attacks were bold, involved new tactics, were planned out systematically, and took place thousands of miles from the Middle East. Fortunately, authorities in each of the affected countries are acting swiftly to investigate and hopefully apprehend the responsible persons. For instance, an Argentine judge has investigated leads tying the bombing in his country to Iran.

Also worthy of praise is Israel's reaction to these horrible incidents. Prime Minister Rabin has stated that the desire for peace will prevail despite the efforts of those who use terrorism to halt peace. Terrorists will not weaken Israel's resolve.

Nonetheless, I am deeply concerned that Jewish organizations and facilities anywhere in the world may be subjected to terrorist acts. That includes America. As Middle East expert Bruce Hoffman recently stated:

After the World Trade Center bombing in New York, we are finally getting U.S. officials to take terrorism seriously. And this is serious: You could have synagogues and Jewish day schools and community centers being bombed across America. That is the meaning of Buenos Aires, Panama, and London.

Mr. President, recent diplomatic successes in the Middle East give all Americans reasons to celebrate. However, extremists have repeatedly shown that they will take brutal action in an effort to stop progress. Those who commit terrorist acts must recognize that their efforts to destroy the peace process will fail. Governments around the world will bring those who perpetrate such terrible crimes to justice. And I urge my colleagues to support the resolution of the Senator from Ohio.

Mr. METZENBAUM. Mr. President, I ask that the Senate move forward.

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

The resolution was agreed to.

The preamble was agreed to.

The resolution (S. Res. 247), with its preamble, is as follows:

S. RES. 247

Whereas on September 13, 1993, Israel and the Palestinian Liberation Organization opened a new era of Middle East peace negotiations;

Whereas on July 27, 1994, Israel and the Hashemite Kingdom of Jordan declared their 46-year state of hostilities at an end, giving additional momentum to the Middle East peace process;

Whereas radical groups have repeatedly pledged to derail the peace process through terrorist acts in the Middle East and around the world;

Whereas on July 18, 1994, more than 100 people were killed and 230 were wounded when a bomb exploded outside a Jewish community center in Buenos Aires, Argentina;

Whereas on July 19, 1994, 21 people, more than one-half of whom were Jewish businessmen, were killed when their aircraft was destroyed by a bomb over Colon, Panama;

Whereas on July 26, 1994, 14 people were wounded when a bomb exploded outside the Embassy of Israel in London, Great Britain; and

Whereas on July 27, 1994, 5 people were wounded when a bomb exploded outside a Jewish community center in London, Great Britain: Now, therefore, be it

Resolved, That—

(1) the Senate condemns the continued use of violence to pursue political objectives;

(2) the Senate condemns the worldwide targeting of Jewish communities by terrorists determined to disrupt the Middle East peace process;

(3) the Senate commends the people of Argentina, of Panama, and of Great Britain for the outrage they expressed in response to these acts of terror; and

(4) the Senate recognizes the efforts of Argentina, Panama, and Great Britain to investigate these terrorist incidents, urges their governments to commit any resources necessary to apprehend the perpetrators, and urges adoption of any lawful measures to prevent a recurrence of such horrible acts.

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

Ms. MIKULSKI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. METZENBAUM. I thank the Chair. I thank the floor manager.

VA–HUD APPROPRIATIONS ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Chair recognizes the Senator from Maryland [Ms. MIKULSKI].

Ms. MIKULSKI. We are now back on the VA–HUD appropriations, and we now will be turning to a Murkowski amendment on the National Science Foundation. I look forward to hearing the Senator's comments, and I believe it will be such that I will be able to accept his recommendation.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alaska [Mr. MURKOWSKI]. The Chair would remind the Senator that the pending amendment is on page 22, line 18.

AMENDMENT NO. 2447

(Purpose: To achieve funding parity between the Arctic and Antarctic research programs funded under the United States Polar Research Programs of the National Science Foundation)

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that my amendment be in order at this time for consideration.

The PRESIDING OFFICER. Without objection, the pending amendment is temporarily laid aside. The clerk will report the amendment of the Senator from Alaska.

The legislative clerk read as follows:

The Senator from Alaska [Mr. MURKOWSKI] proposes an amendment numbered 2447.

Mr. MURKOWSKI. 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 77, line 9, insert the following before the period: "*Provided further*, That not less than 50 percent of the funds made available for the United States Polar Research Programs shall be used for a program of Arctic research.".

Mr. MURKOWSKI. Mr. President, let me thank the Senator from Maryland, the floor manager, for accommodating me on this very simple amendment that would require the National Science Foundation to achieve a reasonable balance in funding its Arctic and Antarctic research programs.

As the floor manager is aware, the National Science Foundation has an Office of Polar Programs which runs both the Antarctic and Arctic research programs, and within the Office of Polar Programs and the polar research program line item, the Antarctic program has historically received the lion's share of attention, funding, and staff.

The polar research program is roughly a $162 million line item. It is interesting to note that of that $162 million only about $27 million goes for Arctic research while $135 million goes to Antarctic research.

Mr. President, as we reflect on this budget allocation, about 17 percent of the polar programs are directed to the Arctic. That is about five times less than the Antarctic.

If you look at the personnel allocated to the Arctic in the Office of Polar Programs compared to the Antarctic, there is an even greater imbalance. Of the roughly 50 personnel of the National Science Foundation's Office of Polar Programs, only about five are involved in the Arctic program on a full-time basis. That is roughly 10 percent. Thus, the Arctic program has been something of a lonely stepchild. This disparity between funding and staff has been recognized for some time.

I have raised it on numerous occasions with three National Science Foundation directors. Each time I have had promises of reorganization, a reorientation, and a reprioritization, and I am still waiting for a visible change. It is this sense of frustration that has brought me to the floor of this body today.

Back in 1987, in a report to the National Science Board, a special blue ribbon "Committee on the NSF Role in Polar Regions," made a series of recommendations. A few of these recommendations were as follows:

In 1987, the committee recommended that "a logistics program be established for the Arctic to support the National Science Foundation research projects and scientists in the Northern Polar Regions."

Well, Mr. President, 7 years later, there is no such logistics program in the Arctic. The Antarctic program, on the other hand, has had one for several decades.

This 1987 blue ribbon committee also recommended that,

> * * * a research vessel with icebreaking capability be acquired for the U.S. Antarctic program, and a research vessel capable of scientific and engineering research in the Arctic seas should also be acquired.

Well, Mr. President, the Antarctic vessel has been built and is operating today, but the Arctic vessel has not been built. It has not even been designed. So as we wait for the GAO to study and determine whether the vessel should be leased or purchased, the truth of the matter is we simply do not have enough money to fund it.

Why? Because the Antarctic program gets about 83 percent of the Polar program funding.

Finally, Mr. President, in 1987 the blue ribbon committee recommended that "the NSF support and oversee the operation of a network of research support centers for the polar regions."

Mr. President, we have significant support infrastructure in the Antarctic. I have heard we are even planning to expend some $200 million for a South Pole station—$200 million. That is not in this bill, to my knowledge. That is something we will be asked to fund next year or perhaps the year after. We have nothing even remotely comparable in the Arctic. The Navy once had an Arctic research laboratory in Barrow. It shut down in 1981. The semblance of a facility is being maintained by the Native Village Corp. and the Borough North Slope in Barrow, AK.

But my point is a simple one, Mr. President. The NSF has adopted many of the recommendations of the blue ribbon committee with respect to the recommendations on the Antarctic but almost none with respect to the Arctic. The NSF would appear to have a clear bias toward the Antarctic program, and I wonder if this is justified.

Is this imbalance in funding and staff justified? I know the committee has sought to make scientific research more relative to our Nation's competitiveness and other interests. That is exactly what we must do when we prioritize in a tight budget environment.

What are our interests in the Antarctic versus the Arctic? We have no citizens living in the Antarctic. We have no strategic interests specifically in the Antarctic. We have no economic interests in the Antarctic. Under the provisions of the Antarctic Treaty, energy or mineral development is simply not permitted, and it is quite appropriate that that be the case.

Then why, Mr. President, do we maintain a scientific research program in the Antarctic at a cost of hundreds of millions of dollars?

We do so because Antarctica is a continent dedicated to the conduct of international scientific research under the provisions of the Antarctic Treaty.

In other words, we maintain an Antarctic scientific program to show the flag and keep up with the Joneses, to a degree.

There is some worthy research that occurs in the Antarctic, and I am not saying it should come to an end. But in a limited budget environment we have to prioritize and conform our programs with our national interests.

We have talked about our national interests in the Antarctic. Let us talk about U.S. interests in the Arctic:

The Arctic is a storehouse of mineral and energy wealth. It produces a quarter of our domestic oil production and a significant amount of our lead and zinc production.

The largest lead and zinc mine in North America located above the Arctic circle. We also have huge deposits of clean coal, and huge deposits of oil and gas.

Yet, to wisely develop these resources, we need special materials, specialized engineering and sound science to protect the environment as those resources are developed.

We need to make our decisions on sound science not emotion. Some of our issues relative to the Arctic, and my State of Alaska, are made on emotional arguments and not sound science.

So the Arctic is many things.

The Arctic is the key to understanding global climate change. The Arctic produces the cold, deep ocean currents that drive aspects of the ocean-atmosphere system, and impact the earth's climate. Moreover, nearly every global climate change model shows the first and most substantial climate changes, if they occur, will occur in the Arctic. Thus, if you want to study global climate change, there is a great deal of it you do in the Arctic.

The Japanese understand this. A Japanese company has just invested $10 million for a program at the Poker Flat research facility near Fairbanks, AK to study the upper atmosphere, including ozone loss.

The Japanese are coming over to our Arctic, and what are we doing. Not nearly enough.

The Arctic is very important for other reasons, as well:

The edge of the Arctic ice cap is a biologically-productive area that is the source of the nutrients that support our Nation's largest fisheries, and a significant percentage of the world's fish protein. Yet, we have seen vast fluctuations in marine life populations in the Arctic and North Pacific, and nobody knows why.

We have strategic interests in the Arctic. During the cold war, it was our common border with the Soviet Union. Even today, Russian nuclear missile subs still hide under the noisy, grinding ice at the edge of the Arctic ice pack.

We have pressing environmental concerns in the Arctic. Nuclear and environmental practices in the Former Soviet Union constitute a threat to the entire Arctic ecosystem.

It does not take much history to go back and recognize that there is a crisis in the Russian environment today, one that is almost incomprehensible.

The former Soviet Union haphazardly dumped nuclear waste in the Arctic and along riversheds that flow into the Arctic. This nuclear waste includes: 18 reactors dumped in the Arctic, including 6 with their nuclear fuel; up to 2 billion curies of radioactive contamination in the lakes, reservoirs, river sediments and groundwater from years of plutonium production at the "secret Soviet cities" of Chelybinsk and Tomsk.

To make a comparison, Chernobyl released 65 million curies; Three Mile Island released 15 curies.

We are talking 2 billion curies.

The problem is not just nuclear waste.

The air in 103 Russian cities, home to 70 million people, is unfit to breathe. In the Siberian city of Norilsk the children must be kept indoors for 90 days per year.

Mr. President, on many spring days in Barrow, AK, we can actually measure contaminants in the air traced to Norilsk.

Water pollution is also a problem. All of the major Russian rivers that flow into the Arctic, the Ob, the Lena, and the Yenisey, are filled with heavy metals, DDT, and Toxaphene.

People's health has suffered. In Magadan, Anchorage's sister city, air pollution has doubled while cancer deaths have increased 73 percent since 1983.

The most recent issue of National Geographic highlights many of these problems.

We have a possible environmental disaster in the former Soviet Union that threatens the entire Arctic ecosystem, which we share with many countries, both in the Western Hemisphere and Europe.

Yet, the Arctic Ocean is perhaps the least understood region of our planet.

We do not understand its chemistry or its currents, and nobody can tell us what threat this contamination poses to American citizens.

And that gets me to the principal difference between the Arctic and the Antarctic, and the primary reason I am standing here making this speech.

We have people who live in the Arctic. American citizens. Indigenous people who subsist from Arctic living resources. Indigenous peoples whose way of life is threatened by the contamination that may be moving across the Arctic from Russia.

So, in the Arctic, where Americans live; where we have economic interests; where we have strategic interests; where we have scientific interests, our national interests easily outweigh our interests in the Antarctic.

Despite these clear national interests, most of the NSF's polar research dollars go to the Antarctic.

There are a tremendous number of important scientific programs in the Arctic that await funding, even as we talk about spending $200 million for a new station at the South Pole.

We need to build or lease the ice-strengthened Arctic research ship we have needed for years. Yet we really do not know where we will eventually find the money to build or lease this ship.

We have an Arctic contaminants program that is being proposed inside some of the agencies. It could help answer our questions about the threat to the Arctic and its people resulting from nuclear waste, heavy metals, and industrial contaminants from the former Soviet Union. Yet we do not know where the money will come from to fund it.

Mr. President, I am not asking that the Antarctic program be gutted.

I am not asking that the entire Polar Research Program be directed to the Arctic.

I am just looking for some balance, and fairness.

My amendment would direct that no less than 50 percent of the Polar Research Program be directed to Arctic research.

I believe that is a fair and equitable division.

More than fair, in fact, given the national interests we have in the Arctic compared to the Antarctic.

Just because we created a large Antarctic program as a result of the Antarctic Treaty doesn't mean that it can continue through inertia at the expense of the Arctic program designed to answer scientific questions that are more meaningful to the lives of the citizens who foot the bill, namely you and me.

Mr. President, in conclusion, it is my understanding that our staffs have worked out draft conference report language that would help to promote a logistics support program for Arctic research.

With the assurance of the Senator from Maryland and the floor manager that there will be support for the development of a logistics support program, I hereby withdraw my amendment.

Ms. MIKULSKI. I thank the Senator from Alaska for withdrawing his amendment. I agree. We should build a greater balance between the arctic and the antarctic research. We certainly do not want to "polarize" the situation.

With that assurance, I thank the Senator from Alaska for withdrawing it. In the subcommittee, I will address this matter for greater balance, and will discuss with the Senator from Alaska what type of framework he would recommend for the Congress to consider. And also we will have report language reflecting the policy direction that the Senator is recommending.

Mr. MURKOWSKI. Mr. President, I thank the Senator.

In conclusion, may I thank my good friend, the Senator, the floor manager from Maryland for her accommodation and understanding, particularly her sensitivity to the people in my State who live in the Arctic and the unique conditions and circumstances that exist as a consequence of the harsh climate, and the realization that we clearly need this research.

There is an old saying. I am sure my friend from Maryland would recognize that, to a degree, charity begins at home. And Alaska is home to me.

I know of the great friendship which the Senator from Maryland has for the people of Alaska by her willingness to accommodate the Senator from Alaska.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Ms. MIKULSKI. Mr. President, we are in the final round of trying to clear the manager's amendment. We have only work to that end. I am going to suggest the absence of a quorum before we go into our next phase.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

GAO REPORT TO HELP ENSURE NATIONAL SERVICE PROGRAMS SPEND TAXPAYERS' MONEY WISELY

Mr. GRASSLEY. Mr. President, the administration is proud of its national service program, AmeriCorps. However, I am concerned that we must take steps to ensure that AmeriCorps does not join the many Great Society programs that were well-intentioned but ultimately, costly failures.

Fortunately, there is a blueprint to prevent this from happening. It is the administration's commendable efforts to reinvent government—which I fully support. It is my concern that AmeriCorps remain close to the principles of reinventing government to ensure that the taxpayers' funds are spent wisely and the program is successful.

Unfortunately, actions by the administration have given me concern. The administration has proposed a 67-percent increase in funding for AmeriCorps from $250 million in fiscal year 1994 to $418 million for fiscal year 1995. However, not a single participant has begun work under this program.

What we do have is experience from a handful of AmeriCorps demonstration programs and some interim data. Initial calculations show a cost-per-participant of those who completed service of approximately $30,400. This is considerably more than the $21,000 per year that the average American worker makes.

Clearly, the taxpayers would be troubled to learn that the cost to them of

soliciting national service is two or even three times their yearly salary.

I have written to the Corporation for National and Community Service, which oversees AmeriCorps, requesting figures on cost, number of participants and number of service hours for both the AmeriCorps demonstration programs and AmeriCorps.

Unfortunately, there is a very little data available. Increasing funding by 67 percent for a program that has virtually no final performance data on the demonstration programs and so many unknowns and uncertainties is not a cautious and prudent approach. It is certainly not reinventing government.

The administration, in a letter to me dated July 19, 1994, states that the Federal cost per service hour will be $6.43 for AmeriCorps. However, the administration does not include the costs of the educational awards, matching funds provided by the grantees, in-kind matching, Federal and State administrative costs, technical assistance costs incurred by other Federal agencies, and other costs.

Therefore, I am very skeptical that when all the costs are considered, the taxpayer will still be paying one $6.43 per service hour.

My intention was to offer an amendment today that would restrict $168 million of the $148 million appropriated for AmeriCorps until the GAO had certified that costs would be less than $15 per hour of service—a cost equivalent of a $31,200-a-year job. My amendment was intended to ensure that the taxpayers' money is spent wisely on cost-effective programs and that the AmeriCorps program is managed in keeping with the tenets of reinventing government and the National Performance Review.

However, in discussions with my good friend, the Senator from Maryland, I believe a useful compromise has been reached. We have agreed to jointly ask the GAO to conduct a review of the AmeriCorps Program.

Also, the subcommittee's bill not allow a significant share of AmeriCorps funds to be spent until after September 1, 1995. This will allow Congress to consider rescinding funds for AmeriCorps if the GAO report raises serious questions.

I know the Senator from Maryland is a strong supporter of AmeriCorps, but she is also concerned that this program by successful. I commend her for doubling the administration's funding request for the Inspector General's Office at the Corporation and for joining me in requesting the GAO review. I think this is an important step in protecting the taxpayers' money.

I thank again the Senator from Maryland for working with me on this matter.

I ask unanimous consent that my correspondence with the Corporation for National and Community Service be printed in the RECORD.

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

U.S. SENATE,
Washington, DC, July 14, 1994.

Mr. ELI J. SEGAL,
Chief Executive Officer, Corporation for National and Community Service, Washington, DC.

DEAR MR. SEGAL: I am writing to you regarding the administration's "AmeriCorps" and "Summer of Service" initiatives. The benefits that these programs have provided or will provide are certainly to be commended.

However, the services provided are only one aspect of these programs. President Clinton stated it well in his remarks on signing the National and Community Service Trust Act of 1993: "We want them to help reinvent our Government, to do more and cost less, by creating new ways for citizens to fulfill the mission of the public."

The National and Community Service Trust Act of 1993 also contained language stating that one of the purposes of the Act was to "Reinvent government to eliminate duplication, support locally established initiatives, require measurable goals for performance, and offer flexibility in meeting those goals;."

It is my concern that AmeriCorps and Summer of Service are not meeting these goals of reinventing government. I fear that AmeriCorps and Summer of Service may join the many "Great Society" programs that were well-intentioned, but ultimately, costly failures.

AMERICORPS PROGRAM

My concerns about AmeriCorps are raised by the Abt Associates report contracted by the Commission on National and Community Service (CNCS) entitled, "Serving America: The First Year of Programs Funded by the Commission on National and Community Service," dated March 1994.

This report discusses the National Service Demonstration programs, which, as you know, were the precursors to AmeriCorps. The Abt study shows that total reported funding for these demonstration programs was $18.6 million, awarded in 1992 and 1993, of which 73% was from CNCS (page 18 of report). This funding provided for 725 participants who provided 557,587 total hours of participation, of which 367,614 hours were direct service.

Thus, the cost per hour (for the 557,587 hours) for the demonstration projects for AmeriCorps were $33 per hour. When looking at direct service hours, the cost rises even higher to $50.59 per hour (page 4 of report). Here again, this may not even include additional costs for federal administration of the program. It should also be noted that these claims for hours served were not independently verified by Abt or CNCS (page 30). Therefore, the cost per hour could be even higher.

Of concern to me also is the number of participants in these demonstration programs who ultimately completed their service. The demonstration programs started with 725 participants (page 4) and only 447, or 62%, completed their service. And of these 447, only 81%, or 362 completed their service satisfactorily (page 20)—50% of the total 725 original participants. This would be a cost of $51,381 per participant who successfully completed his or her service as determined by CNCS' own guidelines. I recognize that these are tentative figures in the Abt report; however, the general picture is still troubling.

The questions raised by the demonstration programs persist with the recently announced AmeriCorps grants; for example, the AmeriCorps USA direct grant to the "American Farmworkers Opportunity Program" (AFOP), mentioned in your June 17, 1994 letter to me.

Based on consultations my staff had with the grant recipient, it is my understanding that, in addition to the $1.2 million that AmeriCorps awarded to AFOP, AFOP also has to match these funds with approximately $564,000 in funds from state and other sources for a total program cost of approximately $1.7 million.

The program will provide for 61 AmeriCorps participants, according to your office. Given the $1.7 million program cost, that equates to a total cost of $28,929 per member or $17 per hour per member. These figures assume that each member works a total of 1700 hours as required of full-time members of AmeriCorps. These figures do not include the AmeriCorps Educational Awards of $4,725 per full-time member that these individuals will be eligible to receive, nor do they include federal administrative costs. I have several questions regarding this program (see question 1 of attached sheet) that I would appreciate your answering.

Not only am I concerned about the general high costs of AmeriCorps, I am particularly troubled by the amount of funding that is going into bureaucratic overhead. In your written testimony of June 13, 1994 before the Senate Appropriations Subcommittee on VA, HUD and Independent Agencies, you stated that full-time participants would receive a stipend of approximately $7,640. Thus, in the AFOP program, the AmeriCorps participant see only $7,640 of the $28,929 spent per participant.

My question is how is the other $21,289 being spent? While the grantee receives the equivalent of $17 per hour, the participant only sees $4.50, according to your testimony. I recognize that the participant is provided additional benefits, such as child care, but this cannot explain away an overhead cost of nearly 75 percent. And again, let me state, an overhead that does not even include federal administrative costs. These overhead costs are not in keeping with many federal programs, such as Aid to Families with Dependent Children, which has an administrative overhead of approximately 13%.

SUMMER OF SERVICE (SOS)

It is my understanding that in FY '93 SOS was funded at $10 million. The program provided services for 8 weeks and involved approximately 1,464 young people. These young people worked a total of 466,191 service hours. This would equate to a total cost to the U.S. government of $6,830.60 per volunteer or $21.45 per hour.

My source for this information is the Congressional Research Service Issue Brief: "The national and Community Service Trust Act of 1993: Description and Related Programs," January 6, 1994, and a second report the Corporation for National and Community Service (CNCS) contracted Abt Associates Inc. to produce: "Evaluation of the Summer of Service Program," dated October 25, 1993. I have several questions regarding SOS attached (see question 3).

In reviewing the second Abt report, my concerns about the SOS program are heightened. The Abt report notes that $6.3 million in awards were made to 16 sites. Please detail how the remaining $3.7 million was spent. Assuming only the $6.3 million in awards to the program sites, the cost per participant per hour is $13.51 given 466,191 service hours (page 8). However, this does not reflect the federal administrative costs as well as any matching funds.

The Abt report also asked SOS participants whether their experience had met their expectations. In 13 of the 16 categories of expectations for the SOS program, according to the participants themselves, the SOS program did not meet their expectations, or the stated goals of the program, in such areas as improving the lives of children, learning about health issues or obtaining marketable job skills (page 48).

The Abt report is critical of the administration of the SOS programs in the following areas:

"At some sites, negotiations with project partners and specifications of objectives were still in an (sic) rudimentary stage when the program began."

"Many sites were not fully prepared for the extent of the administrative demands of the Summer of Service."

"Some sites did not fully accept the record-keeping and reporting responsibilities involved in the national evaluation."

"If the Corporation is interested in assessing program experience according to certain attributes, it should ensure that the grantees' programs are structured and funded in a way that allow those attributes."

What steps has the Corporation taken to address these fundamental problems raised by the Abt report (pages 57-64)? Also, I am concerned that it appears that the Abt report has provided no independent evaluation of the claimed outcomes made by grantees. What independent verification has been made of the claimed program outcomes? What audits have been performed on the expenditure of funds by the grantees? Was this performed by Abt? Was Abt awarded this contract on a competitive basis?

Enclosed are further questions I have about the Corporation for National and Community Service (CNCS), AmeriCorps, SOS, the Demonstration Programs and the National Service Trust Fund.

I appreciate your timely response to the questions and concerns that I have raised. I would ask for a response prior to Senate consideration of the VA/HUD appropriations bill.

In reviewing AmeriCorps and SOS, I am concerned that the objective of reinventing government is not being met. It seems the laudable goals of community service and reinventing government, which perhaps AmeriCorps and SOS were created, in part, to advance, are being undermined by the establishment and funding of a large and costly bureaucracy. Furthermore, the success of these programs must also be measured by their ability to foster in our young people a longterm desire to voluntarily serve their community without compensation. I am concerned that from what I've seen these programs may not achieve this goal.

If you have any questions, please contact Mr. Dean Zerbe of my staff at 224-6135.

Sincerely,

CHARLES E. GRASSLEY,
U.S. Senate.

QUESTIONS

(1) It is my understanding that AFOP intends to meet part of its matching requirement by using other federal funds. Is this correct?

Please provide a complete breakdown of all estimated expenditures for this program including federal health care contributions, administrative costs, child care, and travel. Also, please confirm that while the 61 AmeriCorps participants will not begin work until March, 1995, the program staff will begin work in September, 1994—a 6-month start-up period. What are the number of service hours that will be provided?

Related to the above, what is AmeriCorps' estimate of the amount of federal funds that will be used by all grantees for the purposes of meeting matching requirements?

(2) Your June 17, 1994 letter also mentioned a $2.6 million grant to the United States Department of Agriculture (USDA). Please inform me of the number of participants and the number of hours worked. Also, what funding will be provided by USDA, by other federal agencies, and by state and local governments as well as private sources. In addition, what is the cost to the USDA Director of National Service and all support staff? Finally, do other government departments and agencies have offices for national service?

(3) Please verify all of the figures I cite regarding SOS (and if any of the these individuals are going to receive an educational award). Also, were any other federal funds used by the state programs; if so, where did the funds come from, and what, if any, matching funds were the states required to provide? In addition, please provide any and all evaluations of SOS conducted by the SOS programs, independent organizations, the Kennedy school, CNCS progress reports and the local evaluations. Finally, of the 466,191 hours performed, how many hours were spent in training participants and other activities that do not provide services to the public?

Please also provide a complete breakdown of all expenditures, especially state and federal administrative costs. Finally, please provide the above information for the "Summer of Safety" (SOS) program for FY 94.

(4) There were several AmeriCorps demonstration programs. Please provide me a listing and description of these demonstration projects, total dollar expenditures (all sources), individual program expenditures, as well as the number of full-time and part-time participants and number of hours worked for each program and number of service hours provided.

(5) It is my understanding that there were audits and evaluations of these demonstration programs. These evaluations should be reviewed by the administration and the Congress in considering funding for this program. Please provide copies of all completed evaluations and audits and estimated completion dates for draft evaluations and audits. In particular, your testimony of June 13 mentioned a "detailed report on the subtitle D's, which were the demonstration programs" which would be available in July—please provide a copy of that report. Also, were these audits and evaluations conducted by organizations independent of CNCS? Do any of these evaluations independently verify the claims of service hours and accomplishments made by the grantees? Finally, what are your plans for independently evaluating and verifying the work of FY '94 grantees?

(6) The FY '94 budget justification estimated 20,000 participants in the AmeriCorps program. Will you meet this goal of 20,000 participants by October 1, 1994?

(7) What is the total number of AmeriCorps programs approved for FY '94? What is the total dollar amount in grants awarded? What is the total amount of matching dollars provided? What is the total number of participants? How many participants will be full-time or part-time? What will be the total hours worked and total service hours provided? What percentage of the total AmeriCorps budget will be for salaries and benefits for AmeriCorps participants? If you do not have specific figures, please provide projections.

(8) Please provide a more complete breakdown of the CNCS budget. Specifically, all funding provided to AmeriCorps or in support of AmeriCorps programs. For example, what percentage of the FY '95 budget, Activity 4: "Audits and Evaluations" supports AmeriCorps? Please provide the percentage of all budget activities.

(9) Please provide me the number of Presidential Appointee positions for CNCS and the number of Senior Executive Service employees. Also, how many employees have been hired to implement AmeriCorps and the summer service programs? Please provide a breakdown of the number of these employees that are hired under Schedule C and Schedule A. For all Schedule A employees, please provide a copy of their SF-171.

(10) Please provide a state-by-state estimate of the number of AmeriCorps participants for FY '94 and FY '95. Please provide the amount of funding provided to states for administration of AmeriCorps. What are the number of AmeriCorps program employees state-by-state (federal/state/local/nongovernmental)? What other funding, such as development grants or planning grants, have been provided to assist states or organizations in establishing programs?

(11) Please provide the estimated number of educational awards to be granted for FY '94 programs.

AMERICORPS NATIONAL SERVICE,
Washington, DC, July 19, 1994.

Hon. CHARLES E. GRASSLEY,
Washington, DC.

DEAR SENATOR GRASSLEY: Thank you for your July 14 letter. We appreciate your interest in the past and future of national service, and our staff has produced the attached information in answer to the questions you have posed. I want to give you my personal summary.

First, I share your belief in the principles of reinventing government. For us, as you correctly note, this means blending national standards with local initiative, and demanding real results and not just rhetoric. National service will be judged in large part on how well we meet these goals.

Second, I share your belief that cost-effectiveness is an essential test for any government program. Taxpayers have a right to know that we're working as hard to spend their money wisely as they had worked to earn it. The attached responses demonstrate that your staff's calculations substantially overstated actual per participant costs in both past and proposed national service programs.

Third, I share your belief that big overhead means bad management. Lean and efficient staffing was important to the success of my businesses over the years. We are applying the same logic here. I am happy to report that we have launched AmeriCorps and several related programs with minimal new hiring—and that our FY '95 budget request does not ask for any real dollar increase in administrative funding, despite our intention to increase greatly our grants to local programs.

These materials help answer your questions about what we're spending. Just as essential is the question: "What are we getting for the money?" As a new program, AmeriCorps will demonstrate its results over time, but I am convinced that the Congress' investment in national service will make taxpayers' funds work at least four times:

Because we insist on direct and demonstrable community results from our programs, our funds buy safer streets, smarter

students, cleaner parks, and healthier babies.

Because we engage tens of thousands of AmeriCorps members in substantial efforts to help our nation and their neighborhoods, our funds work a second time, helping to instill habits of citizenship that produce results throughout lifetimes.

Because we make college or training easier to attain for those who have served, our funds work a third time, creating tens of thousands of better-educated and more-productive Americans, for the benefit of all.

Because we engage communities directly in the collective effort to reclaim their future, our funds work a fourth time, strengthening civic organizations and reknitting the frayed ties of community.

We have many examples of national service getting things done for Iowa. Our special support of flood relief efforts includes a partnership with the Norwest Bank Iowa fielding a total of 427 Iowa Conservation Corps members, who provided over 60,000 hours of direct service during the course of the last two summers, including delivery of 4 million gallons of water and the repair of over 40 miles of public trails. Their efforts are continuing.

Also continuing are national service grants to Iowa public schools through the State Department of Education. Our programs will involve over 370,000 Iowa school children (and 1,500 adult volunteers) over the course of the next three years.

They join more than 17,500 of Iowa's senior citizens and 57 AmeriCorps*VISTAs serving their communities and the country through programs we operate.

We don't sugar-coat things. In preparing for AmeriCorps' formal launch, we have learned a great deal from our own and others' programs, and some of those lessons are reflected in our answers to your questions. We know that national service will benefit from your active—and direct—engagement. Please don't hesitate to call me whenever you have suggestions or questions.

Very truly yours,

ELI J. SEGAL,
Chief Executive Officer.

RESPONSE TO LETTER OF INQUIRY DATED JULY 14, 1992 FROM HON. CHARLES E. GRASSLEY

A. FROM THE TEXT OF THE LETTER

1. Topic: Demonstration Programs of the Bush-era Commission on National and Community Service.

Letter calculates costs per hour variously as $33 or $50.59.

Response: The calculations are incorrect. Methodological errors include using funding (rather than the lower actual expenditures); failing to adjust for multi-year grants; calculating hours of service as of June 30 rather than after a full program-year (particularly since full program costs are used); and failing to include the more than 100,000 hours of direct service that the Abt report indicates were provided just through June 30, 1993 by individuals working with the programs without compensation. Their involvement was an intended and vital part of the programs, and contributed to the results achieved by each.

Conclusion: The Abt report expressly (p. 17) made it clear that they were not showing cost per hour—and that it was erroneous to extrapolate such figures from the materials they provided. Abt indicates that future reports will include cost information. As indicated in the demonstration program materials attached hereto, the average federal cost per FTE for demonstration programs receiving FY '92 grants was $17,340. AmeriCorps programs are anticipated to yield lower per participant costs, and AmeriCorps requires more actual service hours per participant (1700 hours, minimum), specifically to increase the cost-effectiveness of national service. For some programs, this nearly doubles the service hours performed.

Letter calculates completion rate at 50%.

Response: The calculations are incorrect. Abt's completion data reflected only those participants who completed service through June 30, 1993; many participants were still enrolled at that date and later finished service in accordance with program requirements. The letter improperly compares total enrollment with mid-term completion numbers.

Conclusion: The Abt report indicates that, of those participants who had enrolled and exited during the reporting period, 81% satisfactorily completed their program (p. 20). Some of the best Commission demonstration programs, such as the Delta Service Corps, reported only a 6% overall attrition rate.

2. Topic: Association of Farmworkers Opportunity Programs Grant

Letter calculates cost at $28,929/participant.

Response: The calculation is incorrect. This 18 month program—the first in the nation intended to train state-certified pesticide trainers, as required by EPA guidelines—includes six months of planning plus one year of service. The full grant (including the planning period) is $1,123,941 and there will be 75 FTEs in the operational phase. For that phase, not including the education award, the per participant cost is $13,839.

Letter calculates overhead at $21,289 per participant.

Response: The calculation is incorrect. Administrative overhead of AmeriCorps grantees is capped by law at 5%. For this grant (still subject to final grant negotiation), current figures indicate participant-related AmeriCorps costs (including the stipend, healthcare, FICA, childcare allowance and participant training) will equal $11,229 per participant, out of total per-participant costs of $13,839. The remaining $2,610 AmeriCorps cost per participant will fund direct program staffing and a budget for evaluation, and $644.21 in per-participant administrative costs.

Conclusion: AmeriCorps grants will vary in per-participant costs, but the federal share should not exceed $13,000 on average. The value to the community will exceed this cost. For example, the 75 AmeriCorps members in this program will: Be trained in pesticide safety and receive state certification in their state; in turn train upwards of 45,000 farmworkers, including an estimated 15% of Iowa's farmworkers, about the safe use of pesticides; and train 1,500 staff members of service providers who work with farmworkers how to recognize and treat pesticide-related illnesses. The program will thus reduce health care costs to farmers and farmworkers alike, and increase productivity by reducing absences due to illness.

And in every AmeriCorps grants program, no more than 5% of the AmeriCorps share of a program budget can be spent on administrative or overhead costs.

3. Topic: Summer of Service 1993

Letter calculates cost per hour of $21.45 or $13.51.

Response: Both calculations are incorrect. Neither includes 117,000 hours of training and service-learning (related to the direct service provided) of the stipended participants nor the 92,533 hours of direct service provided by the non-stipended participants (who also received 3,577 hours in training). Programs were required to provide these service-learning opportunities (as they are under the current legislation).

The Summer of Service 1993 leveraged federal funding by combining an average of approximately 2.5 non-stipended participants with each paid participant. The work product of these unstipended participants was certainly part of the value of the program to the community; and involving the community directly in community revitalization through collective service was a direct goal of the program—and will remain one of AmeriCorps'.

The federal cost per program hour accordingly was $9.27 ($6.3 million in SOS grant costs divided by 679,301 total SOS grant program hours).

Letter asserts Commission's 1993 Summer of Service didn't meet participant's expectations.

Response: Abt was particularly disturbed by this misrepresentation. "The section of the analysis to which Senator Grassley's letter was referring (pp. 43–56) had nothing to do with evaluating the achievement of overall program goals . . . [but measured how] the participants' perceptions of the relative importance of various personal benefits from participation had changed over the course of the summer." [italics in original]

Only 12% of participants indicated dissatisfaction.

Conclusion: Costs were far lower than asserted. Satisfaction was extremely high.

Letter asserts there were management problems in 1993 summer programs.

Response: We generally agree with Abt's comments, as quoted in Senator Grassley's letter (and note that Abt expressly applied each criticism only to some, rather than all, programs). One purpose of the Summer of Service 1993 was to forecast possible problems that could arise for AmeriCorps. It was useful in this respect. That's why the Commission asked Abt to study the Summer of Service.

Letter requests detailing of steps taken to address specified problems identified in Abt report.

Response: The Corporation's response is indicated below for each quoted Abt finding:

Quoted Abt Finding: "At some sites, negotiations with project partners and specifications of objectives were still in a rudimentary stage when the program began."

Abt Recommendation: "In the interests of improved program planning and focusing of resources at the local level, prior to the execution of further grant agreements the Corporation may want to be more systematic about confirming the formal status of interagency agreements, project objectives and workplans, and the measures of progress to be employed. If any of these elements is determined to be inadequately specified, it can be addressed through a special condition in the grant agreement."

Response: Prior to the final negotiation of 1994 Summer of Safety ("SOS '94") grant awards, senior members of the Corporation staff conducted preliminary site visits to the organizations selected as finalists to receive SOS '94 grant awards. The primary purpose of those visits was to determine if the applicant had the capacity to implement and manage a successful SOS '94 program. Emphasis was placed on visiting those sites that had never been the recipient of a national service grant and/or those that had never received any federal support.

A "Protocol for Discussion With Potential Grantees" was developed to examine management issues; issues related to the safety

of participants; programmatic issues (e.g., staffing, supervision of participants; training of participants, and the strength of local partnerships); recruitment of participants; and potential technical assistance needs.

Given this preparation, these focused site visits provided the Corporation for National Service with greater information upon which to make a final grant decision than that available to the old Commission for its Summer of Service in 1993. The site visits also provided potential grantees with a greater understanding of what the Corporation would expect and require of SOS '94 grantees.

Quoted Abt Finding: "Many sites were not fully prepared for the extent of the administrative demands of the Summer of Service '94."

Abt Recommendation: "To help reduce such stresses on program sites in the future, the Corporation should conduct an explicit examination of what these administrative demands will be, and what level of administrative staffing and capabilities need to be available at the local sites to comply with them. The Corporation should also take steps through its funding process to ensure that the necessary resources are in place as a condition of the grant award."

Response: The Corporation's staff worked closely throughout the grant review and grant selection process to identify areas which would place potentially excessive administrative demands on grantees. In addition to communicating the Corporation's administrative expectations to SOS '94 finalists during preliminary site visits, each SOS '94 grantee was immediately assigned a program officer who will work closely with each project throughout the summer, beginning with the grant negotiation process.

Each program officer will conduct a minimum of two site visits to each project and speak weekly by phone to each local project director. A "Start-up Phase Protocol" was developed to offer program officers guidance on how to track each SOS '94 project's progress. It is also the responsibility of the program officer to work with grantees to make certain that they receive a timely response to any administrative or programmatic concerns.

In addition to the ongoing assistance and support SOS '94 projects receive from their program officers, technical assistance is also available to grantees on an as-needed basis from the National Crime Prevention Council. The Council has the expertise to respond rapidly to both administrative and programmatic issues and their availability to SOS '94 projects will continue throughout the summer.

Finally, to reduce the "stress of administrative demands" on SOS '94 grantees, a Summer of Safety Project Director's Workshop was conducted in May, 1994 for the purpose of providing grantees with information on a range of programmatic issues (e.g., recruitment, training and supervision of participants) as well as administrative guidance (e.g., how to administer grant awards and how SOS '94 projects would be evaluated).

Quoted Abt Finding: "Some sites did not fully accept the recordkeeping and reporting responsibilities involved in the national evaluation."

Abt Recommendation: "To dispel such confusion, and to ensure more timely and complete grantee compliance with reporting requirements in the future, program sites should receive a clearer statement from the Corporation regarding the specific recordkeeping and reporting responsibilities that will be associated with the grant, the priority that the Corporation attaches to such responsibilities, and the sanctions that will be imposed if they do not fulfill them. . . ."

Response: In order to address this problem, the Corporation, prior to the beginning of SOS '94, forwarded to each program a summary of the planned evaluation process and its responsibilities. The Corporation also presented a briefing to program directors on the evaluation during the directors' May conference. Finally the Corporation substantially reduced this summer's reporting burden for grantees. Much of the necessary descriptive information that the Commission asked for in its evaluation materials is available to the Corporation from the grant application. Participant data collection instrument were simplified and placed into a format which may be scanned. Finally, a draft comprehensive accomplishment survey is currently being distributed to programs, for an early indication of what information will be required of them at the end of the summer.

Quoted Abt Finding: "If the Corporation is interested in assessing program experience according to certain attributes, it should ensure that grantees' programs are structured and funded in a way that allow those attributes to be more easily measured."

Abt Recommendation: "In future community service funding rounds, if the Corporation feels that funded activities should be tracked by particular attributes such as Service Areas, it would be helpful to require applicants to design their programs, budgets, and record-keeping systems with explicit recognition of such categories."

Response: SOS '94 is focused on one program area: public safety. The Notice of Funds Available published in the Federal Register to begin the program competition for SOS '94 stated clear objectives for programs to achieve for the summer.

The application form required potential grantees to provide a detailed description of their institutional capacity to achieve these objectives, and required detailed responses indicating the program's ability to manage the program; to produce direct and demonstrable results; to administer payments to stipended participants; and to develop and sustain good working relationships with appropriate community organizations and public agencies (especially law enforcement) to help reduce crime and violence.

Peer review panels, including law enforcement and youth development professionals, conducted the first level of application review and recommendation, based on the applicant's ability to meet the criteria indicated above. Finally, grant negotiation clarified program objectives and monitoring and evaluation mechanisms.

Conclusion: We learned a great deal from the Commission's 1993 Summer of Service and have already applied those lessons. Continuous improvement is an essential aspect of reinventing government, and we intend to keep at it.

Letter questions veracity and completeness of Abt evaluation.

Response: For the Abt report to be useful as a management tool for AmeriCorps, it had to be prepared in far less time than a full program audit would have required. The report clearly indicates that it uses self-reporting of results by programs; in many cases, the Corporation sent field investigators to observe program performance, and they have corroborated the Abt data.

Abt was competitively selected by the Commission for National Service to evaluate its grants programs; the contract was extended to include the evaluation of the 1993 Summer of Service.

The Corporation's Office of the Inspector General will conduct financial, compliance and performance audits under the Inspector General Act of 1978, as amended. The office functions independently, and is currently conducting routine audits of two former Commission year-round programs, both in preliminary stages. Certain 1993 Commission Summer of Service grantees are institutions of higher education receiving multiple federal grants, and as such will be audited by their lead federal agency. Copies of such audits, if they have been conducted, have not yet been forwarded to the Corporation.

4. Topic: Letter calls for the creation of a service ethic in participants

Response: The President has consistently indicated that one goal of national service is to encourage an ethic of service among Americans of all backgrounds. We believe that AmeriCorps will help to achieve this goal.

In a program that does not officially launch for another two months, it is obviously premature to judge success. Nonetheless, the Abt report so frequently cited in the letter indicates that participation in the 1993 Summer of Service did help to foster a long-term commitment to service, even without compensation: 96% of participants "indicated that they expected to perform additional volunteer or community service in the future" with 88% anticipating "doing so within the next year" (p. 53). This is the result the Senator and we desire.

B. QUESTIONS ATTACHED TO LETTER

1. Topic: Association of Farmworkers Opportunity Programs Grant

Attachment questions whether grantee will meet its match requirement with other federal funds.

Grantee may use $123,000 of EPA funds to purchase training materials, tools and other needed program items; this funding would then count toward the AmeriCorps matching requirement (the 1994 Act allows federal funds to be used to meet the 25% program match, but not the 15% cash match for the participant stipend). The training grantee will provide is required under EPA Worker Protection Standards, which take effect January 1, 1995. Grantee has applied for private foundation support, which (to the extent received) would be used instead of the EPA funds to be put toward the AmeriCorps matching requirement.

Attachment requests complete breakdown of all estimated expenditures for this grantee.

Response: We can estimate the Corporation's share of estimated expenses, as follows:

	Planning period	Project period	Total
Participant training cost and materials	$0	$157,404	$157,404
Staff cost	68,210	136,420	204,630
Operational costs—Project related staff travel and office supplies	1,722	15,394	17,116
Internal evaluation and monitoring	0	31,500	31,500
Administration—office space, postage, printing, copying	16,105	32,211	48,316
Participant living allowance and health benefits	0	605,575	605,575
Child care for participants	0	59,400	59,400
Total	86,037	1,037,904	1,123,941

Attachment asks for program and staff start dates.

Response: As indicated above, this grant is for 18 months, including a six-month planning period (which begins in September,

1994). Only a portion of the staff will be retained during this period. Activities during the planning phase will include orientating and training staff, assisting in sites' participant recruitment and placement; coordinating with state authorities procedures for pesticide safety trainer certification; notifying agricultural employers of AmeriCorps members' imminent availability to conduct pesticide safety training; etc.

The program begins full operation in March, allowing AmeriCorps members to be trained before the prime agricultural season; they will then be ready when farmworkers will be accessible at worksites to learn safe pesticide procedures.

Attachment asks for number of service hours.

Response: The National and Community Service Trust Act of 1993 requires successful completion of a minimum of 1700 service hours for a participant to qualify for the education benefit. The subject grantee's participants will meet or exceed this minimum.

Attachment asks for amount of federal funds used by all grantees for purposes of meeting the matching requirements.

Response: None of AmeriCorps grants have yet been awarded; final grant negotiations are not underway with national non-profits, multi-state programs, federal agencies and other direct applicants (this category represents roughly one-third of total AmeriCorps grants), with the remainder to begin grant negotiation next month. We will provide the requested information as soon as grants are finalized and it can be calculated.

2. Topic: Grant to Department of Agriculture

Attachment requests number of participants and hours.

Response: The Department of Agriculture's grant is in negotiation. Current information indicates the program will involve 1,200 participants and provide 2.04 million service hours.

The Department of Agriculture notes that the Youth Conservation Service (run by its Forest Service) had 1,003 participants in 1993, and accomplished $1.43 worth of work for each dollar invested.

Attachment asks about funding by non-Corporation sources.

Response: The Department of Agriculture informs us that its funding level is contingent upon its own FY '95 appropriations and final grant negotiations with the Corporation. We understand that the Department is also considering other funding sources to support the program.

Attachment asks about federal agencies' national service staff.

Response: Until final grants are negotiated, agencies will not firmly establish staffing levels.

3. Topic: The former Commission's 1993 Summer of Service

Attachment requests Corporation to verify all cited figures.

Response: The responses given above indicate the methodological errors in the use of the source material and correct the conclusions.

Attachment asks about other federal funds and state matching funds.

Response: Employees of the former Commission are not aware of any other such funds.

Attachment asks about evaluations.

Response: Given the limited term of the program, the Commission selected only one independent evaluation firm (Abt) to conduct the comprehensive evaluation of the Summer of Service. As indicated above, Abt was competitively selected by the Commission for National Service to evaluate its grants programs; the contract was extended to include the evaluation of the 1993 Summer of Service.

Attachment asks about training and other non-service hours.

Response: Given above. Like any other endeavor, national service participants have to be trained to provide the specified service; the amount of training required varies widely. Nonetheless, AmeriCorps grants will require 1700 hours per full-time participant per year, of which 80% (1360 hours) must be in direct service.

Attachment asks about administrative costs.

Response: We find no indication that there were any state administrative costs associated with the Commission's 1993 Summer of Service program. The Commission did not separately delineate its administrative costs.

Attachment asks for Corporation's budget for 1994 Summer of Safety.

Response: The Corporation's 1994 Summer of Safety budget (in thousands) is as follows:

Program costs:	
3,200 full-time participants[1]	$7,504.6
4,000 part-time participants[2]	800.0
Federal administrative costs[3]	605.4
Training and technical assistance	850.0
Total costs	9,760.0
Educational award[4]	3,200.0

[1] Includes stipend, health and child care, training and supervision, project director salary, and grantee administration.

[2] Of the 4,000 part-time participants, approximately 2,000 are stipended and 2,000 are non-stipended. Half are senior citizen participants and half are school-age children volunteers.

[3] Estimate of staff time of Corporation's Washington, D.C. and field staff.

[4] Assumes all 3,200 full-time stipended participants complete service and use the $1,000 education award; not all will.

4. Topic: Demonstration Programs

Attachment requests program and financial information about these Commission grantees.

Response: The Commission on National and Community Service awarded a total of fifteen planning and operating grants over two fiscal years (1992 and 1993) to support national service demonstration programs under Subtitle D of the National and Community Service Act of 1990. Program summaries are attached hereto.

The FY 1992 appropriation for Subtitle D programs was $22.5 million. Of this amount, $20,266,680 was awarded in operating and planning grants to seven grantees leaving a balance of $2,233,320. Of this balance, $517,179 (3%) was allocated to program evaluation (partial funding of the Abt Associates contract), technical assistance and outreach for the grant application process, and costs associated with reviewing the actual grant proposals. The remaining $1,716,141 was brought forward to FY 1993.

The FY 1993 appropriation for Subtitle D was $22.5 million, making a total of $24,216,000 (including FY 1992 carry-over) available for award. Of this amount, $23,819,419 was awarded to six continuing and seven new grantees, leaving a balance of $396,581. Of this amount, approximately $135,000 (.6% of the total appropriations) was allocated for costs associated with the grant review process and for technical assistance to grantees, and all remaining funds reverted to the Treasury upon the expiration of the Commission on September 30, 1993.

Programs that received operating grants in FY 1992 and 1993 began operations at various times throughout the year, and thus the program year (the year in which participants serve in the program) does not correspond with the fiscal year. Calculation of aggregate hours of service or activity within a given calendar year (or about a program still in the midst of the program year) is accordingly impossible.

Calculations of service/non-service hours for Commission programs will be available at the end of September for a sample of the Commission's subtitle D (demonstration) programs, in the Abt report described below.

Unlike demonstration programs funded by the Commission, by law all AmeriCorps programs will require full-time participants to perform a minimum of 1700 service hours.

5. Topic: Audits and evaluations

Attachment requests demonstration programs' audits and evaluations.

Response: Abt Associates is preparing an interim report on the Subtitle D programs, which should be available in September (we hope to receive a draft of this interim report by the end of this month). As part of their work, Abt will verify the claims of service hours and accomplishments for a sample of projects completed by subtitle D programs in the Commission's second grant year (covering parts of calendar years 1993 and 1994).

The Corporation's Office of the Inspector General will conduct financial, compliance and performance audits under the Inspector General Act of 1978, as amended. The office functions independently, and is currently conducting routine audits of two former Commission year-round programs, both in preliminary stages.

Attachment inquires about plans for evaluating 1994 grantees.

Response: The Corporation is in final stages of a public, competitive process to select independent contractor(s) to evaluate 1994 grantees, based on extensive criteria included in the public solicitation documents.

The foundation of our evaluation system will be a comprehensive data system containing socio-demographic data on participants, local programs, and the communities in which they serve.

Building on this data, we will survey programs regarding their accomplishments. This survey will focus on results: what AmeriCorps gets done in communities and in the lives of AmeriCorps members.

To analyze that latter impact of national service better, we will also study a sample of national service participants and a comparison group of similar non-participants. We will track changes in their education, careers, values, and service activities.

We will carry out cost-benefit studies of our programs. We will use this information to make informed choices about areas where changes are needed and to learn what works well and what may not.

6. Topic: First year size of AmeriCorps

Response: We anticipate that grants to all first year AmeriCorps*USA programs will be awarded before October 1, 1994 and the majority of those programs will begin operation prior to that date. Where a new program requires more time in order to assure quality, the Corporation will make the funding commitment in this fiscal year and allow start-up within the following six months. As indicated in an attachment hereto, the National Service Trust contains funds for the education awards for 20,000 AmeriCorps members, who will participate in these first year AmeriCorps*USA grants programs, AmeriCorps*VISTA and AmeriCorps*NCCC (in the numbers indicated therein).

*7. Topic: AmeriCorps*USA '94*

Attachment requests a large amount of financial and program data.

Response: At this time, the national direct grantees have been announced, but the details of each grant are still subject to grants negotiation. This means that the following numbers are interim figures only (and only for this category):

Number of programs: 57.

Aggregate grants announced: $47,933,334.

Amount of match: Minimum of 25% of operational costs and 15% of stipend. Programs which exceeded matching requirements were viewed favorably during the competition. Aggregate match amounts cannot be determined until negotiations are completed, but will exceed minimum requirements.

Total number of participants: Estimated at approximately 7000, subject to negotiation.

Full/part-time split: Estimated to be 4902 full time and 2193 part-time.

Total estimated hours worked: 4902 FT×1700 hrs=8,333,400; 2193 PT×450 hrs=986,850=9,320,250 total hours.

With 80% required to be direct service=7,456,250 service hours.

Federal cost per service hour: $6.43.

Percentage of budget for participant salaries and benefits: Impossible to project until negotiations are completed; programs will vary widely.

We are in the process of reviewing the states' submittals of their formula and interstate competitive programs. The following are accordingly only initial rough estimates for these categories:

Number of programs: Estimate 240 formula programs and more than 50 competitive programs.

Aggregate grants awarded: Subject to final negotiation, but approximately $100 million.

Amount of match: Minimum of 25% of operational costs and 15% of stipend. Programs which exceeded matching requirements were viewed favorably in the competitive portion. Aggregate match amounts cannot be calculated until negotiations are concluded.

Total number of participants: Estimated at approximately 10,000, subject to negotiation.

Full/part-time split: We estimate that there could be twice as many full-timers as part-timers.

Total estimated hours worked: We would expect these categories to reflect the pattern of the national direct grants.

Percentage of budget for participant salaries and benefits: Impossible to project until negotiations are completed; programs will vary widely.

8. Topic: Break-down of FY '95 Corporation budget

Response: The Corporation provides an itemized budget in the justifications of appropriations estimates provided to the Congressional appropriations subcommittees. These documents have also been made available to all Congressional staff; please let us know if your office needs a copy.

If the question's intent is to separate AmeriCorps activities from other programs of the Corporation, then the attached table provides estimates of these costs for FY '95, assuming funding at the full level provided in the administration's budget. AmeriCorps consists of the grant programs (grouped under the umbrella "AmeriCorps*USA"), AmeriCorps*NCCC (the National Civilian Community Corps) and AmeriCorps*VISTA. Programs such as Learn and Serve and the National Senior Volunteer Corps are part of the Corporation, but not under the AmeriCorps umbrella.

Many departments of, or teams within, the Corporation (including the Office of the Inspector General, the evaluation and audit team, and others) have responsibilities regarding all of the Corporation's programs, not merely AmeriCorps. For such line items, we have tried to estimate those costs which relate only to AmeriCorps; the Corporation does not so segregate its financial or other data, and accordingly, the attached should be regarded only as estimates, provided in short order in response to this inquiry.

9. Topic: Personnel

Response: The Corporation is authorized five Presidential appointments (not including the 15 member Board of Directors), and has six SES employees (all of them former ACTION employees). Seventeen employees have been hired solely to implement AmeriCorps*USA and SOS '94, all under Schedule A authority. An additional eight employees with exclusive responsibilities in one or both of these areas were formerly employed by the Commission or ACTION (none of these individuals is a Schedule C employee). Finally, we estimate that perhaps 15 other Corporation staff members provide some support to AmeriCorps*USA and/or SOS '94 as a major part of their duties.

We believe that employees' rights to privacy under the Privacy Act would be violated by releasing items from their personnel files. Perhaps a specific question could be posed that we could answer, consistent with these rights.

10. Topic: States and AmeriCorps

Attachment requests a state-by-state estimate of AmeriCorps participants for 1994 and 1995.

Response: It is impossible to answer this question until all grants are fully negotiated. Even with the announced national direct grants, negotiations may lead to the dropping of one or more states as sites for an individual grantee.

Each state complying with the Corporation's regulations is guaranteed a minimum of 20 AmeriCorps members. Formula allocations per state, assuming full compliance, are indicated in the attached (again, this category represents roughly a third of the total grants funding).

Attachment requests funding amounts for state administrative costs.

Response: Details of FY '94 funding are attached.

Attachment requests details about total AmeriCorps program employees (all levels of government and non-government, by state).

Response: We have no information to answer this inquiry. Because national service is neither an entitlement nor an unfunded mandate, no entity is required to participate in the program and assemble a staff. And because grants are awarded after intensive competition which evaluates (inter alia) budgets on the ratio of staff-related to participant-related costs, programs have an incentive to keep staff levels at the minimum effective levels.

Attachment inquires about other funding (eg., planning grants).

Response: In the national direct competition, the Corporation awarded ten planning grants; state program planning grants have not yet been determined.

Each State Commission has been allowed up to $10,0000 to contract for technical assistance and training for their successful AmeriCorps grantees.

After final grant decisions are made, and upon submittal of detailed technical assistance and training plans, states may request additional resources (not to exceed $90,000 for any state); awards will be made on the basis of the number and size of AmeriCorps grantees.

After final grant decisions are made, and upon submittal of detailed technical assistance and training plans, states may request additional resources (not to exceed $90,000 for any state); awards will be made on the basis of the number and size of AmeriCorps programs in the state, and the excellence of the state's plan.

11. Topic: Educational awards for FY '94

Response: A detailed breakdown of estimated educational awards is attached.

U.S. SENATE,
Washington, DC, July 26, 1994.

Mr. ELI J. SEGAL,
Chief Executive Officer, Corporation for National and Community Service, Washington, DC.

DEAR MR. SEGAL: Thank you for your July 19 letter in reply to the questions I raised about the AmeriCorps and Summer of Service programs.

Your response attempts to rebut the cost-per-participant and cost-per-service-hour presented in my letter that were calculated using figures from your own reports.

But your response fails to provide the necessary data to corroborate or refute the analysis I presented. Meanwhile, your refutation seems predicated on two questionable assumptions. Your calculations merely shift the baselines of the different components that comprise an accurate cost analysis. In the process, you seem to conveniently paint a rosier picture than reality.

As a result, I am not persuaded that these two programs are cost-effective, or that they will attain the lofty goals and match the high-minded rhetoric established by the President.

My request to you was for actual and projected figures for matching funds, in-kind matching, educational awards, federal and state administrative and grant support funds, and federal funds provided outside the Corporation for National and Community Service. It was also for the number of direct service hours, and the number of participants.

I asked for these figures to acquire complete data related to all three of these cost components to determine the cost-per-service hour and/or the cost-per-participant for these programs.

While I appreciate the extensive effort you and your staff devoted to responding to my request, it fails to provide a complete picture for such a determination.

Meanwhile, your refutation is based on two questionable assumptions: (1) It includes volunteers in the pool of "participants," which has the effect of expanding the number of recipients and the number of service hours; and (2) It excludes certain cost elements of the program, which has the effect of shrinking the total dollars used in your calculation.

The result is, more "participants" and more service hours are divided into fewer dollars in your calculation. Therefore, the concerns I raised on behalf of the taxpayer, which question the cost-effectiveness of these programs, remain heightened.

Even for those programs in which actual results should be available—the AmeriCorp demonstration programs for FY 1992—the picture is incomplete.

From the Abt report, we have certain interim findings—a 20% dropout rate of participants, and the fact that 27% of costs

come from non-federal sources. Based on information provided in your response, I learn that total federal grants were $20.2 million for FY 1992 demonstration programs.

Using these figures, the cost per successful participant for the FY 1992 demonstration grants is $30,400. (See my attachment 1.A for calculation.)

The reason this figure would be of such great concern to the American taxpayer, and my Iowa constituents, is that the average yearly wage for workers—say, in my state—is about $14,700.

This trend of high costs seems to continue with some of the demonstration programs for FY 1993. For example, I learn from your response that you have provided a federal grant of $2.9 million to the Northwest Service Academy (attachment 4 of your letter). When costs are calculated based on historical trends (see my attachment 1.B), the cost per successful participant is $45,000.

If these calculations are correct, clearly the taxpayers would be troubled to learn that the cost to them of soliciting national service is two or even three times their yearly salary.

TWO QUESTIONABLE ASSUMPTIONS

The first questionable assumption is your inclusion of volunteers in per-hour cost calculations. Yet, this appears to run counter to President Clinton's declaration of the program's goals: "I hope that some day the success of this program will make it possible for every young American who wishes to serve and earn credit against a college education or other kinds of education and training, to do that."

The President does not discuss volunteers, or "non-stipend participants," as you have called them; rather he refers to those who "earn credit". And your own report from Abt Associates recognizes that the proper calculation is comprised of participants, not volunteers (p. 17 of report). The inclusion of volunteers also inflates the number of hours used in calculating costs per hour of service provided by paid participants.

Furthermore, this program was presented to Congress as one that would provide jobs to young people. We were told that the jobs would involve performing community service. Each job pays approximately $7.27 an hour, including wages and educational award. In addition, medical benefits and child care are provided.

Set aside the merits of whether Congress should support such a jobs program; my concern is that the vast majority of dollars do not end up in the pockets of the participants. And the $7.27 per hour does not begin to reflect the actual cost to the taxpayers.

The second questionable assumption is your contention that the cost data should be limited to only federal grant costs. This is the equivalent of telling a prospective car buyer that a car costs only $12,000, though conveniently forgetting to mention the costs for destination, taxes, tags, dealer mark-up and other overhead making the real cost $16,440—assuming the $12,000 is only 73% of the costs, as is the case in the AmeriCorps demonstration grants.

The only relevant cost to the car buyer is the bottom line. Your calculations do not provide that same bottom line. Your calculations omit the cost of educational awards, matching funds, in-kind matches, administrative costs, technical assistance, and so on. These are all sources of funding for grantees.

Beyond these notable problems with your response, you also state that costs cannot be determined because grantees may actually serve more individuals or return unused grant funds. My experience is that this would have only a marginal impact on estimates. Otherwise, it raises the question of why additional funding is needed if grantees are returning substantial monies.

Finally you appear to discount the cost findings in the Abt report. Comments that there is not sufficient data to make analysis only raises the question of why the report was issued at cost to the taxpayer and why the administration is going forward with a request for a sharp increase in funding without final data available.

The Abt report covers 725 of the 1162 participants (62%) and 67% of federal funds ($13.6 million of $20.2 million). Only one grantee did not provide data. Is it unreasonable to analyze cost data from such a report, in your view?

I would note that concerns about the findings in the Abt report were not apparent in your testimony to the Senate, where you and your staff discussed at length the lessons learned from the material and data provided in the report.

Yet you appear to recognize that the demonstration programs have weaknesses by stating on page 1 of the attachment to your July 19 letter: "AmeriCorps programs are anticipated to yield lower per participant costs [than the demonstration programs], and AmeriCorps requires more actual service hours per participant (17 hours, minimum), specifically to increase the cost-effectiveness of national service. For some programs, this nearly doubles the service hours performed."

I remain concerned that we may spend too much money on these programs much too quickly. Reinventing government is not about doing more with more; it is about doing more with less.

Your comments during Senate testimony speak to this: "Again, I have no problems starting small or comparatively small to make sure we have a mechanism for training people properly, and doing all else that we can to make sure that in a time of some cynicism about whether the Government spends its money well we spend it well."

The administration's request for these national service programs is not consistent with your words of caution. Increasing funding by 67% for a program that has virtually no final performance data and so many unknowns and uncertainties is not a cautious and prudent approach.

Please find attached detailed comments and additional questions. I would ask that you provide as many answers as possible prior to consideration of the VA/HUD appropriation.

Sincerely,

CHARLES E. GRASSLEY,
U.S. Senate

FURTHER COMMENTS AND QUESTIONS

1. COST CALCULATIONS

A. Calculation of $30,400 per successful participant in FY '92 demonstration projects: Assuming that the $20.26 million in federal funds is only 73% of actual costs as stated on page 18 of the report, total funding is $27.75 million plus $510,000 for federal grant support for a total of $28.26 million (not including federal administrative costs and any educational awards). Total full-time equivalent participants is 1,162 (number of full-time 999 and number of part-time 490; part-time is calculated at one-third the rate of full-time per your office's footnote number 1 on page one of attachment to question 4). Assuming, per the Abt report, that 20% of participants fail to successfully complete the program, only 929 participants of 1,162 successfully completed. Thus, cost per successful participant based on these numbers appears to be approximately $30,400, based on my calculations.

B. Several of the FY '93 demonstration grants continue the trend of high costs. For example, you have provided a grant of $2.936 million to the Northwest Service Academy (attachment 4 of your letter). This will be for 112 participants (12 of whom are part-time). The cost per participant for just the AmeriCorps dollars will be $26,214. This does not include the funding provided by the U.S. Forest Service, state governments, nonprofits, AmeriCorps administrative and support costs and any educational awards.

However, using figures from the Abt report, which states that non-federal resources have been 27% of total costs in the demonstration programs, estimated total costs for the Northwest Service Academy grant would be $4.02 million or $35,900 per participant. Projecting a drop-out rate of 20% as shown on page 20 in the Abt report, the cost per successful participant would be approximately $45,000 based on these calculations. The fact that these are only informed estimates based on your own reported findings only heightens the need for complete data on expenditures.

2. SUMMER OF SERVICE

Your office has failed to respond meaningfully to my questions regarding Summer of Service (SOS). Your intent appears to be to deny the calculations made based on your own report without providing any substantive numbers to back up your own claims or allow independent calculations. Until you provide such additional information, the numbers calculated based on the report contracted by your office with Abt Associates: "Evaluation of the Summer of Service Program" of October 25, 1993 must still be considered valid. Unfortunately, it appears that given the high non-grant costs associated with the FY '94 SOS program, the estimate of $21.45 per hour of service for the FY '93 SOS program may actually be low. A higher figure assumes similar non-grant costs associated with the FY '93 SOS program.

I repeat my request for a complete accounting of the $10 million appropriated in FY '93 for the SOS program. You state that $6.3 million was allocated to grants but give no indication of how the remaining $3.7 million in funds were spent. The likelihood that other funds were spent in FY '93 on SOS is heightened by your FY '94 budget for SOS that provided $605 thousand in federal administrative costs, $850 thousand for training and technical assistance and $3.2 million for educational awards—none of which are mentioned in your FY '93 budget. Thus, in FY '94 $4.65 million of the $12.9 million in costs for Summer of Service were not grant funds. If these figures are available for FY '94, why are they not included in the FY '93 budget? In addition, your office provides no figures for direct service hours provided by paid participants in SOS FY '94, thus preventing any cost-per-participant analysis. Please provide the hours of service for paid participants, as was requested earlier. Additional comments and questions to your letter regarding SOS are provided at number 3 on the attached sheet.

Regarding non-service hours by paid participants, this program has been presented to Congress as youth providing services of benefit to the community. Your testimony of June 13 mentions at length the work to be performed under SOS for the benefit of the community. I find no discussion of training

in your testimony regarding SOS. "Reinventing Government" is about measuring output. The output of SOS and AmeriCorps is service hours provided to the community by participants. It is for these reasons that cost per direct hour of service is a crucial measurement.

If your intent now is that SOS is a job training program such as Jobs Corps and the approximately 100 other jobs programs the federal government funds, then it would be helpful to inform the Congress so that your program's funding and outcomes can be considered in that light.

B. Regarding the findings on page 48 of the Abt report that in 13 of the 16 categories of expectations for the SOS program, according to the participants themselves, the SOS program did not meet their expectations, or the stated goals of the program. You asked Abt Associates to respond; please provide a copy of their letter. Abt's quoted comments seem to be in direct conflict with the plain meaning of their own report. As the Abt report itself states on page 45:

"Some of the more specific or detailed potential benefits didn't materialize to the extent participants expected, particularly learning about educational and health issues and getting a job."

"Even though some participants who hoped to improve children's lives didn't feel they did so, most of them did and the population as a whole felt this was the most important benefit."

C. I'm pleased that your office has attempted to take steps to rectify the management problems in the SOS program raised by the Abt report. I'm hopeful that the steps taken will solve the many problems cited by the report. However, whether the problems are solved will not be known for some time. This underscores the importance of not throwing additional money at a new program like AmeriCorps until we are certain funds will not be mismanaged or wasted.

D. I asked whether any additional funds were used by SOS grantees, such as private funds, in-kind contributions, state/local or other federal funds. I would appreciate a direct answer to the question and would suggest that, if necessary, you contact the grantees for a definitive answer. Please provide for both FY '93 and '94 SOS grantees.

3. AMERICORPS DEMONSTRATION GRANTS

A. I appreciate your clarifying that 1 out of 5 or approximately 20 percent of participants in the demonstration programs did not satisfactorily complete the program. Moreover, as you noted earlier, the number of hours of work required for AmeriCorps participants will be significantly higher than for the demonstration programs. This increase may unfortunately lead to an even lower completion rate, such as the 43% completion rate experienced by the Conservation and Youth Service Corps (page 20 of Abt report). Regardless, I question whether having 20 of participants not successfully complete the program is a success and should be the basis for expanding the program.

B. You comment that Abt will verify claims of service hours and accomplishments for a sample of projects from the second year of demonstration projects. Will there be no similar verification for projects from the first year on which the Abt report was based? Please provide a complete description of how this verification will be accomplished and how demonstration projects will be selected for verification.

C. I repeat my earlier request that you provide me the anticipated total dollar expenditures, including the dollar value for in-kind contributions, for all demonstration programs (not just the federal grant your office provided) as well as the number of direct service hours that will be provided under each grant.

D. I would appreciate your clarifying whether or not the FY '93 demonstration grant to the State of Arizona will provide for a total of 100 participants. Your letter states that the grant will provide for 100 full-time participants per year. However, in year 1, the state is given only a $271,222 planning grant. In year 2, the state is provided an operating grant award of $2.6 million. Is this year 2 grant a multi-year grant? in sum, what are the total number of participants under this grant and the number of direct services hours to be provided?

4. AMERICORPS

A. I appreciate your office providing the breakdown of the FY '95 budget for AmeriCorps. I would appreciate your providing an estimate of the number of consultants, contractors and any other non-government personnel that your office intends to hire in support of AmeriCorps. In addition, have any federal agencies directed employees to work for your office or assist your office? If so, please provide that number and what agencies they are from. Also, if your office is required to file an IRS 990 form, please provide copies of all forms filed. Finally, your breakdown of costs for AmeriCorps includes funding for National Civilian Community Corps, Serve America and other programs. I would ask for those costs, including educational awards, administrative, technical assistance and other support costs, that are associated solely with the 33,000 AmeriCorps participants in FY '95 and the 20,000 AmeriCorps participants in FY '94.

B. Could you please clarify why in your attached "State Commission Administrative Funding in FY '94" the State of Maryland was the only state to receive two grants, one for $209 thousand and one for $339 thousand? This provided Maryland approximately $548 thousand in total administrative funding. By contrast, the State of New York only received $489 thousand.

C. Your letter mentions that planning grants were awarded but does not provide any details. Please inform me as to who was awarded planning grants or grants for technical assistance and the dollar amounts. When the information is available for the states, please provide dollar amounts state-by-state. In addition, you comment that each state commission is allowed up to $10,000 to contract for technical assistance and training for their successful AmeriCorps grantees. Please clarify whether that is total or for each grantee in the state. Where does this funding come from in your budget?

D. The education award breakdown you provide is only the formula amount for the states. I would request a complete breakdown state-by-state for all awards when that is available.

E. Congress will have more confidence if provided the measurable performance goals and standards you have established for this program, as required by the Act. For example, what does AmeriCorps estimate its successful completion rate will be? What does AmeriCorps believe the cost-per-successful participant and cost-per-direct service hour must be for these programs?

5. EVALUATIONS AND AUDITS

A. Your letter states on page 6 of the attachment that your office sent field investigators to observe program performance of SOS. Please provide copies of all their findings and reports from the field. In particular, please detail what steps they took to independently verify performance claims made by the grantees.

My letter asked for all evaluations/audits done on SOS and the demonstration programs. Is it correct that the Abt studies are the only evaluations or audits done on these programs given that no additional material was provided to me?

Your letter's comment on page 6 of the attachment—that audits may have been conducted of SOS grantees by other federal agencies, but that your office doesn't know—does not reflect a high degree of management oversight over the taxpayer's funds. I would suggest that it would be prudent for your office or contractors to make a more definite determination of whether audits have been conducted in regard to funds you have awarded, and establish what the findings are of those audits.

6. ASSOCIATION OF FARMWORKERS OPPORTUNITY PROGRAM

Regarding actual costs of the grant to the Association of Farmworkers Opportunity Programs (AFOP): As your own letter states on page 8 of the attachment, "We can estimate the Corporation's share of estimated expenses. . . " Your funding estimate does not include approximately $350,000 for educational awards—from your own office. In addition, the costs you cite also do not include matching funds (approximately $300,000), and in-kind support from JTPA and EPA. It is my understanding that JTPA and EPA will provide office space and transportation costs. These additional funds certainly increase the costs of the program.

I would appreciate your providing final and complete funding estimates when the AFOP grant is awarded and for every other AmeriCorps grant awarded (broken down by the accounts you provided for the AFOP program) as well as an estimate of direct service hours to be provided by each grant. Funding should include a cost-estimate of in-kind support.

Ms. MIKULSKI. I want to say to the Senator from Iowa that I do join with him in asking for a GAO report on this. This is a new program. We want not only to get off on the right track, but we want it to stay on track. I want to make sure that type of inquiry that will make sure the taxpayers' dollars are being spent well.

Mr. GRASSLEY. I thank the Senator from Maryland for her assurance, her cooperation, and for working with me on this matter. I think this is a very good compromise and, hopefully, the General Accounting Office will come back with a recommendation to make sure that this program is conducted in a cost effective way. If they do not come back with that certainty, we will make some changes a year from now to reflect that.

Mr. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. SPECTER. Mr. President, I ask unanimous consent that I may proceed for 10 minutes as in morning business.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

A THREATENED BASEBALL STRIKE

Mr. SPECTER. Mr. President, I have sought recognition to speak briefly about the threatened strike in baseball which is now set for August 12. I do so as a baseball fan of longstanding, and also as a Senator from Pennsylvania, which has two major league baseball teams and two cities—Philadelphia and Pittsburgh—which will be adversely affected very substantially by this strike, for thousands of baseball fans who will not be able to see the Pirates and the Phillies play in Three Rivers Stadium and the Vet, and for thousands of fans who will not be able to watch those games on television, hear them on radio, and for many whose livelihood will be at issue—vendors in ballparks and the restaurants adjacent to the parks and the hotels—and the very, very serious impact on those two cities from this threatened strike.

Mr. President, America has long had a love affair with baseball, and I have long had a love affair with baseball, since my childhood when I grew up in the Wichita, KS. The main interest at the start of every day was to check the Wichita Eagle and see what the box score showed; as a youngster, as a delivery boy, stopping at the barber shop to see the great calendar that had the statistics of Ty Cobb's batting average and Babe Ruth's batting average.

As a youngster, I found it inspirational to study the baseball players and see the tenacity and discipline and their character, and I think it has had a propound effect on Americans, and really worldwide in many, many ways, in being an example and providing a tremendous thrill when people would go to the park or listen on the radio, as I did as a youngster, or in the basement of the Wheeler Kelly Hagner Building, watch the scores on the big board.

There may be some wagering, perhaps in violation of Kansas law. And I would see the squares on the innings when someone would hit a home run, an extra square, double square, or triple squares, on rare occasion when there were two home runs or three home runs an inning.

All of that is now threatened by the baseball strike. I think it is especially troublesome, Mr. President, because baseball has a unique and a preferred status in America because it is a business which is not subject to America's antitrust laws. Every other business which exists in America has to function in a competitive way, and there may not be agreements in violation of open competition. Baseball is the one business, the only business, which does not have to abide by the antitrust laws of this country.

It came about in a curious way when Justice Oliver Wendell Holmes many years ago said that baseball was a sport and not a business. When Justice Holmes' decision was tested many decades later, the Supreme Court said, well, it is a business now, but we are not going to change its exemption from the antitrust laws because if Congress had wanted to do so, Congress could have done so. We are going to leave baseball in an exempt status.

On the Judiciary Committee, I have considered the issue of taking away baseball's antitrust exemption and for a time considered taking away football's limited antitrust exemption.

Unlike baseball, procedurally football has a limited antitrust exemption which applies only to pooling receipts on television. I was concerned about that when the Raiders moved from Oakland to Los Angeles. I was concerned about that when there was a threatened move of the Phillies from Philadelphia to Phoenix in about 1984.

We have never changed the antitrust exemption for many, many reasons, but there has long been a concern in the Congress about whether baseball ought to continue to have that antitrust exemption.

Just a few weeks ago in the Judiciary Committee, we took up the issue of taking away the antitrust exemption as it related to labor negotiations because the representation was made at that time that if we took that action, perhaps the baseball strike would not occur.

There have been discussions on the floor of the Senate, since the announcement was made about the impending strike on August 12, that perhaps the Congress ought to consider some action to take away the antitrust exemption.

I have been unwilling to do that, Mr. President, because if I were to support the antitrust exemption and taking away the antitrust exemption, and it failed in the committee most recently by only a single vote, or if we were to take away the antitrust exemption baseball enjoys more broadly, there would be a real threat that the Pittsburgh Pirates would leave the city of Pittsburgh, and that would be devastating for Pittsburgh. Right now, the representations are made that the Pirates lose $1 million a month, and there has been a city group coming in to take over the ownership of the Pirates to keep the Pirates in Pittsburgh.

So with concern for the interests of Pennsylvania and the city of Pittsburgh, I cannot join in an effort to remove the antitrust exemption because of the risk that it would pose for the Pirates leaving the city. But from many points of view, the Pirates have left the city, in a sense, when free agency has taken away Barry Bonds to San Francisco and Bob Bonilla to New York and other star players so that the Pirates, which had enormous talent, and had those players stayed there, the Pirates would have been a pennant contender and would have been a much, much stronger team.

Mr. President, I think that all parties to the dispute, the owners and the players, ought to be aware of the concern which exists in the Congress about the impending strike and the concern that exists as to whether we ought to continue the antitrust exemption.

It may well be that Congress will act if there is a strike. I think that there is going to be enormous public reaction. Right now, it is just speculative as to whether the strike will take place on August 12. But since the strike was announced, I have contacted representatives of the players and representatives of the owners in an effort to see if I could be helpful in settling the strike, or if there is anything that the Judiciary Committee could do, or others in the Senate could do, to settle the strike.

I am advised there is nothing that we could do, and from the discussions which I have had over the course of the past 3 days, it seems to me that we are headed for a baseball strike and for a disruption which may end the rest of the season and may eliminate the league championship playoff games and the World Series.

I think, Mr. President, that the parties may well kill the goose that lays the golden egg. If we were to eliminate the antitrust exemption, I do not know what would happen. I do not know if baseball could survive in its present form even if the players and the owners got together. There are enormous salaries, and a key point of disagreement is whether there should be a salary cap. The players make gigantic sums of money, millions of dollars a year, and the owners have tremendous revenues, although the owners claim that there are some 19 teams which are on the verge of bankruptcy and there is a dispute as to whether those financial figures are accurate because it is complicated.

There are many third-party contracts, where the Atlanta Braves have an agreement with the television network and the Chicago Cubs similarly have an agreement. And I do not know, Mr. President, who is right and who is wrong. It may be that both parties are wrong in subjecting the fans to the threat of this kind of a strike.

I have long believed, Mr. President, that sports are unique, and that baseball is affected with a public interest and that football is affected with a public interest.

Some have analogized sports to public utilities, and that may be going a little far. If you have a railroad strike, the Congress can intervene and stop the strike. Nobody is suggesting that the nature of baseball reaches the level of a railroad or a public utility, to that extent.

But it is my hope that the players and the owners will find an agreement. When you talk about free market, you talk about the very basic American attitude, and it is a principle of allowing

people to earn as much money as the market will permit.

But I would suggest that there may be some outer limits of public tolerance, and public tolerance is reflected in the unique special position which baseball has as a result of the antitrust exemption. And if the public clamor is sufficient and the congressional outrage is sufficient, we may find that antitrust compensation removed. And then we would in fact have a situation where the parties who benefited from the goose which laid the golden egg would have in fact killed the goose.

So I hope there will be a consideration, and I have taken the initiative in talking to representatives of the players and representatives of baseball, because the game ought to be preserved, and perhaps arbitration would be the way. But the parties ought to come together and realize the public interest and the public concern and avert the strike.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania yields the floor.

The Senator from New Jersey, [Mr. LAUTENBERG] is recognized.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that I may speak as if in morning business.

The PRESIDING OFFICER. Will the Senator indicate the length of time?

Mr. LAUTENBERG. Probably less than 15 minutes.

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

The Senator is recognized for 15 minutes.

CHILD ABUSE

Mr. LAUTENBERG. Mr. President, yesterday the Senate accepted an amendment that I proposed to the Improving America's School Act of 1993 which is designed to protect the children of this country who ride to and from school on a schoolbus.

Mr. President, the woeful truth is that these children need protection from the people who drive their schoolbus. We all recognized the unfortunate fact that some people are attracted to the teaching profession because it gives them easy access to the children who are the focus of their sexual desire. What we do not recognize—or take precautions against—is the fact that some people drive schoolbuses for the same very reason—access to children.

Children who ride on schoolbuses, particularly those in their early years, the elementary school years, are extremely vulnerable to physical abuse. They are too young to comprehend what is being done to them and they are too small to physically defend themselves from an attack. Therefore, it is the responsibility of society to offer as much protection as possible to this vulnerable population.

My amendment recognizes that responsibility by requiring all States to do a Federal background check on potential schoolbus drivers before they are allowed to be alone with our children.

Schoolbus drivers are unique. They are alone with students off school property, often for extended periods of time.

Mr. President, we know that most of these people, by far, are good, law-abiding citizens, often parents themselves, who have no intentions to molest or attack children. But there are the others, and we have to guard against them.

I believe, as I hope do many of my colleagues, that parents deserve to know who is alone with their children.

At present, 18 States already conduct State and Federal background checks on their drivers. My amendment would not affect how these States administer their programs.

There are 14 States which currently only do State background checks. My bill would require those States to redirect the resources they are putting into these background checks towards a Federal program. While the intent of these State programs are good, they are flawed. A convicted sexual deviant can easily move to one of these States, receive a clean background check, and begin driving his prey to and from school.

Then there are the 18 States which have no background checks for their school bus drivers. There is no rational reason for the lack of responsibility these States are demonstrating in this area.

Is this a real problem? Unfortunately, it is. I have article after article identifying incident after incident of sexual abuse of pupils by their school bus driver. I would be happy to make these available to any Member who is interested in seeing them.

The question arises whether or not Federal background checks work. I believe they will. My amendment would also require—and there may be some inconvenience here—the fingerprinting of prospective drivers so their true identity can not be hidden.

During the 2 months after California instituted Federal criminal background checks in 1990, it screened out 150 convicted sex offenders, child molesters and violent criminals who tried to get permits to drive schoolbuses. That tells us something. This is shocking and my amendment will address this problem.

Mr. President, on any given school day, 25 million children ride in schoolbuses. For the vast majority of these children, the trip will be safe and uneventful. Unfortunately, for some it will be a nightmare that will affect them for the rest of their lives. So when that amendment passed yesterday, Mr. President, I was relieved.

I appreciate the fact that my colleagues support this amendment to protect children on their ride to and from school. I look forward to working with the conferees on the Improving America's Schools Act in order to ensure that Federal background checks for schoolbus drivers remains in the bill after conference.

TRAGEDY IN NEW JERSEY

Mr. LAUTENBERG. Mr. President, I have another statement. Unfortunately, it deals with not too dissimilar a subject, and that is attacks on children.

Mr. President, last week in New Jersey, a terrible tragedy took place, a tragedy so recent that the child who was killed has not yet had a funeral service for her burial.

A 7-year-old girl, Megan Kanka, was sexually assaulted first and then brutally murdered. It was a despicable and horrifying crime that shocked people throughout my State and throughout the Nation. Our hearts go out to her parents and her family. We can only imagine the pain that they are going through. We all pray that we will never have to endure that kind of feeling.

Mr. President, the man who has confessed to this outrageous killing already had been convicted of sexually related offenses. He spent a long time in confinement. Yet when he moved into Megan's community, nobody in the neighborhood was notified of his criminal history. So this convicted sex offender was free to mingle freely with the neighborhood children and to gain their trust. Meanwhile, the children's parents had no idea who he was, or the extreme danger he posed.

This kind of situation is intolerable, Mr. President. Something is terribly wrong when a dangerous sex offender can move into a community filled with young children, without any of the neighbors even being notified of his presence.

It is time we did something about this, Mr. President. It is long past time.

In fact, last year, the Senate adopted as part of the crime bill a provision authored by the distinguished Senator from Washington [Mr. GORTON] which would have conditioned Federal funds on a State adopting a registry of sexual predators, and providing for community notification when a sex offender established a new residence.

Senator GORTON's amendment was an important addition to the crime bill. Unfortunately, the proposal apparently has been weakened in conference. While the final language is not available, and I hope I am wrong, I have heard that the conference report does not provide for community notification when a dangerous sex offender gets out of prison.

That is disturbing to me, Mr. President. In my view, when you're talking about dangerous sexual offenders moving into a community, the neighboring

parents have a right to know. And we should use whatever resources we have to encourage States to provide for such notification.

Mr. President, I know there are some who feel that once someone has served his or her sentence, they've repaid their debt to society and that's the end of it. But, Mr. President, it is just not that simple. Yes, even convicted people have rights. But communities have rights, too. Parents have rights. Young children have rights.

And the bottom line for me, Mr. President, is that the rights of children like Megan Kanka simply must come first. In fact, for me, it is not even a close call. Because, when you get right down to it, nothing is more important than protecting our children. Nothing.

So I look forward to working with Senator GORTON to continue the push for a community notification requirement, which already is now widely known in New Jersey as a Megan law.

Because, at a minimum, parents have a right to know when their kids are going to be exposed to a dangerous sex offender. And we have a moral responsibility to help provide them with that information.

Mr. President, I hope we will pass the Megan law, and do it soon.

I yield the floor.

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.

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

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

VA-HUD APPROPRIATIONS ACT

The Senate continued with the consideration of the bill.

Mr. LIEBERMAN. Mr. President, I rise to compliment the chair of the subcommittee on her fine work in fashioning this bill. The people of Maryland are lucky to have her representing them in the Senate, and I appreciate the consideration she has given the people of Connecticut as well.

I am very pleased that this bill contains language which makes it clear that we ought to be looking at the aftereffects of what is known as radium nasopharyngeal treatment. This treatment, first developed in the 1920's, was used extensively in the 1940's and 1950's. Put simply, the treatment used radium in the nose to "burn-out" adenoid and lymphoid tissue. A large number of those treated were submariners and airmen—including many in my own State of Connecticut—servicemen who experienced sinus and adenoid problems after being exposed to rapid pressure changes. Estimates are that in excess of 35,000 servicemen and women had radium nasopharyngeal treatments.

In addition, the treatments extended beyond the military. From the late 1940's through the 1970's, it is estimated that something on the order of 200,000 civilians, mostly children, received this treatment, generally for adenoid problems.

In the late 1970's, the warning signals began to appear. In 1977, Johns Hopkins issued a public service bulletin stating that any patient who received this treatment should see a doctor. A 1982 Journal of the National Cancer Institute showed high rates of neck and head cancers in civilians who had undergone this procedure. In January 1992, a New England Journal of Medicine article calls for identification and medical surveillance of Navy submariners who had this treatment.

In February 1994, the Submarine Survivors Group was formed by Mr. Jim Garrity, a former submariner and Mr. Stewart Farber, a public health scientist and radiation risk assessment specialist. Since that time, the Survivors Group has set up a hotline, based in Massachusetts, to take calls from people who have received this treatment. As of July 24, less than 6 months after the group was formed, the hotline has been contacted by over 41,000 individuals who believe they have undergone radium nasopharyngeal treatment. Of those calls, over 10,000 are from Connecticut. There have been 5,800 calls from California. Another 5,400 calls from New York. From Maryland 1,000 calls. Texas accounts for nearly 4,000 calls, Missouri 2,200, Montana 2,200 and New Jersey 1,600.

The Submarine Survivors Group is the brainchild of two individuals—Jim Garrity and Stewart Farber. They are funding the hotline out of their own pockets. At the same time, it distresses me to report that Jim Garrity, who received this treatment, has been diagnosed as having incurable nasopharyngeal cancer.

I applaud the work that these two individuals have done to identify people who have had this treatment. They have managed to get the word out to many—just last week I learned of a man in Connecticut who had had this treatment as a child. He read about the Submarine Survivors Group in a local paper. He went to his doctor at Yale-New Haven Hospital to be tested and he has thyroid cancer. Left undiagnosed, his cancer would have been untreatable in a matter of months, even weeks.

So that is the kind of fine work that is being done by this group in getting the word out.

All of which is to say, that I compliment the gentlelady from Maryland. She has been a learned and sympathetic friend on this issue. To complement the language which is included in the VA research account, I am proposing an amendment to allow the VA to spend $500,000 for a study of veterans who received radium treatments for ear infections in the 1940's and 1950's. We need to gather all the data on this treatment we can, quantify the risk of this treatment and get the word out on the proper procedures to take if you have been exposed to this treatment.

I encourage my colleagues to support this amendment and I thank the Senator from Maryland, as well as her staff, for providing a sympathetic ear on this important issue.

Ms. MIKULSKI. I want to thank the Senator from Connecticut for his good work on this issue.

I intend to accept this amendment and in doing so I would like to state that I believe it is very important that the VA consider undertaking this study. The extent of this problem seems to be widespread. The VA study would help determine whether veterans who underwent radium nasopharyngeal treatment between the 1940's and 1950's are at increased risk of contracting head, neck, and brain cancers and thyroid problems.

The Senator from Connecticut is to be commended for his dogged effort to get the word out about this treatment and its possible consequences. At the very least, there is anecdotal evidence that getting the word out will save lives. That is a goal that I can support and I believe it is a goal that my colleagues can support as well.

Again, I strongly urge Veterans Affairs Secretary Brown to move forward with this study. The Senator from Connecticut informs me that Secretary Brown has been forthright and helpful in responding to inquiries on this issue. Conducting this study is a logical extension of the help Secretary Brown has provided to date and I hope that this study will begin sooner rather than later.

REGARDING DUCK RIVER WATERSHED RESTORATION

Mr. SASSER. Mr. President, I would like to take this opportunity to thank the subcommittee chair, the distinguished Senator from Maryland for the excellent way in which she has handled this year's appropriations bill. As all Senators know, this has been a very difficult budget year. I am delighted that this committee's bill contains $400,000 for the Duck River Agency in Tennessee. Under the abatement, control, and compliance component of the EPA budget, the subcommittee provided funds to begin restoration of the Duck River watershed. As the Chair well knows, this is a project that I consider very important to my State, and one on which I have worked for several years. The Duck River is the longest and one of the most beautiful rivers in Tennessee, supplying water for many communities along the river while providing a home for wildlife and an abundance of recreational opportunities.

Due to the deterioration of water quality in the Duck River Basin, mainly cause by nonpoint source pollution,

the Duck River Development Agency, which was established to help protect and develop the natural and economic resources of the region, has crafted a watershed restoration plan to improve water quality and protect the unique ecosystem in the basin. This $1.2 million, 3-year plan consists of a number of pollution control and wildlife habitat restoration initiatives designed to restore the health of the Duck River ecosystem.

It is my understanding that it is the committee's intention for the $400,000 for the Duck River project to go directly to the Duck River Development Agency to begin implementation of the comprehensive watershed restoration proposals. Is this correct?

Ms. MIKULSKI. I thank the Senator from Tennessee for his kind words. I agree with his understanding of the funding for the Duck River watershed restoration proposal. Throughout our discussions on this project, it has always been the intention of the subcommittee that the $400,000 in this year's bill go directly to the Duck River Development Agency to begin implementation of its watershed restoration program.

INDIVIDUAL FOREIGN REFINER BASELINES

Mr. KERRY. Mr. President, I wish to clarify a paragraph on page 105 of the committee report. It reads:

> The Committee has included a provision prohibiting the [Environmental Protection] [A]gency from implementing a proposed rulemaking issued last April concerning foreign refinery baseline requirements for reformulated gasoline.

It is my understanding that this proposal does not apply to any other proposal presented by U.S. independent importers and blenders, and being considered by EPA, to eliminate inequities in the final EPA reformulated gasoline rule issued last December. Is this correct?

Ms. MIKULSKI. That is correct. The committee's prohibition is limited to EPA's proposal to permit foreign refineries to establish individual baselines for reformulated gasoline. Thus, the provision does not prevent the EPA from making modifications to the reformulated gasoline program that will permit domestic independent importers and blenders to participate in the gasoline market on an equal basis with domestic refiners.

Mr. KERRY. I thank the Chair for that clarification.

CLEVELAND MILL SUPERFUND SITE

Mr. BINGAMAN. In my home State of New Mexico there is an important issue which I would like to see addressed in the immediate future. The Cleveland Mill Superfund site is outside of my hometown of Silver City. This site is on the National Priorities List and is therefore being cleaned up under the Federal Superfund Program. Lead, copper, and zinc tailings left after milling ore are sitting in piles. These tailings are threatening ground water sources and are contaminating a nearby creek.

The record of decision [ROD] was signed in 1993 which identifies trucking the waste offsite for treatment as the best cleanup method. Citizens living in the area are very concerned about the transportation of these contaminated tailings down a small road called Little Walnut Road lined by an elementary school and other homes. Twenty fourton trucks carrying between 4,000 to 8,000 loads would not only seriously congest the small road but prove dangerous to children going to school and living in the area. In addition, citizens are concerned that fine particles from these tailings will blow around while being loaded on the trucks and transported to the treatment facility and would prefer the waste be treated onsite.

I have been advised that the Environmental Protection Agency [EPA] has not made a decision to use Little Walnut Road for the transportation of the waste. They have also explained that leaving the waste onsite could prove dangerous because high levels of cadmium and arsenic could leach into the ground water if left onsite. This is essential information that the residents of this community should know. The EPA has acknowledged that there is misinformation in the community because they have not been diligent in communicating with Silver City residents. I understand that EPA is working to resolve the communication problem by setting up a citizens advisory council who would have input in decisions made regarding the Cleveland Mill Superfund site. I believe this advisory council should be set up as soon as possible so that local citizens can have direct input on the best way to address the waste at Cleveland Mill.

Public participation in the Superfund process is essential. These sites directly affect those people living in the area and I strongly believe that EPA should ensure community participation and address health concerns in an open, inclusive process during the Superfund process. I am requesting that the EPA Regional Administrator in region 6 provide me with a progress report on setting up the citizens advisory council within 30 days. In addition, I am requesting that EPA region 6 hold a public meeting to update the citizens about the Cleveland Mill site within 60 days or once the council is founded, whichever is earlier. I would hope this group will be set up as quickly as possible so the voices of this community can be heard.

Ms. MIKULSKI. I agree with my colleague from New Mexico that public participation early in the Superfund process is critical. Addressing community concerns early ultimately expedites the cleanup process. Establishing a citizen advisory council to address concerns at the Cleveland Mill Superfund site will ensure that local citizens are heard. I agree that EPA region 6 should provide a status report on the formation of the council and hold a public meeting as my colleague from New Mexico has outlined. This will place a priority on providing accurate and current information to the residents living near the Cleveland Mill Superfund site.

PENNSYLVANIA EDUCATIONAL TELECOMMUNICATIONS EXCHANGE NETWORK

Mr. WOFFORD. Mr. President, I would like to draw my colleagues attention to an innovative program that is included in the Veterans Affairs, Housing and Urban Development, and independent agencies appropriations bill.

This legislation provides support for a community development initiative called the Pennsylvania Education Telecommunications Exchange Network. Known as PETE Net, this initiative is the cooperative effort of 16 colleges and universities in Pennsylvania. This consortium would enable schools to develop new methods of sharing academic and technological resources with each other, and with elementary and secondary schools in Pennsylvania.

Mr. President, this is the kind of innovative collaboration that should be encouraged. I strongly support the PETE Net program and appreciate the assistance of the members of the Appropriations Committee in providing funding for this important and innovative program.

PRO BONO LEGAL REPRESENTATION PROGRAM

Mr. BINGAMAN. Mr. President, I rise today in support of full funding for the Pro Bono Legal Representation Program of the U.S. Court of Veterans' Appeals, which is administered by the Legal Services Corporation.

Mr. President, this program, which was developed by the Court and Legal Services Corporation, has two components—recruitment and training of pro bono attorneys and qualified nonattorney representatives who are matched with unrepresented appellants; and financial support for organizations already providing representation free of charge to appellants before the court, so that these organizations may expand their efforts.

According to recent studies, the current backlog of claims at VA regional offices is estimated at nearly 600,000 cases, with an average of 226 days required to make a decision on a veteran's claim. By September 30, 1994, if a veteran appeals a decision to the Board of Veterans' Appeals, that veteran will wait an estimated average of 5 years for a decision.

Mr. President that is simply not acceptable, and our Nation's veterans deserve better. The Pro Bono Legal Representation Program is a step in the right direction in remedying this situation. As a result of cases placed with

pro bono attorneys by the program in fiscal year 1993, the percentage of appellants having representation more than doubled from 17.5 percent to 42.5 percent. Of the 52 pro bono cases completed by the court through September 30, 1994, where representation was provided through the program, 86.5 percent resulted in a finding of error and a remand to the Board of Veterans' Appeals for correction of the error. Finally, including those appellants who received only legal advice from the program, two-thirds of all appellants before the Court in fiscal year 1993 had received some form of legal assistance. These are very substantial accomplishments for what can be described as a modest program and budget.

Mr. President, the commitment and dedication that all veterans make when they answered the call of service to their country must be matched by the same level of commitment and dedication from their government and the agencies established to serve them when they need our assistance. Veterans and their families must be able to rely on prompt and accurate disposition of their claims before the Board of Veterans' Appeals and the U.S. Court of Veterans' Appeal. Timely and accurate claims adjudication often means the difference between being able to meet financial and familial obligations and being required to make unnecessary and needless sacrifices. The seriousness of this situation, and the practical effect that it has on veterans and their families have been evident in my many encounters with veterans throughout New Mexico.

Mr. President, we asked our Nation's veterans to risk the ultimate sacrifice for their country and it is imperative that we in Congress act now to ensure that when a veteran has a claim, he or she will receive prompt and fair consideration of that claim. The Pro Bono Legal Representation Program is an important step toward addressing the problems with the VA claims adjudication system, and I urge all of my colleagues to support the program and to work with VA to develop further strategies for improving the system.

Mr. BOND. Mr. President, I congratulate the Chair of the HUD–VA Appropriations Subcommittee, Senator MIKULSKI, and the ranking member, Senator GRAMM, for their efforts in crafting a remarkably fair and thoughtful appropriation for HUD, the VA, and the independent agencies. Your efforts deserve special praise because of the tight budget constraints facing the Appropriations Committee and, in particular, the HUD/VA Appropriations Subcommittee for fiscal year 1995.

I want to emphasize several areas of special concern to me. In particular, I am very supportive of the $1.5 billion appropriation for fiscal year 1995 for the HOME Program. I strongly support the HOME Program which has become a key program in the Federal Government's commitment to provide decent, safe, and affordable housing to all Americans. The HOME Program provides formula funding to States and localities and relies on local decision-making to address local housing needs This program also leverages significant amount of additional resources in the creation of affordable housing. For example, since the publication of the final HOME rules in December 1993, some $1.2 billion in HOME funding has leveraged another $1.6 billion from other participants for HOME activities.

I also highlight the subcommittee's decision to fund fully public housing operating subsidies at $2.9 billion. This is the amount determined necessary to manage public housing under the performance funding system formula. This amount also represents an increase over the administration's budget request by some $400 million. I want to emphasize that the Housing Subcommittee and Banking Committee reported out on June 21, 1994, the Housing Choice and Community Investment Act of 1994, which would provide, among other things, a number of critical reforms to the Public Housing Program. This is no time to shortchange the Public Housing Program.

The subcommittee also appropriates $1.3 billion for elderly housing, of which $387 million is to be used for the creation of supportive housing for persons with disabilities. This is a significant increase over the $553 million requested by the administration and represents the continuing commitment of this subcommittee to recognize and address the housing needs of the elderly and the disabled.

The fiscal year 1995 appropriations bill also establishes section 8 Fair Market Rents [FMR's] at the 45th percentile of median rents for an area. Although this is current law, HUD has proposed the FMR's be reduced to the 40th percentile. The HUD proposal is an unacceptable reduction which runs counter to fair housing goals and would result in reducing the housing choices of low-income families assisted under HUD programs. I emphasize the need to provide housing choices to low-income families, not limit these choices.

I also support a provision incorporated from the Housing Choice and Community Investment Act of 1994 which would allow the streamline refinancing of FHA-insured multifamily housing projects at low-interest rates without affecting the availability of credit subsidy under the General and Special Risk Insurance funds. This provision will help multifamily housing owners refinance projects at lower interest rates, thus reducing the risk of default to the Government.

I also applaud the full funding of the space station and the wind tunnel project.

Nevertheless, I do have several concerns regarding this legislation and may be offering several amendments to address these concerns. I also want to express concern over whether FEMA is adequately funded for fiscal year 1995. FEMA deserves the highest praise for its quick and effective response to the tragic flooding in 1993 in Missouri and much of the Midwest. In particular, Missouri was among the first beneficiaries of the new partnership that FEMA developed with the States under Director Witt. Missouri saw firsthand what it was like to work hand-in-hand with FEMA with daily conference calls with Director Witt on Missouri's needs and requirements. FEMA also deserves high praise for its quick and effective response to the tragedy caused by the earthquake in Los Angeles and, more recently, to the flooding in Georgia. (see attachment on FEMA)

I am also concerned that the Senate HUD/VA appropriations bill does not provide funding for the Family Unification Program. This program fills an important gap in our housing assistance programs by providing needed housing assistance to prevent the unnecessary separation of children from their families. Under this program, eligible families must meet the section 8 eligibility criteria and also be at risk of having their children placed in foster care or being delayed in returning to the family from foster care, because of the families' housing problems. I pledge to work to have this funding restored during the conference.

Again, I thank Senator MIKULSKI and Senator GRAMM for their fine work on this legislation.

Mr. ROCKEFELLER. Mr. President, as Chairman of the Committee on Veterans' Affairs, I am pleased to comment on the pending measure, H.R. 4624, the fiscal year 1995 Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies appropriation bill, and most particularly on title I, the part of the bill dealing with VA.

Mr. President, the chairman of the VA–HUD Subcommittee, Senator MIKULSKI, and the other members of the subcommittee deserve tremendous credit for the extraordinary efforts evident in this bill. Last year, it was generally thought that the budget situation for the VA–HUD Subcommittee for fiscal year 1994 was difficult, but that was nothing compared to what the subcommittee faced this year. Tough choices does not even begin to describe what Senator MIKULSKI confronted with respect to the subcommittee's allocation. The subcommittee's overall allocation was not only $316 million less than that of its House counterpart, it was $729 million less than the President's budget request.

In light of these circumstances, I am enormously pleased with the fiscal year 1995 appropriations in the bill for

the Department of Veterans Affairs. Despite the tightest of fiscal restraints, the subcommittee mark, endorsed by the full Committee on Appropriations, addresses many of the higher priority VA funding needs. These are programs that need to be funded under the most stringent of circumstances if we hope to continue seeking to meet the needs of our Nation's veterans and their dependents and survivors.

At the outset, I note that in its report, the Committee on Appropriations identified four program areas under the VA, HUD, and Independent Agencies appropriation where funding was inadequate under the administration's proposal. Three of the four were VA programs: Veterans medical care, veterans medical and prosthetic research, and veterans benefits claims processing. I am particularly pleased to note that, in line with that conclusion, the committee has included in this bill additional funding above the administration's budget request for the programs identified by the Committee on Veterans' Affairs in our submission to the Budget Committee.

Mr. President, I specifically recognize that the bill provides the same amount for VA medical research—$252 million—that is included in H.R. 4624 as passed by the House. The amount appropriated by the committee is $41 million above the amount requested by the administration and allows the funding for research to remain at the fiscal year 1994 level. While this appropriation will not support any new research initiatives, it will salvage some 400 ongoing research projects, covering such critical problems as Alzheimer's disease, AIDS, and alcoholism.

I also note that the report language directs an additional $5 million to medical programs for women veterans. This funding is necessary to respond to the unmet needs of women veterans and to implement provisions in the Veterans Health Programs Improvement Act of 1994, S. 1030, passed by the Senate in May. In addition to expanding the types of life-saving services offered to women veterans, S. 1030 would require that VA facilities furnish pap smears and mammographies that comply with standards at least as stringent as those that apply to other providers under the Mammography Quality Standards Act of 1992.

Mr. President, I acknowledge with enormous gratitude that the committee took into consideration many of the requests made by the Committee on Veterans' Affairs concerning the funding of specific items in the medical care account, and I recognize that for a number of medical care programs, the bill provides additional amounts above the administration's budget request. Specifically, I note that the bill provides for increased funding above the amounts requested by the administration for the following purposes: to enhance medical care for women veterans; to increase funding for programs for homeless veterans; to increase funding for blind rehabilitation services; to establish up to five mental illness research, education, and clinical centers at existing VA medical facilities; and to support the installation of bedside telephone systems in VA hospitals.

Mr. President, I continue to be concerned about funding for homeless veterans' programs. While I am pleased with the increase in the bill of $8 million above the administration's request, this amount is disproportionately low in relation to overall Federal funding for homeless programs. Veterans represent over one third of our Nation's homeless population and in recognition of that fact, I encourage HUD to direct an appropriate level of funding to homeless veterans programs.

Mr. President, the bill's appropriation for VA's general operating expenses account is highly commendable as well. The administration proposed to cut 622 full-time equivalents from the Veterans Benefits Administration, at a time when the Department faces a claims backlog of well over 500,000 pending claims. As I have heard repeatedly from veterans in my own State of West Virginia and around the country, the current situation in the adjudication system is appalling. This cut in staffing not only would hinder VBA's efforts to reduce the backlog, it would likely serve to worsen what is already a devastating situation.

I urged Senator MIKULSKI to increase the funding for staffing for the VBA in order to restore staffing to the fiscal year 1994 level. The Appropriations Committee clearly recognized the importance of the adjudication process, and has appropriated an additional $19.2 million to address the claims backlog, specifically directed to VBA staffing, overtime, and training. Nothing the backlog of vocational rehabilitation and counseling claims, the report language directs another $1.6 million specifically to vocational rehabilitation and counseling.

The claims adjudication process is a core function of VA. VA desperately needs adequate funding and staffing to fulfill its obligation to provide all benefits to which veterans are entitled in a timely and efficient manner. While the additional funding will by no means solve the backlog problem, it certainly will help to avoid the situation becoming worse, and perhaps even begin to alleviate it.

I also note with pleasure that the bill appropriates additional funding for major construction projects. Under the administration's request, VA construction was dealt a considerable blow and would have sustained a cut of $254 million, or 53 percent, from the fiscal year 1994 level. The committee bill appropriates $92.5 million above the administration's budget request to this account.

Mr. President, as a final note, I express my strong support for the committee's action to fully fund the Court of Veterans Appeals Pro Bono Representation Program. This is of utmost importance to our Nation's veterans. The Court requested an appropriation of $790,000 for this deserving program, which has been extremely successful in securing pro bono representation for veterans appearing before the Court of Veterans Appeals. The House appropriation bill cut that funding by $140,000, a decrease that could have been devastating to this program. I am pleased to see that the Senate Appropriations Committee has appropriated the full amount requested.

Mr. President, I applaud the VA-HUD Subcommittee and the full Appropriations Committee for their fine work on the formidable task that was involved in crafting this measure. I truly appreciate the fact that the committee addressed many of the highest priority VA funding needs and that the Chair clearly considered the proposals made by the Committee on Veterans' Affairs for additional funding.

Mr. President, I express my deepest appreciation to the chair of the VA-HUD Subcommittee, Senator MIKULSKI, for her significant efforts concerning veterans' programs and for the tremendous cooperation between our respective committees. Over the years, Senator MIKULSKI has shown unfailing support for veterans' programs, and this year certainly is no exception. Her commitment to veterans is clearly exhibited in this appropriation bill. As always, I am also exceedingly grateful that Senator MIKULSKI and I and our respective committees enjoy such a tremendous spirit of cooperation during the appropriations process.

Mr. LAUTENBERG. The committee has given special attention to a series of meritorious projects in the special grants account section of the committee report. I want, however, to call attention to one project, in Camden, NJ, which was not included in that list.

The project in question, which involves the Southern New Jersey Regional Children's Hospital, needs $3 million in order to provide badly needed assistance to at-risk children. I have some statistics which document the urgent need this facility would address and I ask that this data be included in the RECORD.

Southern New Jersey is the largest region on the east coast which does not have a regional children's hospital. The project includes the construction of a new 171-bed center, 85 percent of which will be financed through non-Federal sources.

According to independent economic impact studies, the project would create over 2,700 new permanent jobs. Further, this facility will result in a capital infusion of $1.34 billion in the

southern New Jersey economy over a 6-year period.

Because of the pressing need of this facility—which will provide critical community outreach, preventative care, primary care, and tertiary care to impoverished and needy children in my State—I hope that you will understand the importance of this project and support efforts to direct funding to it.

Ms. MIKULSKI. I thank the Senator from New Jersey for his continuing interest and support of such projects for children. My subcommittee has provided support for similar activities at other facilities that address pressing community development needs. We have, as the Senator knows, identified several projects in New Jersey for special consideration. I have looked at the data the Senator has presented in the context of the Southern New Jersey Regional Children's Hospital and when we go to conference, I will certainly give it every consideration.

MIDNIGHT BASKETBALL LEAGUE TRAINING AND PARTNERSHIP ACT

Ms. MOSELEY-BRAUN. Mr. President, I would like to call the attention of the distinguished floor manager of the VA/HUD appropriations bill, my good friend from the State of Maryland, Senator MIKULSKI to what I believe is a very important crime prevention initiative that is crucial to the education of our youth—the Midnight Basketball League Training and Partnership Act; and to ask that this program be funded as part of the Community Partnership Against Crime [COMPAC].

In recent years, our cities have been plagued by the ramifications of increased dropout rates of high school students and crime caused by adolescents. For instance in Chicago, the dropout rate for public high schools for the class of 1991 was 51.5 percent, up 5.6 percent from the graduating class of 1990. Also, Chicago, as well as most other cities, has been experiencing an increased level of violent crimes committed by urban youth.

The midnight basketball league would promote youth development by providing young people the opportunity to play basketball from 10 p.m. to 2 a.m. This will keep youth off the streets at the times when most crimes are committed. In addition to this initiative, the organizers of midnight basketball would strive to achieve increased graduation rates of all participants. To accomplish this, players are required to take class directly after their games. These educational opportunities include GED classes, employment counseling, and other job training courses.

Already, midnight basketball leagues have been established in 41 communities across the Nation and graduation rates have been steadily increasing as a result of this program.

Midnight basketball leagues would be eligible for grants ranging from $55,000 to $130,000 over a 5-year period. In addition the leagues would have to provide 35 percent in matching non-Federal funds for the first 2 years of operation. In the years thereafter, the midnight basketball leagues would have to provide 50 percent of the matching funds. To ensure this funding, midnight basketball needs to be included as part of an existing source. Based on the nature of this program, funding should originate from the Community Partnership Against Crime [COMPAC].

Therefore, during the conference consideration of the fiscal year 1995 VA, HUD, and independent agencies appropriations bill, I ask the distinguished Senator from Maryland to support funding in the Community Partnership Against Crime [COMPAC] for midnight basketball.

Ms. MIKULSKI. I thank the Senator from Illinois for her comments regarding midnight basketball leagues. Since this program is under the jurisdiction of local public housing authorities, midnight basketball would qualify as a program that could be funded under COMPAC. As a result, I can assure the distinguished Senator that I will give every consideration to this project within the budget limitations that we will continue to face in conference provided that it is authorized by that time.

AMERICORPS

Mr. GRASSLEY. Mr. President, I would like to enter into a brief discussion with the Senator from Maryland regarding AmeriCorps. I know that the Senator from Maryland has been a strong supporter of AmeriCorps and I share with her the hope that this program meets the administration's goals. My concern is that we need greater confidence in AmeriCorps' success before we add additional funds to the program.

During testimony before the Senator's subcommittee, Mr. Segal, chief executive officer for the Corporation for National and Community Service, stated:

> Again, I have no problems starting small or comparatively small to make sure we have a mechanism for training people properly, and doing all else that we can to make sure that in a time of some cynicism about whether the Government spends its money well we spend it well.

I ask my friend from Maryland if she shares in my concern, and if she shares the need for caution expressed by Mr. Segal?

Ms. MIKULSKI. Mr. President, I appreciate the concerns of the Senator from Iowa about funding for AmeriCorps. During the hearings for AmeriCorps, I expressed my support for AmeriCorps proceeding with care to ensure the quality of the program. It is also important that we ensure the taxpayers' money is spent wisely. The cost effectiveness of AmeriCorps will certainly be considered in future funding decisions, as is the case for all programs under my subcommittee.

Mr. GRASSLEY. To better educate the Congress and the public about the cost effectiveness of AmeriCorps, I ask the Senator from Maryland to join me in requesting that the General Accounting Office [GAO] conduct a review of this program.

Specifically, GAO's review would provide Congress a cost-per-paid-participant and cost-per-service-hour for the AmeriCorps program. GAO would report on the Federal Government's share of these costs as well as the total costs, to include all non-Federal funds. GAO would independently verify claims of participants and service hours of a representative sample of grantees. Overall, the intent of the GAO report would be to provide the Congress and the public a better understanding of the cost benefits of this new initiative and how the funds are spent. The review should be completed before August 1, 1995.

Ms. MIKULSKI. I am pleased to join Senator GRASSLEY in requesting a GAO review of the AmeriCorps program. While I believe that the Senator's cost estimates for the demonstration programs are premature and cannot be directly compared to AmeriCorps, he has certainly raised some points of valid concern regarding costs that need to be closely reviewed by the GAO to help ensure that AmeriCorps is a successful, cost-effective program.

Mr. GRASSLEY. I thank my friend from Maryland, and I appreciate her cooperation on this oversight effort.

Mr. LEAHY. I would appreciate some clarification from the Senator from Maryland about report language concerning the loss of minor use pesticides. On page 94 of the committee report, the Environmental Protection Agency [EPA] is directed "to give high priority to this issue, including the implementation of as many of the provisions of Senate bill 985 as possible, where the Agency determines it already has sufficient legal authority to do so." As the Senator may know, the Agriculture Committee is concerned about this and is considering bills to address the minor use issue. Based on my reading, the Appropriations Committee report in no way changes current law under the Federal Insecticide, Fungicide, and Rodenticide Act [FIFRA].

Ms. MIKULSKI. The Senator from Vermont is correct. The report language does not change the current statutory authority.

Mr. LEAHY. I thank the Senator. I also have been working with the EPA and the U.S. Department of Agriculture [USDA] since February on a memorandum of understanding that would help get alternative pest management tools into the hands of farmers quickly when the EPA expects that regulatory action may be taken

against a pesticide. This includes minor use pesticides that must be canceled because their manufacturers have decided not to reregister them. The memorandum, which should be signed shortly, would get the USDA to work right away on finding alternatives and involving growers in the process.

One of the provisions of S. 985 seeks time extensions for data submissions for minor use pesticides. Of course, current statutory deadlines cannot be changed. But it seems to me that any administrative extensions are most appropriate where the affected agencies and growers are committed to an alternative process, such as the one being developed in the memorandum. Any time extensions granted should be used productively so that when they expire, growers will have a new tool available. Would the Senator from Hawaii agree?

Mr. INOUYE. I also agree with the Senator from Vermont and thank him for clarifying this most important issue. I also wish to reiterate that the provisions of S. 985 are offered in response to economic considerations and not health, safety, or environmental issues. My concern is with those chemicals that are proven safe to applicators, consumers of foods treated by the chemicals, and the natural environment. Their unavailability simply stems from the high cost of registration or reregistration relative to the amount of chemical used. In view of my concerns, which are widely held by the 42 Senators who have cosponsored S. 985, I urge the Senator from Vermont to report out of committee the minor use amendments to the FIFRA during this session of Congress.

Mrs. MURRAY. Mr. President, I would like to take this opportunity to commend the Senator from Maryland, Senator MIKULSKI, for her leadership on this measure, and for the firm commitment she has continually shown to our Nation's veteran population.

The bill we are voting on today provides $37.4 billion in new spending for the Department of Veterans Affairs [VA]—an increase of $136 million above the level for VA spending approved by the House, and over $300 million above the President's request. The priority placed on VA funding in this bill goes a long way in ensuring that proper care, support, and recognition is provided to this country's veterans and their families.

I am pleased to note that the committee bill also recommends an increase of $41 million above the President's request for VA medical research, a vital program that plays a key role in improving health care for veterans and all Americans. The bill also provides funding in support of the President's request to begin the first phase of construction for a long-awaited National Cemetery for Washington State veterans and their families in Tacoma.

Let me take this opportunity to clarify with the Senator from Maryland a specific item of importance to the veterans of Washington State.

The Senate report accompanying H.R. 4624 provides $750,000 for a veterans counseling center in Bellingham, WA. As the Senator from Maryland knows, achieving funding for veterans counseling centers in underserved areas of my State has been an extremely high priority for me since coming to the Senate. The Senator from Maryland has been extremely supportive of my efforts, and I thank her very much.

For the record, I would like to clarify the committee's intention with regard to the $750,000 provided for veterans counseling in Washington State.

With this funding, it is my view that two counseling centers could be funded in Washington State—one in Bellingham and one in the Yakima Valley. Both areas are extremely underserved and remote—at least 150 miles from other vets counseling services. The veterans population in the Yakima Valley includes many Native Americans and Hispanics, a large proportion of whom are homeless.

The $750,000 provided for by the Senate Appropriations Committee is adequate to provide the startup costs associated with a vets counseling center in each location—Bellingham and the Yakima Valley—as well as meet the staffing needs of the two centers. Each center will require at least three full-time employees, which includes two full-time counselors.

With regard to the needed full-time equivalency [FTE] positions required for the two centers to operate, I want to be clear that it is the intention of the Senator from Maryland that the VA is not to take the necessary FTE's from the existing FTE slots available for the Readjustment Counseling Service Program. Therefore, the required FTE's for the new vets counseling centers to open in Bellingham and the Yakima Valley with fiscal year 1995 funds will come from the VA, exclusive of the Readjustment Counseling Service Program.

Does the Senator from Maryland and the Chair of this subcommittee agree with my statement?

Ms. MIKULSKI. I do agree that the funds available are adequate for two centers in the State of Washington, one in the Yakima Valley and one in Bellingham. I also agree that the required FTE's for the new vets counseling centers to open in Bellingham and the Yakima Valley with fiscal year 1995 funds will come from the VA, exclusive of the Readjustment Counseling Service Program.

The critical issue is that the Washington State centers get up and running during the next fiscal year and are adequately staffed, staffed, with not less than two full-time counselors.

Mrs. MURRAY. I thank the Senator from Maryland very much, and I know the veterans in Washington State are extremely grateful for her ongoing support.

Mrs. FEINSTEIN. I would like to thank the distinguished chairwomen of the VA, HUD and Independent Agencies Appropriations Subcommittee for her excellent work in producing an outstanding bill under severe budgetary constraints. There is one issue in particular that I would like to address in a brief colloquy with the Chair: Funding for replenishment of the Tracking and Data Relay Satellite [TDRS] system.

TDRS satellites serve as the primary communications link for a variety of NASA and Defense Department low-earth orbit satellite users. These users range from NASA's Space Shuttle and unique scientific missions, to DOD's classified satellites in support of U.S. national security. I am proud to point out that all TDRS satellites have been built in my home state of California.

Though most people agree that TDRS replenishment is needed, I am concerned about funding for the program. The bill we are considering today provides $25 million for TDRS replenishment, a $75 million reduction from the Administration's budget request of $100 million. The House VA–HUD–IA appropriations bill has proposed a $113 million general reduction from the Mission Support area of the NASA budget, but only identifies TDRS replenishment as a suggested area to cut.

I recognize the constraints we face in today's budgetary environment and realize the NASA's budget has decreased from last year's level. However, my concern lies in the fact that the TDRS communications system is essential. When the United States failed to replenish the GOES weather satellite, we were able to borrow from the Europeans. That is not the case here; no other alternative to TDRS currently exists.

Based on the existing TDRS life projections, a replenishment spacecraft must be on-orbit by early 1999 in order to maintain a prudent level of reliability. It takes 4 years to build a complicated TDRS satellite and it is now 1994. NASA has already issued requests for proposals for the TDRS replenishment satellites and I believe that the program should move forward in fiscal year 1995. I would hope that in the upcoming conference with the House on this bill, the Chair would consider supporting the maximum funding level necessary for replenishment of these vital communications satellites.

Ms. MIKULSKI. I agree with the Senator from California that TDRS satellites provide vital communications needs for a variety of NASA and DOD programs. Though our subcommittee is under severe budgetary constraints this year, the Senator may be assured that we still review the TDRS program

in conference and will assess the funding level required for TDRS replenishment.

Mr. ROCKEFELLER. Mr. President, I note the presence of the chairman of the Appropriations Committee, Senator BYRD, on the floor, and I am wondering if I might pose a question to the distinguished senior Senator from West Virginia. I am sure Senator BYRD recalls that for many years there was a VA outpatient community-based clinic in Wheeling, WV. It was established at the end of World War II and was closed in 1979 by the Pittsburgh VA Medical Center, the hospital of jurisdiction. Since the closing of that VA clinic, veterans in the northern panhandle of West Virginia, and veterans in neighboring counties of Ohio and Pennsylvania, have had to travel long distances to receive medical care at a VA facility.

My question is about the VA community-based outpatient clinic proposed for Belmont County, OH, included in the appropriations bill. This clinic placement in Belmont County, directly across the Ohio River from Wheeling, WV, would make it immediately available to veterans in West Virginia, as well as Ohio and Pennsylvania. This would preclude the necessity for West Virginia veterans to travel to Pittsburgh for routine medical care and medical emergencies. Is this the understanding of the chairman of the Appropriations Committee?

Mr. BYRD. I say to my colleague, the chairman of the Committee on Veterans Affairs, that he is correct. It is my understanding that the community-based outpatient clinic for Belmont County, OH will be located directly across the river from Wheeling, WV, so that it will provide ready access to West Virginia veterans, as well as veterans in Ohio and Pennsylvania. Presently, veterans in the northern panhandle of West Virginia are served by the Pittsburgh VA Medical Center and this creates significant travel problems for many West Virginia veterans. Many of them are having to travel extensive distances to receive necessary medical care.

I would prefer the new community-based outpatient clinic be located in Wheeling, WV. But if that is not possible, then I would support a location that is directly across the Ohio River from Wheeling. Such a facility could be located just off the interstate, which would provide easy access for veterans from West Virginia, Ohio, and Pennsylvania.

Ms. MIKULSKI. The distinguished Senators from West Virginia are correct. I am told that there are over 100,000 veterans in this catchment area, and I believe this outpatient care facility is indeed justified. It is the intent of the subcommittee that the facility be located immediately across the Ohio River from Wheeling, WV, so that it will be readily accessible to veterans from Ohio, West Virginia, and Pennsylvania. This was our clear intent, and I hope the Secretary of the VA will take note.

THE CLUSTER RULE

Mr. CHAFEE. The committee report on H.R. 4624 discusses the so-called cluster rule for the pulp and paper products industry that was recently proposed by EPA. The rule would apply to both the surface water discharges and air pollution emissions of pulp and paper mills and is projected to impose significant costs on that industry. It is appropriate for the committee to express concerns that the rule be fully justified, but one sentence of the committee report does cause me concern.

On page 95 of Senate Report 103-311, the committee states the following:

> Prior to issuance of a final rule, EPA is to demonstrate that the requirements of the regulations that address risks which are substantially significant and will produce benefits which will not be exceeded by the anticipated costs.

I would be concerned that some might interpret that language as in contradiction with provisions of the Clean Water Act and the Clean Air Act which have guided the Agency in proposing this regulation. Section 112 of the Clean Air Act mandates that the considerable chloroform emissions from paper mills be reduced using best available technology. And sections 301 and 304 of the Clean Water Act establishes a series of considerations with respect to pollution control technology for industrial discharges including paper mills.

I would seek from the distinguished manager of the bill, an assurance that this report is not intended, and could not affect, the requirements of the Clean Air Act and the Clean Water Act that apply to this rulemaking.

Ms. MIKULSKI. The Senator is correct. When the cluster rule for the pulp and paper industry is issued, the regulations must comply with the requirements of the Clean Air Act and the Clean Water Act and nothing in the committee report can modify those requirements.

Mr. RIEGLE. Mr. President, I wish to commend the chairperson's work as chairperson of the VA-HUD and Independent Agencies Appropriations Subcommittee. As chairman of the Senate Committee of Banking, Housing and Urban Affairs, I believe you have developed a strong package that addresses the needs of our Nation's most distressed communities. I commend your longstanding support for key programs—such as the Community Development Block Grant Program and the HOME investment partnership and the new community development financial institutions fund—that help needy urban and rural areas.

I would like express my support for a key initiative that is not included in S. 4624—Focus: HOPE of Detroit—and urge that $3 million be provided for it during conference on the bill. The funds will be used for the renovation and conversion of the former Michigan Bell Building in Detroit into a residential facility to house students and faculty of Focus: HOPE's Center for Advanced Technology.

The Center for Advanced Technology [CAT] is a national project based on a historic 1989 Memorandum of Understanding among the Departments of Defense, Commerce, and Education. The memorandum declared a critical shortage of advanced manufacturing engineer-technologists at world-class levels and pledged joint support to establish a national training demonstration. The center is developing comprehensive education programs for advanced manufacturing engineer-technologists including a 6-year curriculum integrating hands-on manufacturing skill mastery and interdisciplinary engineering knowledge within an applications context. The center is expected to enroll 400 candidates within the next 3 years. At-risk minority youth are the primary target of the center's enrollment.

The Departments of Defense, Commerce, Housing and Urban Development, Health and Human Services, and Labor have strongly supported the center by providing funding for the purchase of equipment, renovation of manufacturing and educational facilities, and development of educational programs. The Federal investment in the center to date—$21.5 million—has been significantly matched by millions of dollars from the State of Michigan, private foundations, and corporations.

The center has ushered in a new era of government-industry partnership. This partnership is focused on the development of manufacturing skills to make U.S. industry a leader in the global marketplace. The center has already drawn broad national attention and generated great excitement within the Clinton administration. Since the President's visit to the center in March, he has talked about its success all across the Nation. The renovation of the Michigan Bell Building will add an important missing dimension to CAT's implementation and further demonstrate the success of this important government-industry partnership.

The Center for Advanced Technologies [CAT] is a bright spot in a city hard hit by the changing global economy. Detroit's economic base has been eroded over the past three decades as manufacturing processes have become more routinized, allowing firms to move their operations to other countries with less skilled work forces. The Center for Advanced Technologies will play not only a key role in assisting our national economy adjust to the changing global environment—but its success will be critical to Detroit's economic future.

Ms. MIKULSKI. I am familiar with the work that Focus: HOPE has done in Detroit through the Center for Advanced Technologies. Although resources are very scarce this year, the Center for Advanced Technology is an innovative initiative that has gained national recognition. It deserves the support of Congress. When the subcommittee meets in conference with the House on the fiscal 1995 VA-HUD appropriations bill, I will make every effort to find an appropriation for Focus: HOPE.

Mr. RIEGLE. I sincerely appreciate the chairperson's efforts to ensure that this very important project can move forward. I thank the Senator for her assistance on this matter.

PROVIDENCE VA MEDICAL CENTER

Mr. PELL. Mr. President, I would be most appreciative if the distinguished chairperson and manager of the bill, Senator MIKULSKI, could give us some words of advice, and hopefully support and encouragement, regarding an important VA construction project in Rhode Island.

The project, designated officially as "Project 650-073 Renovate Building No. 31", is based on a well-conceived plan to utilize existing structures to accommodate VA needs and avoid major new construction costs. Unfortunately, after an auspicious start, it seems to have become mired in bureaucratic complications.

The plan was designed to meet two needs. One was to provide more space for an ambulatory care facility which currently shares space with the medical center's administrative services, and the other was to provide space for the Veterans Benefits Administration Regional Office.

A ready solution presented itself with the availability of a nearby church school, Our Lady of Providence High School, which offers sufficient space to house both the administrative offices of the medical center as well as the VBA Regional Office. And this in turn will free up sufficient space in the existing medical center to allow for the expansion of the ambulatory care facility.

The plan makes a good deal of budgetary sense. It obviates the need for new construction of an outpatient clinical addition which was estimated in 1991 to cost approximately $40 million. And it would move the VBA Regional Office from current costly leased space to shared VA space in the former school.

The VA purchased Our Lady of Providence High School in April 1991 for $1.75 million. The estimated costs of renovation are $12.5 million, and the prospective saving to the Government of proceeding with the project in lieu of building a new facility is estimated at $15 to $20 million.

It should be noted at this point that the project has been deemed by the VA Assistant General Counsel to be fully authorized because it was partially funded prior to the enactment date of Public Law 102-405, which established the groundrules for funding such projects. The Providence project was thereby "grandfathered".

Notwithstanding its obvious virtues, Project 650-073 has not come to fruition. Design development work has been completed and the VA advises that the project is ready to be considered for funding for construction. But now, 3 years after acquisition of the school building, no funding has materialized and we have on our hands a vacant building which incurs costly maintenance, a crowded VA medical facility and a VA regional benefits office housed elsewhere in costly leased space.

Mr. President, this is a situation that just does not make sense. It reflects poorly on the Department of Veterans Affairs and on the Federal Government in general. Our constituents, particularly those veterans using the medical facility, cannot understand why their Government should start such a promising project, and buy up property only to leave it unused.

The Rhode Island congressional delegation has vigorously pursued the matter with the Department of Veterans Affairs over the past 3 years. We have done everything we could using the usual channels of communication and liaison to secure action. But the responses from the department always seem to take us deeper into a bureaucratic morass.

Most recently, we were told that the project would be considered for funding as soon as possible, based on the VA's scale of priorities for all pending projects. And here we learned that our project may be the victim of its own virtues: because it involves both administrative as well as medical facilities, it is scored as an administrative project and ranked lower on the priority list. This is ironic because one of the main objectives was to provide medical space and avoid the $40 million cost of building an addition to the Medical Center. Clearly the project should not be penalized because of its multipurpose nature.

It seems to me that this is one of those occasions where Congressional intervention is necessary to accommodate a special situation which doesn't quite fit the bureaucratic guidelines. In this connection, I am very pleased to note that the House Appropriations Committee, in its report on this bill, "urges the VA to proceed, from funds presently available, with the design of the regional office and hospital office project at the Providence VA Medical Center."

Mr. President, in this light, I would welcome any support and assistance which the distinguished manager of the bill, Senator MILKULSKI, could give us on this matter. I would be most appreciative if the committee could look into the matter of the classification and prioritization of such a multi-use project, particularly when the intent is to economize by freeing up administrative space to be used for medical purposes.

Further, I would appreciate clarification as to whether some funding might be obtained by reprogramming from the working reserve, particularly in view of the fact that the project has already received partial funding to cover the school acquisition. Specifically, I would like to know if the VA could propose such a refunding of reserve funds in the context of the fiscal year 1996 appropriations cycle.

I thank the Senator from Maryland for her attention to this matter and welcome any clarification she can provide.

Ms. MILKULSKI. Mr. President, the senior Senator from Rhode Island raises some very good points about the Providence Medical Center project. I can well understand the sense of frustration and distress that he and his colleagues and their constituents must feel about a project that seems to be stalled midstream after the Government has already acquired a property which is supposed to be part of the solution.

It seems to me that the Department of Veterans Affairs should try to be more responsive and more flexible in dealing with special circumstances. I agree with the Senator from Rhode Island that the project as described certainly appears to have a substantial medical purpose, and if that is the case, it certainly should be reflected in the priority assigned to the project. If upon further review the project receives a higher ranking, I see no reason why the department should not seek to reprogram existing funds to augment those already appropriated or amounts which might subsequently be appropriated. I am pleased to hear that the VA counsel has found the project to be fully authorized.

I can assure the Senator from Rhode Island that the committee expects VA to provide a full report on this project and on all the questions he has raised, and that we will continue to monitor the project closely until it comes to fruition.

SECOND TDRSS GROUND TERMINAL

Mr. DOMENICI. Mr. President, if the distinguished Senator from Maryland would yield, I would like to take this opportunity to inquire about the funding recommendation for NASA's second Tracking Data Relay Satellite System [TDRSS] Ground Terminal provided in the committee bill.

Ms. MIKULSKI. Mr. President, I am pleased to yield to the Senator from New Mexico.

Mr. DOMENICI. Mr. President, the Tracking Data Relay Satellite System

is a series of satellites that relay data from other satellites and the space shuttle to a ground station at the White Sands Missile Range in New Mexico. It is a vital facility that provides NASA its access to data transmitted from space. Without TDRSS, NASA would literally lose contact with its assets in space and the ability to receive data gathered in space.

NASA has undertaken to construct a second ground station at White Sands to handle increased data transmission requirements. Unfortunately, the second TDRSS ground terminal has been plagued by cost overruns and technical difficulties. The NASA inspector general has issued a number of reports that raised serious concerns about the cost overruns. In response, appropriately, Congress capped the total allowable cost for the second ground terminal.

The program now appears to be back on track, and the facility is expected to be completed in fiscal year 1995 at a cost under the congressionally imposed cap.

Ms. MIKULSKI. Mr. President, my friend from New Mexico is correct. The second TDRSS ground terminal is of vital importance of NASA. Unfortunately, it has been plagued by significant escalations in cost and technical difficulties. Until recently, the committee anticipated that the second ground station would not be completed within the congressionally established cap. In addition, the committee has been frustrated by an earlier inability to hold contractors responsible for meeting certain technical requirements.

Mr. DOMENICI. I share Senator MIKULSKI's frustrations. However, it is my understanding that the program has resolved the issues that so concerned us earlier. In that regard, I recently met with the NASA Inspector General and the Associate Administrator for Space Communications. They have assured me that all the issues raised in previous inspector general reports have been addressed, that the technical issues have been, or are being, resolved, and that the facility can be completed within the cost cap.

Ms. MIKULSKI. I share Senator DOMENICI's understanding of the current situation. On July 21, the committee received a letter from NASA indicating that previous information provided the committee regarding an anticipated cost overrun was erroneous.

The committee is relieved that these problems appear to be behind us. The committee funding level clearly reflects a frustration at the previous state of affairs at the second TDRSS ground station. Now that it appears that situation has been resolved, it is my expectation that it will be appropriate, when this legislation is sent to the President, to provide full funding for completion of the second TDRSS ground station.

Mr. DOMENICI. I greatly appreciate the attention of the distinguished subcommittee chair to this important matter. May I inquire of my friend from Texas, Senator GRAMM, if he would concur in this matter?

Mr. GRAMM. I would certainly join my colleague from Maryland in conference to seek the funding needed to complete this important NASA facility.

Mr. DOMENICI. I thank the distinguished chair and ranking Republican member of the Appropriations Subcommittee on VA-HUD-Independent agencies for their assistance on this issue.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND

Mr. RIEGLE. I wish to commend Chairperson MIKULSKI for her work to support the Community Development Financial Institutions Fund. The managers' amendment includes a provision that increases—by $100 million—the amounts provided for the fund in S. 4624, as passed by committee. In total, S. 4624 will provide $125 million for the fund in fiscal year 1995.

As chairman of the Senate Committee on Banking, Housing, and Urban Affairs, I have worked with the administration for more than a year to craft a program to promote innovation in community lending and investment through institutions with a primary purpose of community development. I am pleased that Chairperson MIKULSKI shares my commitment to this innovative initiative.

Over the last 5½ years, many hearings held by the Banking Committee have revealed that discrimination and redlining are still significant problems in distressed and minority communities. This lack of credit thwarts community development efforts and the creation of economic opportunities for residents. However, the committee has also discovered that community development financial institutions have been successful, not only in filling credit gaps—but more importantly—leveraging private investment and developing comprehensive revitalization strategies.

President Clinton has made promotion of community development financial institutions a key element of his strategy to revitalize distressed urban and rural communities. The conference report to H.R. 3474—the Community Development and Regulatory Improvement Act of 1994—authorizes this new initiative. Community development financial institutions are unique because they serve as bridges between conventional lenders and unconventional borrowers. They open new markets for conventional lenders while giving borrowers access to previously unreachable sources of capital and credit. Because community development financial institutions are dedicated to revitalization and possess specialized expertise, commitment, and flexibility, they are typically able to underwrite more nonstandard and complex loans than conventional lenders. Generally speaking, they fill market niches that conventional lenders do not serve fully—or at all—and have proven themselves successful in tailoring loan products to meet the needs of low-income and minority communities.

Ms. MIKULSKI. I commend Senator RIEGLE's work to make the President's new initiative a reality. I recognize that the President has had a longstanding commitment to community development financial institutions stemming back to his days as Governor of Arkansas when he played an instrumental role in establishing a community development bank. I am aware that there is interest across the Nation in replicating the success of existing community development financial institutions. In fact, the Morris Goldseker Foundation is currently working with South Shore Bank Advisory Services to establish a community development bank to serve distressed neighborhoods in Baltimore.

Mr. RIEGLE. Again, I commend Chairperson MIKULSKI for her support for this important new initiative. I urge her to retain $125 million in funding for the Community Development Financial Institutions Fund as H.R. 4624 moves to conference.

Ms. MIKULSKI. I share Senator RIEGLE's desire to support President Clinton's efforts to revitalize distressed communities. When the subcommittee meets in conference with the House on the fiscal year 1995 VA, HUD, and Independent Agencies Appropriations bill, I will do my best to ensure that we retain $125 million in funding for the Community Development Financial Institutions Fund.

Mr. RIEGLE. I sincerely appreciate the chairperson's efforts to ensure this initiative can become a reality. I look forward to working with her in conference and I thank the Senator for her assistance on this important matter.

WIND TUNNELS SITING

Mr. SASSER. Mr. President, I rise today to express my support for the Appropriations Committee decision to provide $400 million for the initial costs of two new wind tunnels recommended by the national facilities study. I commend the distinguished Chair of the Appropriations Subcommittee for VA, HUD, and Independent Agencies for the leadership she has shown in this decision. The committee also recommends that a site selection be made prior to January 1, 1996, and based on general principles of cost. I would inquire of the Senator from Maryland if the committee included this recommendation in its report to help ensure a fair and unbiased site selection process, based solely on the interests of the taxpayer?

Ms. MIKULSKI. Mr. President, I thank the Senator from Tennessee for

his remarks, and would assure him that it is the intention of the committee that the selection process be unbiased and without prejudice against any area of the country wishing to compete as a potential site for the two new tunnels.

Mr. SASSER. I thank the Senator from Maryland.

EPA CLUSTER RULEMAKING FOR THE PULP AND PAPER INDUSTRY

Mr. ROBB. Mr. President, 2 weeks ago during full committee markup of this bill, language was added to the report to require the U.S. Environmental Protection Agency [EPA] to undertake additional actions prior to issuing a final rule under the cluster rulemaking for the forest products industry. This rule proposes new air and water regulations for domestic pulp and paper mills and could have a significant impact on the operations and employment in my State, as Virginia has about 14 pulp and paper mills. In total, the forest products industry employs over 44,000 workers. It is third in terms of payroll income spending and second in new capital expenditures, spending over $313.7 million annually. Capital expenditures in many cases are used to make environmental improvements. For example, the Union Camp mill in Franklin, VA, has already made significant environmental improvements over the years. Union Camp and others will still have to pay additional costs for environmental improvements, yet the benefits are negligible.

The pulp and paper industry is concerned that EPA is proposing requirements that will deprive manufacturers of the flexibility and cost-consciousness needed to effectively control pollution in the most efficient manner possible.

As stated in the committee's report, EPA estimates that the rulemaking will cost industry over $4 billion. Industry estimates that the rule would cost over three times as much, at $11.5 billion and result in over 21,500 direct and 86,000 indirect jobs lost. These high costs are not even the total cost, because an additional portion of the rule remains to be proposed.

Clearly, the excessively high cost of this proposal as anticipated by both EPA and the industry warrants a closer look by EPA. EPA should proceed with extreme caution when this many jobs are at risk. I am told the subcommittee will require this analysis to be conducted and presented to the committee. The steps outlined in the committee report will ensure that the cluster rule balances our economic interests and our environmental interests.

Ms. MIKULSKI. I appreciate the Senator's remarks and trust that EPA will take this information into account as they move forward with the rulemaking.

PULP AND PAPER CLUSTER RULE PROBLEMS

Mr. PRYOR. Mr. President, I want to compliment Senator MIKULSKI's subcommittee for including report language that requires the Environmental Protection Agency [EPA] to reevaluate industry data for the so-called cluster rulemaking to establish new air and water standards for the forest products industry.

After getting off to a good start, with involvement from all interested parties, the cluster process seems to have run into some problems. The forest products industry claims that the cluster rulemaking, as envisioned today, will cost over $4 billion to implement and will result in the loss of over 4,500 jobs. They believe that EPA has not had the benefit of adequate industry data in formulating its approach to the rule. Many of us in Congress hope that the administration will take a new look at the cluster process and gather more input from citizens, groups, and corporations following its progress.

Mr. President, I would like to take a moment to detail some of the concerns I have heard about the cluster rulemaking from Arkansas. There are approximately 10 bleach mills in Arkansas that will be affected by the cluster rule. The forest products industry employs over 37,000 people in our State and ranks as the second largest employer. It ranks first among our manufacturing industries.

Examples of the potential economic impact of the cluster rule come from the International Paper Corp.'s plants in Camden, which is my hometown, and in Pine Bluff. The Camden facility in Ouachita County employs over 1,000 people, and the Pine Bluff plant in Jefferson County employs nearly 1,400. These plants are among the largest employers in Ouachita and Jefferson Counties, and they are the backbone of industry in southern Arkansas.

International Paper estimates that the costs to these facilities, if the cluster rule is enacted, would be in excess of $298 million. I ask unanimous consent that a copy of a letter to me on this subject from Paul Henson, the resident manager at the Pine Bluff plant, be placed in the RECORD following this statement.

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

(See exhibit 1.)

Mr. PRYOR. Another pulp and paper interest, the Georgia-Pacific Corp., has two mills in Ashdown and Crossett, AR that employ roughly 4,300 people. Georgia Pacific estimates that the cost of the cluster rule to these plants would be over $250 million.

The Potlatch Corp. also has plants in Arkansas that stand to be affected by the cluster rule.

These are just a few specific examples of the economic impact in my home State, but there are more in Arkansas, and many more in other States, from Washington State all the way to Maryland.

Mr. President, again, I wish to compliment Chairwoman MIKULSKI for her leadership in this area and to offer my support to her and to the administration as efforts are made to find a resolution to this situation which will achieve our goal of creating a cleaner environment while supporting economic growth and American competitiveness.

EXHIBIT 1

INTERNATIONAL PAPER,
Pine Bluff, AR, August 2, 1994.

Hon. DAVID PRYOR,
U.S. Senator, Russell Building, Washington, DC.

DEAR SENATOR PRYOR: We are very pleased to provide the following information on the financial impact that the EPA's proposed Cluster Rule will have on the Pine Bluff and Camden mills. The Cluster Rule, as proposed, will significantly reduce the profitability of both mills. The data below compares the impact of the EPA's proposal with the industry alternatives for the Camden and Pine Bluff paper mills.

	EPA proposal	Industry alternative
Fixed capital investment costs:		
Camden	$106,597,000	$25,357,000
Pine Bluff	192,000,000	47,750,000
Reduction in profitability:[1]		
Camden	(13,231,000)	(3,803,000)
Pine Bluff	(47,750,000)	(8,080,000)

[1] Based on 1993 actual.

We fully support the goal in reducing the amount of waste from the mills entering the air, water and soil. In fact, International Paper has voluntarily invested more than one-half billion dollars since 1988 to reduce our impact on the environment. As a result of this investment, the dioxin levels are at non-detect at all our mills, including Pine Bluff. Solid waste destined for landfills has been reduced by more than 40 percent.

We are hopeful that the Environmental Protection Agency will consider alternatives such as that proposed by our industry that will yield equivalent environmental benefits at significantly less cost than the EPA proposal.

Your interest and support are greatly appreciated.

Sincerely,

P.M. HENSON,
Resident Manager.

VETERANS' OUTREACH AND MEDICAL CENTER IN LAS CRUCES, NM

Mr. BINGAMAN. Mr. President, it has come to my attention that the 4,000 veterans that live in Dona Ana County, and the many other veterans that live in southern New Mexico do not currently have a veterans' clinic or satellite outreach center available to them. Southern New Mexico is one of the fastest growing regions of New Mexico and the need for veterans' services has rapidly outgrown the available resources. Currently, veterans must travel to El Paso, TX, to visit a clinic and must rely on a counselor also from El Paso, who is available only one day a week in Las Cruces, to receive information on veterans' services and benefits. A veterans' medical clinic and satellite outreach center in Las Cruces would help to meet the vital needs of New Mexico's veterans, and it is my hope that the Department of Veterans' Affairs would study the need for these

services and determine what resources can be made available to meet the needs of veterans for a medical and satellite outreach center in Las Cruces, NM.

Ms. MIKULSKI. I agree that the need for these services in southern New Mexico should be studied by the Department of Veterans Affairs and that the Department should determine what resources can be made available to meet the needs of these veterans. I will be glad to work with the Senator from New Mexico and the Department to address these concerns.

Mr. BINGAMAN. I thank my friend and colleague, the Senator from Maryland.

RENAL INSTITUTE OF THE PACIFIC

Mr. INOUYE. Mr. President, the Senator from Maryland has been most sensitive and helpful in addressing the unique concerns of my State. However, because of the budgetary problems we must all acknowledge, some projects that are most worthy have had to be set aside and not funded. One of these projects is a new state-of-the-art outpatient pavilion to house the operations of the St. Francis Medical Center's Renal Institute of the Pacific in Honolulu, HI.

I hope the Senator from Maryland, Senator MIKULSKI, chairman of the Appropriations Subcommittee on VA, HUD, and Independent Agencies, can provide the residents of Hawaii with some assurance that in the next appropriations cycle, she will once again give careful consideration to the St. Francis Medical Center's project.

Ms. MIKULSKI. I am pleased to assure the Senator that it will not only receive my careful consideration, it will receive my high priority. But, as everyone knows, in the final analysis everything depends upon the availability of funds.

UNANIMOUS-CONSENT REQUEST

Mr. GLENN. Mr. President, yesterday evening I asked that my formal remarks regarding funding for the international space station, be included in the CONGRESSIONAL RECORD as read. However, an oversight occurred and it was not included.

I ask unanimous consent that my formal statement be included as read, in today's CONGRESSIONAL RECORD.

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

Mr. GLENN. Mr. President, once again the Senate debates an amendment proposed by the Senator from Arkansas [Mr. BUMPERS] regarding the future of the international space station. As I'm sure my colleagues are aware, I am a strong supporter of this program. Construction and implementation of this project is an investment in our future and in the future of our children.

INTRODUCTION

In such limited financial times as we are experiencing in the United States today, one may ask, "Why finance another research project, and why one such as the international space station?" I find that question very easy to answer. There are many reasons why the United States must pursue the development of this project. I would like to list briefly for my colleagues several reasons why the space station will benefit our lives and those of our children. It will:

First, create a permanent orbiting science laboratory in space capable of performing long-duration research in materials and life sciences in a nearly gravity-free environment. Microgravity research in the life and physical sciences is of the utmost importance for the long term economic future of our Nation. The space station also represents continuance of our civilian space program. Manned space missions remain the core of our space activities. The space station will provide a safe environment for humans to live and work for long periods of time. Research to be performed on the station simply cannot be performed on Earth. The knowledge of how we adapt to weightless environments will lay the groundwork for future human exploration. Many feel that if the station is cancelled, the future of the entire U.S. space program will be in jeopardy.

Second, the space station will allow us to conduct medical research in space. A gravity-free environment will give us new insights into human health and disease prevention and treatment, including, but not limited too, heart, lung, and kidney function, osteoporosis, immune system and hormonal disorders, and brain function. This environment will allow scientists to grow protein crystals and study their structure. Better knowledge about the structure and function of these proteins will enhance the drug treatment of diseases. Crystals that have been grown on the shuttle for cancer, diabetes, emphysema, and immune system disorders are considerably superior to anything grown on Earth.

Third, the international space station will allow us to develop new materials and processes in industry. Experimental research in zero gravity produces new insights into industrial processes including an increased understanding of fluid physics and combustion. A better understanding of combustion can lead to energy conservation here on Earth. In fact, a 2-percent increase in burner efficiency for heaters could save the United States $8 billion a year.

Fourth, the station will accelerate breakthroughs in technology and engineering that can have practical and immediate applications for life on Earth. This will create jobs and economic opportunities for Americans now and in the future. Medical equipment, technology, and miniaturization techniques developed for the early astronauts are still paying off today, more than 30 years later. Some examples of spinoffs from NASA technology are: a "cool" suit developed for the Apollo mission which helps improve the quality of life of multiple sclerosis patients; NASA technology helped produce a pacemaker that can be programmed from outside the body; instruments developed for astronauts which measure bone loss and bone density without penetrating the skin are used in hospitals around the country; and, research from the space program has aided the development of an insulin delivery system for diabetics. This small implantable device, only 3 inches across, provides more precise control of blood sugar levels and frees up the diabetics from the burden of daily insulin injections.

Fifth, the station will allow the United States to maintain global leadership and competitiveness in space, and be a driving force for new technologies. Like the Apollo program before it, the space station will be a proving ground for advances in communications, computer, and systems integrations. Research on large scale space vehicles will lead to improved computer software, and materials for use in the communications, utility, and transportation industries.

Sixth, the station will forge new partnerships with other nations of the world. The international space station is the largest scientific cooperative program in history bringing together the resources of 13 international partners—the United States, Canada, Italy, Belgium, Netherlands, Denmark, Norway, France, Spain, Germany, United Kingdom, Japan, and now Russia. The station will demonstrate that former adversaries can join together in peaceful pursuits and at a fraction of what it costs to maintain the arms buildup in the cold war era.

Seventh, the space station and knowledge that accompanies it will inspire our children, fostering the next generation of scientists, engineers, and entrepreneurs. It will satisfy that most basic human instinct—the need to explore and achieve. By witnessing these broad international efforts, students will learn the value of cooperation. In the past, space science has proven to be a catalyst for academic achievement. Enrollment trends of U.S. students majoring in science and engineering, track closely with funding trends of U.S. space activities. During the 1960's, when America's space program first began to grow, the number of students entering science and engineering doctorate programs sky-rocketed. Who can say how important a vibrant space program was in inspiring young people into these fields?

And what, Mr. President, could be more inspirational to our children—the true future of our world? Space exploration fascinates young minds and

draws their attention to science and mathematics at a very young age. Recent studies have shown that skills in math, science, and engineering of U.S. school children have fallen farther and farther behind those of their international counterparts. The space station will provide a concrete example to our children of current and exciting scientific research and discovery. It may guide some of them to pursue science and technology as career fields. As we know, mastery of these subjects is necessary if our workforce is going to remain competitive in the international marketplace.

Eighth, the space station is an investment for today and tomorrow—each dollar spent on space programs returns at least $2 a year in direct and indirect benefits.

The benefits that I have just stated are real and will be ours if we choose to pursue them. The first 30 years of spaceflight and exploration have provided us with extraordinary advancements, achievements, and discoveries. We have learned not only to travel into space but to live and work there. What will the next 30 years hold? I hope as much opportunity and promise as the last 3 decades, but only we can make that happen through continued funding for this very important program.

I would now like to go into greater detail for my colleagues here today, discussing the many benefits the international space station will bring us and future generations to come.

REDESIGN-COST

Mr. President, the President's Advisory Committee on the Redesign of the Space Station was appointed in March 1993, when scientists and engineers were once again asked to go back to the drawing board and redesign the space station. The challenge for them was to produce a station that would achieve research capabilities earlier, simplify assembly and program reorganization, consider enhanced Russian involvement, and dramatically reduce cost. After many months of negotiations, independent external review teams have confirmed that station management structure of the program has been greatly improved. The new design offers more laboratory space, more electric power and a larger crew, all at a cost predicted to be $5 million less than the cost projected for space station *Freedom*.

Dr. Charles Vest, chair of an independent review committee and president of MIT states, "NASA has performed a remarkable management turnaround" resulting in "profound change and potential stability to this program." The international space station incorporates approximately 75 percent of the hardware originally developed for space station *Freedom*. The increased Russian participation allows a cost and schedule saving while at the same time an increase in the science capability.

Mr. President, the redesigned program is affordable, the space station constitutes only one-seventh of 1 percent of the Federal budget—and less than 15 percent of the total NASA budget. The 1999 NASA budget request will be 28 percent less than was planned just 2 years ago. And, despite these budget cuts, NASA's key initiatives in major programs in science and aeronautics remain funded.

What does all this mean to the American taxpayer? To you and me? NASA estimates that the space station will cost the American taxpayer approximately $9 a year—about the same as a night out at the movies. Compared to the benefits it will provide for many years to come, the space station can be built and run for a relatively small cost.

INTERNATIONAL INVOLVEMENT

I would now like to touch on the international partners key role in the space program. Mr. President, America's role in a post-cold-war society will depend on our ability to develop and maintain peaceful international partnerships. At this time, the station is being jointly pursued and funded by 10 European nations, Japan, Canada, Russia, and the United States. These nations, working under signed agreements, have already invested heavily to develop laboratories and equipment which will be part of the U.S.-launched station. These partners expect the United States to fulfill its leadership role, and have expressed serious concern at the possibility of cancellation. Fulfilling our promise to lead in the development of the space station is an important step that will illustrate to our international partners the United States is committed to international involvement and cooperation.

Mr. President, in 1993 the space station went through its most extensive redesign to date emerging with a new look and emerging as a new symbol of the end of the cold war, by including Russia as a major participant. From the beginning of the disintegration of the Soviet Union and the end of the cold war the United States has stated that we need to transform our two nations from countries in conflict to countries in cooperation. I cannot see, Mr. President, a better opportunity for our two nation's to work toward this transformation that the joint pursuit of the international space station.

Many in Congress have expressed concern over the recent inclusion of the Russians in our station design. After competing with the Soviets for over three decades, it is hard for some to imagine a new era of cooperation and participation. However, for others, myself included, this participation represents the "new world order." The Russians have been in space, operated a space station, and studied space technology for many years and we can and should learn from their experiences. The Russians have considerable space station experience and the United States has the reusable space shuttle. We need to combine these technologies in harmony to develop even greater goals.

The station project allows the Russians to be responsible partners focusing on cooperation and commerce. Doesn't it make more sense, Mr. President, to provide incentives for Russia to adopt Western practices, develop industry-to-industry ties that can help open up formerly closed Russian markets, and jointly develop high-technology to help lead the world into the next century that to continue wasteful competition which does not benefit the monetary or technology policy of either nation?

Concerns have been raised about Russia standing by its commitments in the station project. What would happen if they pull out? Where will that leave the United States? For reasons tied to national security and national pride, Russia will continue to subsidize its space sector. The Russian Government has consistently stated that it would continue this domestic space program whether they participate in the international space station or not. At this time, the United States is finalizing contingency plans in the event of a Russian pull-out. The United States and international partners can build a space station alone, at a greater cost. However, with the use of more limited resources we can develop it with the Russians.

I have also been confronted with concerns about monetary payments to Russia, some stating that we are simply subsidizing the Russian economy. This, Mr. President, is simply not correct. The Russian Space Agency fulfills two rolls with NASA: it assumes the obligations and responsibilities as a full station partner; and, in the first phases of cooperation, will provide NASA hardware and services for the station. The Russian Space Agency will subcontract with other entities and function much like private subcontractors in the United States. Russian contributions to the station will include automated rendezvous and docking capabilities, guidance systems, and reboost and attitude control. Integration of Russian hardware into the station will result in increased power for payloads and additional pressurized volume. NASA has consistently stated that no decisions will be made out of the Russian launch facility without being approved through Houston first. The United States will remain in control of the project through all stages.

The impact on the Russian economy from space station participation will encourage privatization and participation in the legitimate development of trade and high technology. It will help Russia keep those scientists who wish to remain and practice their profession

at home rather than forcing them to look elsewhere for work, in "hotspots" around the world, nations willing to pay a high price for Russian scientific know-how in high technology research and development.

Mr. President, the international space station is the largest international research and development project ever undertaken. This project will demonstrate the ability of multiple nations to work jointly toward a common, peaceful goal. The inclusion of Russia in the project enhances and solidifies the already impressive roll of nations already participating. Successful implementation of the international space station will serve as model for future international joint ventures. It is imperative that the United States stand by its responsibilities in this agreement and move ahead with development and construction.

SCIENCE TO BE PERFORMED ON STATION

Mr. President, much of the science and technology development to be performed on the international space station will focus on understanding the most basic workings of life and matter in a unique microgravity environment.

The goal of microgravity research on the space station is to evolve processes that exploit the unique characteristics of the microgravity environment of space to accomplish results that cannot be obtained on Earth.

In the field of biotechnology, NASA will test a new, cell growth system, known as the rotating wall bioreactor, to see if tissue can be grown better during long duration space flight than on Earth. This will allow scientists to see for the first time how tumors grow without the flaws produced by the Earth's gravitational effects.

It will also be possible to grow semiconductor crystals aboard the station which are purer than those found on Earth. Research in this area will provide data that will enhance semiconductor technology and expand its applications. Semiconductor crystals play a vital role in the manufacture of electronic devices, such as the tiny chips in televisions, microwave ovens, remote controls, and other modern conveniences.

Space station provides for the first time, adequate resources to support on-orbit material science experiments requiring high temperature, high power, and long duration. Studying the behavior of materials and fluids in the microgravity environment will provide a better understanding of the effects and limitations imposed on processes carried out on Earth.

The science to be performed on station and the technology gleaned from these experiments will benefit people in many aspects of their lives, from development of better, stronger, safer materials, food products, shelter, communications, transportation, and environmental conditions. I would like to run through a few of the important science experiments planned for station and their practical applications to humans here on Earth.

Subtopic	Applications on Earth
1. BIOTECHNOLOGY—MICROGRAVITY SCIENCES	
Tissue Culture Studies	Knowledge of normal and cancerous mammalian tissue development can provide a key to finding better treatment and cures.
Protein Crystal Growth	Larger more "perfect" crystals can be grown in a microgravity environment. This can lead scientists to design pharmaceuticals which block or modify the functioning of proteins—possible target: HIV virus.
Separation Sciences	Separation and purification of biological cells and proteins will be performed on station for disease treatment and research in the medical field.
Cell Fusion	Applications of cell fusion include production of cell-based pharmaceuticals that could lead to genetic engineering in agriculture to someday improve crop yield, nutrition, and disease resistance of food plants.
Collagen Processing	New methods for generating tissues can be used to reconstruct human connective tissues.
2. COMBUSTION—MICROGRAVITY SCIENCE	
Droplet/Pool Burning	An improved understanding of droplet and pool burning can have applications for fire safety, greater combustion efficiency in furnaces and engines.
Combustion Phenomena	Studying a more purer form of combustion in the microgravity environment can maximize the efficiency of energy utilization, including minimizing pollutants and waste heat and help us to understanding the global environmental heating process.
3. FLUID PHYSICS—MICROGRAVITY SCIENCES	
Multiple Flow and Heat Transfer	Can help provide solutions to environmental and energy related problems such as better design and operations of power plants.
Interface Dynamics	Applications include improved industrial films and coatings, oil spill recovery techniques, tracking of ground water contaminates and processing of semiconductor crystals.
4. GLASSES AND CERAMICS—MICROGRAVITY SCIENCES	
Glass Fiber Production	Improved high-strength materials for gas turbine engines and specialized cutting tools.
Fiber Reinforced Components	Fiber Reinforced Components can provide better pyroelectric devices for disaster and crime prevention, environmental control and life saving.
5. METALS AND ALLOYS—MICROGRAVITY SCIENCES	
Casting Processes	Applications of improved casting processes include an increased ability to produce defect-free castings for industries which rely on high-performance parts such as aerospace, infrastructure construction—bridges, buildings, nuclear plants, and electronics.
6. POLYMERS AND CHEMISTRY—MICROGRAVITY SCIENCES	
Diffusive Mixing of Organics	Scientists can obtain a greater understanding of many aspects of organic chemistry without the masking of buoyancy-driven convection caused by the effects of gravity.
Zeolite Growth	Larger, more efficient zeolite crystals may be grown in a microgravity environment which have hundreds of uses including absorption of pollutants, separation of wastes from air and water, oil and gasoline catalents, and many more.
Synthetic Chemistry	In space we can investigate the underlying chemical forces which on Earth are masked by dominant gravitational forces.
7. LIFE AND BIOMEDICAL SCIENCES	
Gravitational Biology	Research in the micro-gravity environment of the station can help us understanding the role of gravity in all life on Earth from simple bacteria, through plants, animals and humans.
Space Physiology	Knowledge of otolith and vestibular functions can lead to diagnostic devices for orthostatic impairment and osteoporosis, and insight into human immune system and imbalance disorders.
Controlled Ecological Life Support	The controlled life support system on the station will help us to better understand waste management and disposal, including recycling of gaseous and liquid consumables, food plant experiments to increase crop yields and shorted growth period without the use of pesticides.
Environmental Health	This closed environment can also help us to develop improved air and water quality sensors, analyzers, and filtering devices. An automated microbilogy system enhances identification of bacteria and population.
Operational Medicine	Vital knowledge of cardiovascular performance, neuro-vestibular and neuromuscular disorders, osteoporosis, and environmental effects for disease prevention and treatment.
Human Factors, Behavior, and Performance	Station research will lead to procedures to help sleep dysfunction, treatment of acquired brain damage, remote medical care technology, modeling of human performance and team building and training.
Crew Health Care	Biomedical monitoring and telemedicine systems for emergency and critical care can lead to compact integrated healthy care systems for use in remote locations.
8. ENGINEERING AND RESEARCH TECHNOLOGY DEVELOPMENT	
Human Support (Extra-Vehicular Activity)	Enhanced designs for firefighting suits, toxic waste cleanup suits, deep sea divers equipment. Cooling systems for physically impaired persons. Compact power tools.
Communications	The International Space Station will support commercial sector needs for new technology to maintain the lead in space-based communications.
Information Systems—Radiation Exposure	Information on radiation hardening and shielding of electronics for commercial spacecraft, airliners, and defense platforms.
Operations	Greater fire safety in confined environments. Efficient, safe management of pressurized liquids. Better controls and displays.
9. COMMERCIAL DEVELOPMENT	
Space Power	Technology used for the station will require lighter electrical power systems for commercial spacecraft thus allowing use of smaller, more economical launchers and maintenance of U.S. lead in spacecraft production.
Robotics	Use of artificial intelligence and expert systems for inspection, maintenance and manufacturing takes in hostile natural and manmade environments such as foundries, nuclear power plants, the Arctic, volcanoes.
Space Propulsion	Smaller, more efficient propulsion systems for commercial spacecraft making them more cost-effective and productive by extending on-orbit lifetimes.
Remote Sensing	Agricultural crop monitoring, forest mensuration, environmental assessment, land use planning, storm surge level forecasting, erosion effects prediction, ocean currents tracking, oil field locations, digital mapping, etc.
10. OBSERVATIONAL SCIENCE—EARTH AND ATMOSPHERIC SCIENCE	
Natural Resources Research	Investigation of river basin, urban/wilderness interaction, ecological disasters, snow cover, crop and natural vegetation, soils, surface mapping.
Oceanic Research	Monitoring of sea surface temperatures, wind speed and sea roughness, ocean currents, sea life, ice coverage, etc.

Subtopic	Applications on Earth
Atmospheric Research	Storm monitoring. Analysis of vertical distribution of atmospheric gasses and aerosols. Lidar measurement of clouds, ozone, and trace gasses.
Near-Earth Environment	Measurement of global radiation exposure such as gamma-ray bursts and solar particles.

Note.—Science description come from NASA Orbital Research Program publication, "Research Strategies and Associated Space Station Facilities" and from a Teledyne Brown Engineering requirements study done for NASA of Space Station Microgravity and Materials Processing Facility.

As my colleagues can see from the list I have just presented, the international space station will provide an invaluable research and learning environmental benefiting our lives here on Earth many times over.

APPLICATIONS OF SPACE RESEARCH—SPINOFF'S

Mr. President, the abundance of technology that flows from the exploration of space is a valuable national resource and a valuable investment in our future. New products and processes arising from the cutting edge technology used daily in our space program have significant, immediate, and lifesaving affects on our lives here on Earth.

In February of last year, President Clinton, in a technology policy statement said, "Technology is the engine of economic growth." I believe that technological innovation is a key element in reinventing and reinvigorating America's global competitiveness. The technology developed in NASA's air and space programs is transferable, it can be used again and again in both a research and everyday environment. This technology, when it is applied in the development of new processes, benefits the entire globe.

Research and technologies gleaned from the space program have produced thousands of lifesaving and necessary items, used everyday by you and I. I would like to list now for my colleagues just some of the hundreds of spinoff's that have been developed from technology derived for our space program.

MEDICAL SPINOFF'S

Breast cancer detection: A solar cell sensor can be positioned directly beneath x-ray film, and can determine exactly when film has received sufficient radiation and has been exposed to optimum density. At that point, associated electronic equipment sends a signal to cut off the x-ray source. The result is a reduction of mammography x-ray exposure which reduces the radiation hazard to patients and doubles the number of patient exams per machine.

Automated blood pressure measurement: The automated blood pressure measurement unit is a semiautomatic device that permits highly accurate blood pressure measurement. The system requires positioning and inflation of arm cuff; however, after that it operates automatically with blood pressure readings appearing automatically on a digital display.

Programmable pacemaker: The implantable pacemaker together with a physician's console containing a programmer and data printer allow the physician to communicate with the patient's pacemaker by means of wireless telemetry signals transmitted through the communicating apparatus held over the patient's chest.

New help for MS patients: Cooling systems developed for the Apollo program, enable multiple sclerosis, cerebral palsy, spina bifida patients and others to lower their body temperatures which produces a dramatic improvement in their symptoms. These systems can also be used by people who work with hazardous materials, armored vehicle crews, firefighters and crop dusters.

Hearing aid tester: Hearing aids often develop malfunctions that are undetectable to the wearer. A miniaturized, battery-powered system monitors hearing aid operation. Twice every hour the system performs a check of the hearing aid's battery, amplifier and receiver cord.

Respiratory distress: Each year in the United States over 20,000 babies succumb to respiratory distress, a syndrome where the child's lungs lose their ability to oxygenated blood. Positive and negative pressure techniques have been developed—first to fill the infant's lungs with air and then to keep the lung's expanded. If the infant can be kept alive for 4 days or more the missing substance in the lungs usually forms in sufficient quantity to permit normal breathing.

Laser angioplasty: Laser angiogplasty using a "cool" type of laser, the excimer laser, does not damage blood vessel walls and offers a nonsurgical yet highly precise cleaning of clogged arteries. The success rate of opening coronary arteries with this method is 85 percent and has fewer complications than the tradition balloon angioplasty.

Vision screening: Image processing technology can be used to detect eye problems in very young children because it requires no response from the patient. An electronic flash from a 35 millimeter camera sends light into a child's eye which is then reflected back into the camera lens to ultimately analyze the retinal reflexes generated and producing an image of the child's eye.

Voice controlled wheelchair: A voice-controlled wheelchair and its manipulator can pick up packages, open a door, turn a TV knob and perform a variety of other functions. The chair is controlled by the user with one-word voice commands such as go, stop, down, right, etc. Such technology can give those patients requiring wheelchairs greater freedom and flexibility.

Rehabilitation tool: Biotran is a force sensing system that helps doctors and physical therapists treat patients with movement deficiencies. Based on a NASA sensor technology, it has applications in sports training and evaluation assisting athletes in improving strength and balance.

Infant radiant warmer: A canopy placed atop an infants bassinet composed of laminated layer of transparent plastics and encasing a thin film of gold called Intrex emits low energy radiant heat over the infant's entire body. A skin sensor allows temperature control to be adjusted precisely to each baby's individual needs. This cradle warmer is widely used for routine post-operative care and recovery.

Mr. President, other important medical spinoff's include: Magnetic resonance imaging; programmable implants that dispense medication, alleviate pain and control blood pressure; insulin infusion pump for insulin-dependent diabetics; and reading machines for the blind and speech perceptions aids for the deaf.

In the field of consumer goods for home use and recreation, the space program has assisted with the development of hundreds of products and processes.

Athletic shoes: Material derived from the Moon boot and then encapsulated in running shoe midsoles improves shock absorption and provides superior stability and motion control.

Chameleon glass: Coated glass used to protect spacecraft and instruments from cosmic radiation and to protect human vision from unfiltered sunlight in space allows some wavelengths of light and color to reflect and others to pass through thus producing a chameleon effect. This same process has been developed on Earth to produce stained glass windows, mobiles and jewelry.

Cardio-muscular conditioner: Cardiovascular conditioner technology used on an orbiting laboratory has been used to develop a physical therapy and athletic development conditioner used by football teams, sports clinics and medical rehabilitation centers.

Other common everyday spinoffs include: Smoke detectors; air conditioners/dehumidifiers; heart rate monitors used during aerobic exercises; water conditioners and filters; bulb misers; sunglass lenses; solar water heaters; heat pipe systems; and even Mr. President, miniature cordless vacuum cleaners.

In the area of environmental and resource management, recent spinoff technologies include: Atmospheric visibility/studies; airborne imaging; pollution control devices; solid rock analyzers; natural air purifiers; heat pipes for the Alaskan pipeline; radiation insulation; water quality monitors; pollution measuring systems; earthquake prediction systems; sewage treatment

methods; and fire resistant material and many, many more.

I could spend the next several hours going over the many more exciting and important advances that the space program has helped provide our lives. In fact, Mr. President, these two thick publications that I'm holding, list the medical and consumer spinoffs from 1976 to the present, over 350 new products.

The applications I listed here today are just some of the valuable advances that have been acquired from the first 30 years space exploration. Who can predict what the next 30 years will bring us? We must allow research and development to move forward. Funding a project such as the station is a serious commitment to doing so.

INSPIRATIONAL VALUE OF SPACE RESEARCH

Mr. President, another important aspect of continuing to fund space research, especially the International space station, is the inspiration that it provides our children. Space science is a impetus for achievement and has proven to be a catalyst for academic achievement. Enrollment trends of U.S. students majoring in science and engineering track closely with funding trends of U.S. space activities. During the 1960's, when America's space program first began to grow, the number of students entering science and engineering doctorate programs skyrocketed. Who can say how important a vibrant space program was in inspiring young people into these fields?

Mr. President, each week my office receives many unsolicited drawings and pictures done by children, illustrating their concepts of the space station and other space related activities. Astronauts have always been and will continue to be role models for our children. What could be more inspirational to our children—the true future of our world, than a working laboratory orbiting high above?

Space exploration fascinates young minds and draws their attention to science and mathematics at a very young age. Recent studies have shown that skills in math, science, and engineering of U.S. schoolchildren have fallen farther and farther behind those of their international counterparts. The space station will provide a concrete example to our children of current and exciting scientific research and discovery and may guide some of them to pursue science and technology as career fields. Mastery of these subjects is necessary if our workforce is going to remain competitive in the international marketplace.

CLOSING REMARKS

I have listed for my colleagues today many reasons why the United States must continue to support development of the international space station. The space station furthers our scientific knowledge, helps promote jobs here at home, stimulates an eagerness for our schoolchildren to continue study in the science and technology fields, fosters a feeling of cooperation with our international neighbors, and keeps our spirit of adventure, advancement, and achievement alive.

The exploration and study of space has unlimited possibilities, ones that we are only beginning to understand. Mr. President, how can we possibly close the door on this exciting and new frontier? Only by our pursuit can we discover the wonders and mysteries that the universe is waiting to reveal to us.

For these reasons, I ask that my colleagues continue to keep this vision alive and vote against the Bumpers amendment.

Ms. MIKULSKI. Mr. President, what we are doing here now is trying to clear some of our amendments so we can make further progress on the bill. We now have one housing amendment that requires consultation with the authorizers, Senator RIEGLE and Senator D'AMATO. We are waiting to hear from them. But, while we are waiting, I would like to bring to the attention of the Senate many of the things that we have done in this legislation.

In the course of debating on the Senate floor, what is often overlooked is what is good in the bill, because what is pending on the floor is amendments, amendments either to improve the bill or, in other instances, people taking advantage of the lack of a germaneness requirement in the Senate to parachute any number of other items on the bill.

But that is democracy, and that is the U.S. Senate. What I would like to do is talk about some of the significant things we were able to achieve in the bill with the cooperation of all of the members.

The tradition of the VA/HUD bill has always been that of a bipartisan nature. When I first became the chairman of this subcommittee, the ranking Republican was Senator Jake Garn, and we worked very assiduously together. Frankly, I learned a lot from Senator Garn. You might recall Senator Garn was also an astronaut Senator, and I learned a lot about space. He had very strong suggestions on the National Science Foundation.

Now I have as my ranking Republican, Senator PHIL GRAMM, with whom I served in the House, who gives strong support for veterans' health care, for making housing and urban development relevant and fiscally responsible, support for the National Science Foundation. And we have continued in that bipartisan tradition.

One of the things we have done in this bill that I think is really important to bring to everyone's attention is the issue of backlog of veterans' claims. I think America would be shocked to hear about the backlog of claims at the VA. We are talking about American citizens who have fought in the wars of their Nation, who have incurred, they believe, service-connected disabilities, and have applied for their benefits. They are standing in line.

You know, when they were inducted in the service, they did not have to stand in line. When they went to Kuwait, they did not have to stand in line. When they fought in other circumstances to defend the United States of America, they did not stand in line. And we do not want them to stand in line in order to get their claims adjudicated to ascertain if, in fact, they are eligible.

Therefore, in our legislation we have added a substantial amount of funds to reduce the mounting backlog of veterans' benefit claims and to recommend management reforms at the VA to be able to expedite that process. Some veterans wait as long as 3 years now for their claims to be processed.

I want to give to everyone the exact facts on this issue. We, the members of the committee, presented a report to the Senate and to the American people. And here is what we said in it, because it deals with this issue.

The committee remains troubled with the backlog of claims in the Veterans Benefit Administration. The current backlog—

Now, hold onto your glass of water on this, Mr. President.

The current backlog exceeds 500,000 cases, and more than one-quarter of these have been pending for more than 6 months.

The Department's own standard of timeliness is 160 days. The committee believes that the backlog and average processing time is absolutely unacceptable and that the Department must take bold steps to correct the problem. The committee is aware of an initiative undertaken by the VA New York regional office to improve claims processing in which a case manager has been adopted in lieu of the traditional assembly-line approach to adjudication.

And you ought to see the forms they have to fill out. They have a whole shelf of just rules and regulations that the caseworker must go through to see about eligibility.

We believe they need to streamline their processes. The committee is disappointed, however, that the Department is seemingly reluctant to embrace new methodology, new technology and new attitudes.

They are as sluggish in changing the way they do business as they are in adjudicating their claims. We think glaciers are fine in Alaska, but we do not think the glacial-like attitudes are fine in the Veterans Administration when it comes to moving VA claims. So this subcommittee has taken a firm, and I must say, stern approach to really ensuring that the veterans' claim process is improved.

So in our legislation:

The committee directs the Veterans' Benefit Administration to complete its analysis of the New York regional office initiative and to provide to the committee by January 2, 1995, a report detailing the process that they intend to do to improve benefit claims.

We are not just only going to order them around to be more timely and move in a quick-step basis, we are actually providing them with funds to be able to do this.

We have acted on this because we have heard from two significant groups of people. We have heard from the veterans themselves and their advocate organizations—the American Legion, the VFW, the Paralyzed Veterans, and the ladies auxiliaries—all of those service organizations and the veterans themselves.

But we have also heard from VA employees who want to do a better, quicker job in being able to process them. So we say to the top echelon at the Veterans' Benefit Administration, "We are now going to give you the resources through what we have done with the analysis in the New York office and with other benefit claims you are going through," like at Social Security. We can now adopt new technologies to deal with this.

I strongly recommend that they look to the private sector that moves insurance claims and adjudications; that we adopt the best business practices that are being used.

I am old-fashioned, Mr. President. I believe promises made are promises kept. And when our veterans step forward to meet the call of this Nation to defend this Nation and, in the course of doing their duty, they have incurred a service-related disability, I want to be sure that the claims process is as fit for duty and as quick to respond as the veterans themselves.

So, Mr. President, that is why one of the key elements in our veterans legislation is in that area.

Another area that we are moving on within the area of the Veterans Administration is we provided a significant amount of funds for veterans' medical care. In addition to veterans' medical care, we provided significant funds for veterans' medical research. We would have liked to have done more in this area.

We on the subcommittee are strong believers in VA medical research. These are often different types of research than what is being done at NIH, but complementary to. Over in VA, they focus first of all on battle-related injuries. They focus also on orthopedic and spinal cord injuries and, at the same time, serving our veterans population. They focus on research with immediate clinical applicability.

We think this is excellent because it is there that we are developing new surgical techniques. I am proud to say that one of the things that the VA developed that is now benefiting civilian medicine and private sector medical care is a technique for a gall bladder operation developed by Dr. Zucker and Dr. Bailey at the University of Maryland Medical Center under a VA program.

The Presiding Officer might be aware, gall bladder surgery is very difficult because it is deep surgery, deep into the muscles. For those who undergo it, it is painful, it is extensive recovery, and if you are older and are at high risk, complications related to diabetes and others, it is often high-risk surgery to do this.

Dr. Zucker and Dr. Bailey, under a VA research grant at the University of Maryland, a flagship research center, and the VA Medical Center in Maryland, developed a laparoscopic technique to remove the gall bladder. It was first developed in France. We tested it out in VA among older veterans who were at risk, and we found that through this surgery, we could do quick intervention with people in a way that did not endanger their lives for placing them further at risk because of age and complication with anesthesia or other healing problems. We not only saved them from ruptured gall bladders, but they got better faster because of the nature of the technique.

Now that is being done not only at the University of Maryland, it is being done all over the United States of America, and it is done not only in centers of excellence at VA medical centers, but it is being done in private sector hospitals. That means now, whether you are really old or you are really sick with other complications, you can have a safe gall bladder operation. If you are younger, it also means you are going to return to the labor market faster because of this type of surgical technique because it shortens the recovery time. It is important for the family; it is important for American productivity in the private sector. This is, once more, one of those public investments in VA medical research that immediately moves into the medical community.

This is why we have funded VA medical research at last year's appropriated level. We would have liked to have done more. Next year, I pledge that if we get a more robust allocation from the Budget Committee, one of my highest priorities will be in VA medical research.

We have done other areas of research in this committee and one is now, of course, with the National Science Foundation. People might recall that the National Science Foundation was born because of Sputnik. When Sputnik erupted during the cold war, America's complacency and its place in the technological world was shattered because it looked like the Russians were superior to us.

We wanted to make wise use of taxpayers dollars, so the National Science Foundation, under the recommendations of Dr. Vanderveer, using a foundation model, not a Government model, not a socialist model, created a foundation in which we could put Government funds to fund basic research.

Great things have come from that research area, and we are proud to say that in this year's budget, there are $3 billion that will go to important scientific research, physics, engineering, practical research, like in Antarctica. People say what is practical about that?

Just a few minutes ago we heard from the Senator from Alaska why we need to look at climate there and how it relates to fishing, forestry, and America's productivity.

This subcommittee I chair plays a significant role in the investment of research, development, and technology advancements, whether it is in space, whether it is in VA, whether it is in EPA or the National Science Foundation. That is why I have liked chairing this committee, because we have been able to keep promises to America's veterans and, yet, I know it makes our veterans proud to think we are moving into the future.

So there are many other aspects to this bill, but I thought the Presiding Officer, and others, would find this interesting.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MITCHELL. 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. MITCHELL. Mr. President, it is my intention that the Senate complete action on the pending VA-HUD appropriations bill tomorrow. We have been operating through this week on an informal agreement, a part of which is that a good-faith effort would be made to complete this bill this week. I have been assured by the Republican leader that we will be able to do so tomorrow.

Therefore, I wanted to make clear for all of the Members of the Senate that we will complete action on this bill tomorrow.

I thank my colleagues for their cooperation, especially the distinguished manager of the bill, the Senator from Maryland, who has been so diligent and aggressive in leading the Senate on this bill. We will complete it tomorrow.

Ms. MIKULSKI. I thank the leader for his efforts in expediting the bill and also the Republican leader, who has cooperated.

I would really encourage Senators to limit their amendments to that which is either germane or relevant to this bill, and with that I could assure the majority leader we would be done early in the afternoon.

If all Senators who are contemplating amendments would confine themselves to that which is either germane

or relevant to the bill, there are 25 agencies. We do not need to find other topics to keep us moving.

Mr. NUNN. Mr. President, I wish to take just a moment. We have been working carefully with the Senator from Maryland and her counterpart on the Republican side of the aisle on two very important amendments relating to the flood damage in the State of Georgia, the most important concerning the community development block grant programs. These amendments will be subject to the emergency provision, meaning they would not be activated without the President asking for the money under the emergency procedure.

I wish to thank the Senator from Maryland for working with us on these amendments. I also wish to thank the Senator from West Virginia, Senator BYRD, who was wise enough to put this emergency provision in the Budget Act which basically allows this to take place, if it is a true emergency requested by the President.

I wanted to thank the Senator for working with us and working out these amendments. These amendments are basically sponsored by myself and my colleague, Senator COVERDELL.

Ms. MIKULSKI. We hope to be able to completely work out a way to be able to respond to the needs of the people of Georgia. We watched the floods, myself and other members of the subcommittee watched the torrential rains, the flooding, the loss of livelihoods, the loss of homes, and it was indeed both drenching and wrenching, I might say to the Senator from Georgia. We look forward to trying to both cooperate and expedite the resolution of this issue.

Mr. NUNN. I thank the Senator from Maryland.

I would say also these amendments include the States of Alabama and Florida, which also suffered—not as much as Georgia, but they did suffer—substantial damage.

I would say to the Senator from Maryland that it looks as if the damage per capita in Georgia may be more than any one State suffered in the Midwest floods, and it also appears, although these numbers are not firm now and so this is just an estimate at this point, that the damage to public housing, which is one of the most critical needs addressed here, is more in Georgia than in any of the Midwest floods suffered last year. That is the low-income housing. Unfortunately, some of the areas that have been stricken in this flood are among the lowest in income in our State, and so it is particularly working a hardship on these people.

These amendments, assuming the President asks for the emergency help under the provision of law, will be enormously helpful.

I thank the Senator from Maryland.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Georgia suggests the absence of a quorum. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Ms. MIKULSKI. Mr. President, I ask unanimous consent that it now be in order to consider the excepted committee amendment beginning on page 47, line 19.

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

AMENDMENT NO. 2448 TO COMMITTEE AMENDMENT ON PAGE 47

Ms. MIKULSKI. Mr. President, I now send a perfecting amendment to the desk on behalf of the Senator from Michigan [Mr. RIEGLE] and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Maryland [Ms. MIKULSKI], for Mr. RIEGLE, proposes an amendment numbered 2448 to the committee amendment on page 47.

Ms. MIKULSKI. 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 47, strike out the matter beginning on line 22 through "*Provided*" on page 48, line 3, and insert in lieu thereof the following:

"For grants, loans, and technical assistance to qualifying community development lenders, and administrative expenses of the Fund, $125,000,000, to remain available until September 30, 1996, of which $100,000,000 shall become available on September 23, 1995: *Provided*, That of the funds made available under this heading, up to $10,000,000 may be used for the cost of direct loans, and up to $1,000,000 may be used for administrative expenses to carry out the direct loan program: *Provided further*."

Ms. MIKULSKI. Mr. President, I urge adoption of the Riegle amendment.

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

The amendment (No. 2448) was agreed to.

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

The PRESIDING OFFICER. Without objection, the motion to lay on the table is agreed to.

Ms. MIKULSKI. Mr. President, I ask unanimous consent to temporarily set aside the pending committee amendments.

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

AMENDMENT NO. 2449

(Purpose: Managers' amendment to make technical and conforming corrections in the bill and to adopt other non-controversial changes)

Ms. MIKULSKI. 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 Maryland [Ms. MIKULSKI] proposes an amendment numbered 2449.

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

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

The amendment is as follows:

On page 3, strike out the matter beginning with the colon on line 11, through "$9,813,256,000" on line 16.

On page 8, line 18, before the period, insert the following new proviso: ":*Provided further*, That of the $15,622,452,000 made available under this heading for fiscal year 1994 in Public Law 103-124, the $9,863,265,000 restricted by section 509 of Public Law 103-124 for personnel compensation and benefits expenditures is reduced to $9,813,265,000".

On page 8, line 24, before the period, add the following proviso: ":*Provided*, That the Secretary may obligate not more than $500,000 of the funds made available under this heading for an epidemiological study of veterans who underwent radium nasopharyngeal irradiation".

On page 14, line 13, strike out "$1,400,000" and insert in lieu thereof: "$16,300,000".

On page 20, line 25, strike out "$765,000,000" and insert in lieu thereof: "$735,000,000".

On page 22, line 3, strike out "$156,000,000" and insert in lieu thereof: "$186,000,000".

On page 24, line 7, strike out "$3,062,000,000" and insert in lieu thereof: "$2,992,000,000".

On page 29, line 14, strike out the matter beginning with the colon, through the word "funds" on line 22.

On page 30, line 24, strike out the matter beginning with the colon, through the word "activities" on page 31, line 7.

On page 38, line 22, strike out "$953,973,000" and insert in lieu thereof "$947,398,000".

On page 45, strike out lines 7 through 12.

On page 45, after line 22, insert the following:

"Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended by adding at the end the following new subsection:

" "(aa) REFINANCING INCENTIVE.—

"(1) IN GENERAL.—The Secretary may pay all or a part of the up front costs of refinancing for each project that—

"(A) is constructed, substantially rehabilitated, or moderately rehabilitated under this section;

"(B) is subject to an assistance contract under this section; and

"(C) was subject to a mortgage that has been refinanced under section 223(a)(7) or section 223(f) of the National Housing Act to lower the periodic debt service payments of the owner.

"(2) SHARE FROM REDUCED ASSISTANCE PAYMENTS.—The Secretary may pay the up front cost of refinancing only—

"(A) to the extent that funds accrue to the Secretary from the reduced assistance payments that results from the refinancing; and

"(B) after the application of amounts in accordance with section 1012 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988.".."

"Section 223(a)(7) of the National Housing Act (42 U.S.C. 1751(a)(7)) is amended in subparagraph (B), by striking "and" at the end; and by inserting, before ": *Provided further*" in said paragraph, the following: "; and (D) any multifamily mortgage that is refinanced under this paragraph shall be documented through amendments to the existing insurance contract and shall not be structured through the provisions of a new insurance contract"."

"The amendments of the two immediately preceding paragraphs shall be effective only during fiscal year 1995.".

On page 45, after line 22, insert the following:

"Section 601 of title VI of S. 2281 (103d Cong., 2d Sess), as reported to the Senate on July 13 (legislative day, July 11), 1994 (S. Rep. 103-307), is hereby incorporated into this Act, and such section 601 is deemed enacted into law upon enactment of this Act: *Provided*, That the provisions of such section 601 shall be effective only during fiscal year 1995.".

On page 45, after line 22, insert the following:

"Title VIII of S. 2281 (103d Cong., 2d Sess), as reported to the Senate on July 13 (legislative day, July 11), 1994 (S. Rep. 103-307), is hereby incorporated into this Act, and such title VIII is deemed enacted law upon enactment of this Act.".

On page 45, after line 22, insert the following:

"Notwithstanding any other provision of law, the New York City Housing Authority is authorized to use not more than $12,420,000, from development reservation number NY36P005324 for 100 public housing units previous awarded from funds appropriated under Public Law 101-507 (Nov. 5, 1990), for the purpose of completing a homeownership program involving not more than 463 dwelling units located in Bronx County, in the City of New York, in accordance with a certain submission dated November 16, 1993 made in response to a Notice of Funding Availability issued at 58 Fed. Reg. 41127. The Secretary of Housing and Urban Development shall thereafter add a similar number of existing nonfederal public housing units, designated by the Authority, to the agency's inventory of federally-assisted public housing developments and said units shall, for all purposes other than the repayment of any debt associated with their development or rehabilitation, be considered as if initially developed under title I of the Housing Act of 1937.".

On page 47, restore the matter stricken on lines 14 and 15, and insert at the end thereof the following new paragraph:

"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. $4,250,000.".

On page 57, line 3, before the period, insert the following: ": *Provided further*, That nothing in this paragraph shall prohibit the Administrator from conforming the program standards and criteria set forth herein, with subsequent authorization legislation that may be enacted into law".

On page 62, line 6, after the word "promulgation" insert the word "of".

On page 72, line 2, before the period, insert the following: ", to remain available until September 30, 1996".

On page 73, after line 16, insert the following new paragraph:

"Notwithstanding the limitation on the availability of funds appropriated for "Mission support", 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, 1995 and may be used to enter into contracts for training, investigations, cost associated with personnel relocation, and for other services, to be provided during the next fiscal year.".

On page 91, after line 9, insert the following new section:

"SEC. . The budgetary resources made available to the National Aeronautics and Space Administration in this Act for fiscal year 1995 for procurement and procurement-related expenses are hereby reduced by an additional $19,703,000.".

On page 91, after line 9, insert the following new section:

"SEC. . None of the funds made available by this or any other Act shall be used to publish, implement, or enforce any regulations promulgated to carry out section 919 of the Housing and Community Development Act of 1992 before July 1, 1995.".

On page 91, after line 9, insert the following new title:

"TITLE VI

EMERGENCY SUPPLEMENTAL APPROPRIATIONS

Department of Housing and Urban Development

Community Planning and Development

Community Development Grants

For an additional amount for "Community development grants", as authorized under title I of the Housing and Community Development Act of 1974, for emergency expenses resulting from the January 1994 earthquake in Southern California, $225,000,000, to remain available until September 30, 1996, of which $50,000,000 shall be derived by transfer from funds provided under the head "Department of Education, Impact aid" in the Emergency Supplemental Appropriations Act of 1994 (Public Law 103-211): *Provided*, That of the foregoing amount, $200,000,000 and $25,000,000 shall be for the available until September 30, 1995 and may be used to enter into contracts for training, investigations, cost associated with personnel relocation, and for other services, to be provided during the next fiscal year.".

On page 74, after line 7, insert the following new paragraph:

"Hereafter, the Administrator may enter into contracts for the Space Station program that are for periods in excess of the period for which funds are otherwise available for obligation and provide for the payment of contingent liability which may accrue in excess of appropriations available for such contracts in the event the Government, for its convenience terminates such contracts, if any such contract limits the amount of the payments that the Government is allowed to make under such contract to amounts not in excess of unobligated funds, including prior year balances, available for activities herein appropriated under the heading "Human space flight": *Provided*, That hereafter, if funds are not available to continue any such contract, the contract shall be terminated for the convenience of the Government, and the cost of such contract shall be paid from appropriations originally available for performance of the contract, or from other unobligated funds, including prior year balances, available for activities herein appropriated under the heading "Human space flight".".

On page 91, after line 9, insert the following new section: cities of Los Angeles and Santa Monica, California, respectively: *Provided further*, That in administering these funds, the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or any use by the recipient of these funds, except for statutory requirements relating to fair housing and nondiscrimination, the environment, and labor standards, upon finding that such waiver is required to facilitate the obligation and use of such funds, and would not be inconsistent with the overall purpose of the statute or regulation: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

For an additional amount for "Community development grants", for grants to States and units of general local government and for related expenses, not otherwise provided for, necessary for carrying out a community development program as authorized by title I of the Housing and Community Development Act of 1974, to be used to assist States, local communities, and businesses in recovering from the flooding and damage caused by Tropical Storm Alberto and other disasters, $180,000,000, to remain available until expended: *Provided*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: *Provided further*, That the entire amount shall be available only to the extent of an official budget request, for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement, as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, is transmitted to the Congress: *Provided further*, That the Secretary of Housing and Urban Development may waive any provision of law (except for provisions relating to fair housing, the environment, or labor standards) if the Secretary determines such waiver is necessary to facilitate the obligation of the entire amount: *Provided further*, That the Secretary of Housing and Urban Development may transfer up to $50,000,000 to the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act, to be used for purposes related to flooding and damage caused by Tropical Storm Alberto and other disasters.

FEDERAL EMERGENCY MANAGEMENT AGENCY

For an additional amount for "Disaster assistance * * * for the cost of direct loans, $12,500,000, as authorized by section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act to be used to assist local governments in recovering from flooding and damage caused by Tropical Storm Alberto and other disasters: *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: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $50,000,000 under section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act: *Provided further*, That any unused portion of the direct loan limitation and subsidy shall be available until expended: *Provided further*. That the entire amount is designated by the Congress as an

emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: *Provided further*, That the entire amount shall be available only to the extent of an official budget request, for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement, as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, is transmitted to the Congress.

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

Federal-Aid Highways

Emergency Relief Program

(Highway Trust Fund)

The matter under the heading in the Emergency Supplemental Appropriations Act of 1994 (Public Law 103-211) is amended by deleting "$950,000,000" and inserting in lieu thereof "$775,000,000.".

Mrs. FEINSTEIN. Mr. President, more than 6 months after the Los Angeles earthquake, the damage is still considerable. In June, I joined FEMA Director James Lee Witt and local officials to tour 2 of the 10 "ghost towns" that have emerged within the city. Rows and rows of abandoned buildings have turned streets in the city of Los Angeles into literal ghost towns where crime abounds. The potential impact on the city of Los Angeles is considerable and must be addressed.

I am pleased to speak today in strong support of the manager's amendment to the VA-HUD appropriations bill which includes $225 million to the Department of Housing and Urban Development to address this problem. No new funds are allocated, but this amendment simply shifts funds already approved in the Emergency Supplemental Appropriations Act of 1994 to address the problem of ghost towns.

I want to personally thank President Clinton, HUD Secretary Henry Cisneros, and acting Office of Management and Budget Director Alice Rivlin for working in such a diligent way with Los Angeles Mayor Richard Riordan and Santa Monica Mayor Judy Abdo to address this problem. And I also want to thank my chairwoman, Senator BARBARA MIKULSKI, for being so willing to facilitate this transfer when I talked with her earlier this week.

Overall, thanks to the administration's rapid response, and the swift action of this body, the Federal Government, in conjunction with a remarkable State and local effort, was able to provide needed relief to the victims in Los Angeles—a process that still continues.

The city of Los Angeles estimates that 50,000 homes were unsafe and residents could not return to their homes because of structural damage as result of the earthquake.

The most extensive earthquake damage as it effects families was to apartment and single-family homes. The Small Business Administration and the Department of Housing and Urban Development have been able to finance the repair or reconstruction of approximately 35,000 of these homes—allowing families to return and begin to put their lives back on track.

However, there remain 15,000 homes for which SBA and HUD are unable to provide assistance for various reasons—in many cases because the owners were unable to accept more debt or did not have sufficient credit. These owners in many instances have simply abandoned their residences leaving virtual ghost towns. This amendment is to address this very serious problem.

In June, when FEMA Director Witt and I personally toured two ghost towns in the San Fernando Valley, one in Sylmar and one in Sherman Oaks, the conditions we witnessed were terrible. Once thriving areas have been reduced to deserted, crime-ridden areas, literal ghost towns, where drug use and prostitution are widespread.

The city must move quickly in order to stem the spread of criminal activity and restore these areas to their prequake conditions. These funds will make a huge difference to those efforts.

This transfer of funds will provide HUD $225 million in CDBG funds for the city of Los Angeles to provide no-interest loans to assist owners in beginning the repair of these 15,000 homes.

The city plans to provide up to $35,000 per housing unit—although most estimates for repair are between $15,000 and $25,000—in no-interest loans. Loans will be made to buildings that lost their profitability due to the earthquake and will be repayed over a 25-year period.

Specifically, this amendment shifts $50 million from the Department of Education's "Impact Aid" Program—funds which are no longer required—and $175 from the Department of Education—funds left over from the miraculously speedy repair of freeways damaged during the earthquake. Due to unexpected cost-effective reconstruction methods, the funds to be transferred are no longer needed for their original purposes, but remain in their original accounts.

The administration and the city of Los Angeles have requested that these funds be given to HUD to end the ghost town situation in the San Fernando Valley and other places. The Departments of Transportation, Education, and Housing and Urban Development have all given their sanction to this transfer. The Office of Budget and Management, in response to President Clinton's request, has approved the reallocation. And the cities of Los Angeles and Santa Monica are ready to receive and disperse these funds in a manner that will provide help almost immediately.

All that remains is for the Congress to approve the plan. I urge the swift approval of the manager's amendment to the VA-HUD appropriations bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2449) was agreed to.

Ms. MIKULSKI. I move to reconsider the vote and to lay that on the table.

The motion to lay on the table was agreed to.

Ms. MIKULSKI. These amendments were cleared on both sides of the aisle and will not affect the bill's remaining within its 602(b) allocation. That means we stay within the 602(b) allocation.

I, therefore, ask unanimous consent to have printed in the RECORD a more detailed description of these provisions.

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

ITEMS IN THE MANAGERS AMENDMENT TO H.R. 4624

1. VA Medical Care FY'94 Floor for Personnel Costs. Makes technical changes to language originally included in the Committee-reported bill lowering the floor for VA personnel costs for fiscal year 1994 so that the Department can use these funds prior to the end of fiscal year 1994.

2. VA Study on Nasopharyngeal Irradiation. (On behalf of Senator Lieberman.) Gives VA discretion to spend up to $500,000 for a study of veterans who underwent radium nasopharyngeal irradiation between the 1940's and 1950's.

3. Parking Revolving Fund. Makes a technical correction to the bill making clear that the appropriation provided by the Senate is $16.3 million.

4. Section 8 amendments. Reduces section 8 amendments funding by $30 million as an offset in budget authority for an increase in AIDS housing.

5. AIDS Housing. (On behalf of Senators Feinstein and D'Amato.) Increases the funding for AIDS housing by $30 million, raising the total from $156 million to $186 million.

6. Section 8 Contract Renewals. Reduces section 8 contract renewal funding by $70 million as an offset for increasing funding for community development financial institutions.

7. COMPAC program. (On behalf of Senator Sarbanes). Deletes language proposed in the Committee amendment to permit the transfer of funds, subject to certain conditions, from the drug elimination grant program to a new community partnerships against crime program if authorized.

8. Youthbuild. (On behalf of Senator Sarbanes.) Deletes language fencing youthbuild funding until HUD consolidates all youth-related programs. This matter will be addressed separately in the housing authorization bill.

9. HUD Salaries & Expenses. Reduces HUD salary and expense costs by $6.575 million as a partial offset in outlays for deleting the provision in the Committee-reported bill related to fair market rents.

10. HUD Fair Market Rents. (On behalf of Senator Sarbanes.) Eliminates language on fair market rent rates.

11. Section 8 refinancing. (On behalf of Senator Sarbanes.) Adds language proposed in the Administration's budget, to encourage the refinancing of certain section 8 contracts. The language is included as a partial offset in outlays for deleting the provision in

the Committee-reported bill related to fair market rents.

12. Preservation reforms. Incorporates certain reforms in the preservation program as a partial offset in outlays for deleting the provision in the Committee-reported bill related to fair market rents.

13. Non-judicial foreclosure. (On behalf of Senator Sarbanes.) Adds language comparable to that proposed in S. 2281 that provides HUD with the authority for single family non-judicial foreclosures. The language is included as a partial offset in outlays for deleting the provision in the Committee-reported bill related to fair market rents.

14. New York Housing Authority. (On behalf of Senator D'Amato.) Permits the New York City Housing Authority to utilize certain public housing development funds already awarded to it for homeownership activities under the HOPE program.

15. Superfund. Inserts bill language that permits the Administrator to conform the existing program with subsequent changes that might be authorized.

16. Radon in Drinking Water. Makes a technical change to the language in the Committee-reported amendment.

17. Mission support funding. Makes funding under this NASA account available for a two-year period, except for personnel and related costs and travel, which would remain unavailable for just one year.

18. NASA Procurement Reform. Makes a reduction to NASA's budget of $19,703 million to be achieved through procurement reform activities as a partial offset in outlays for deleting the provision in the Committee-reported bill related to fair market rents.

19. Elderly service facilities. (On behalf of Senators Gorton, Reid, and Bryan.) Delays the publication, implementation or enforcement of elderly service facility regulations until July 1, 1995. The Administration opposes this amendment and hopes that some compromise might be reached in conference with the House.

20. Ghost Town supplemental. (On behalf of Senator Feinstein.) Provides $225 million for CDBG as an emergency supplemental for rental housing in so-called "ghost towns" created by the Northridge earthquake as requested by the Administration. Funding is offset by a transfer of $50 million for impact aid in the Northridge supplemental and by a reduction in the highway funds set aside in the Northridge supplemental.

21. Chemical Safety Board. Provides $4.25 million for Chemical Safety Board, as requested by the President.

22. Georgia disaster supplemental (On behalf of Senators Nunn and Coverdell).

Ms. MIKULSKI. Mr. President, I thank the Chair. For tonight, that concludes the business we will be conducting on the VA-HUD appropriation. In behalf of the leadership, I will now do the wrapup.

MORNING BUSINESS

Ms. MIKULSKI. Mr. President, I ask unanimous consent that there now be a period for morning business with Senators permitted to speak therein for up to 3 minutes each.

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

TOBACCO, A LABOR-INTENSIVE CROP

Mr. FORD. Mr. President, back in February and March, when most of us were cursing the cold weather, Kentucky tobacco farmers were already putting into motion the cycle of planting, setting, cutting, and curing that has occurred for hundreds of years.

Tobacco is a labor intensive crop. As Kentucky writer and farmer Wendell Berry put it, that is because it is a "handmade crop; between plantbed and warehouse, every plant, every leaf, was looked at, touched and appraised, lifted and carried many times."

Because the seeds are so small—over 300,000 seeds to an ounce—farmers first plant them in beds or nurseries to produce seedlings large enough for transplanting.

Up until about 4 years ago, most tobacco farmers in Kentucky grew their burley plants in traditional seedbeds outside. Now, nearly 50 percent of Kentucky burley is started in greenhouses.

One Shelby County farmer told the Louisville Courier Journal that before they started using greenhouses, "It used to take 10 or 12 people working all day pulling plants out of the bed before you would have enough plants to set five acres. We'd start at 6 or 7 in the morning and work till 3 in the afternoon. Then you would transplant until dark."

But as Courier Journal farm writer, Greg Otolski, explains, it is still not an easy way to go. "At 7:10 p.m., 11 hours after they began, the 6.5 acres are planted and the machinery is taken back to the barn to be cleaned. Muscles ached and the skin on the ears and back of the neck stung from being burned by the sun, but the next day they got up and did it all again, because it is their way of life."

The Sun has been rising and setting on tobacco farmers working in the field for centuries. And it is that history, as much as the financial rewards, that policymakers must try and understand.

The culture of tobacco is ingrained in the history of grower States just as surely as the culture of automakers in the rustbelt, of fishermen along this Nation's coastlines, or oil drillers in the Southwest and of lumberjacks in the North.

That history began long before 1612, when James Rolfe started the commercial cultivation of tobacco in Virginia's Jamestown colony. In fact, one source writes "there is evidence that tobacco had once been abundantly cultivated long before the dawn of history. Excavated mounds built by stone age inhabitants yielded a wealth of pipes to indicate that tobacco had been an intimate part of the ceremonial and social life of a long-forgotten people."

And less than a century after Christopher Columbus found native Indians cultivating tobacco using many of the same practices still considered essential today—from topping to curing—tobacco had journeyed around the globe, becoming the economic foundation for the Colonies.

The leaf itself became currency, with Benjamin Franklin using it for collateral for loans extended by France to finance the Revolutionary War.

Eventually, tobacco cultivation became more sophisticated, and new types were developed. Dark types were suitable for Virginia, western Kentucky, and Tennessee soil, while the bright types were for the Carolinas, the bluegrass regions of Kentucky and Tennessee. The dark tobacco is often referred to as "black patch" and the bright as "burley."

But perhaps most important, a look back on history reveals that all too often, the farmer's interests were supplanted by those of government and industry.

Most social studies classes still teach the story of how Sir Walter Raleigh introduced tobacco to England, and how a maid doused him with a pitcher of water because she thought he was on fire.

But few talk about the year 1872, when the first tobacco tax was levied. It was done as a way to take control away from the farmer. The manufacturers reasoned that the tax would wipe out the grower-to-customer market, forcing the farmers to sell directly to the tobacco companies.

Farmers eventually conceded, because, even back then, there was no other crop to take its place.

According to the Kentucky Burley Tobacco Growers Cooperative, "in all the time that it has existed—despite several valiant efforts to give burley growers some semblance of bargaining power in the marketplace—the burley industry knew little relative stability until 1941."

It was 1941 that the tobacco program of price supports and production controls was introduced. It was a real victory for farmers, providing them stability and better control over their livelihood. And it is a successful program that could serve as a model for other commodities.

When a Kentucky farmer removes his young plants from the beds or the nursery by hand, and then replants them in the field, his hand shadows the motions of hundreds of thousands of others that have come before him.

John Berry, former head of the Kentucky Burley Tobacco Growers Cooperative Association put it this way, "Tobacco is inextricably involved in the history of the place where I live. It is not written in the history books but in the minds and memories of those who lived the experience and those who heard the stories."

That history is as ingrained in Kentucky farmers like Louis Jones or Roger Perkins or Gordon Catlett as their individual fingerprints.

Jones can trace his tobacco history back to 1735 when his family first came to this country. They have been raising tobacco ever since. The 57 acres he

farms will buy new equipment, pay the mortgage and most important, someday help send his children to college.

When Roger Perkins and his father set tobacco on their Franklin County farm, they are walking down the same rows father and son of a generation before walked down. When his 15-year-old daughter goes to college, tobacco will have made it possible.

Gordon Catlett is a bit younger. And like 70 percent of Kentucky tobacco farmers, he works another job at the utility company. But thanks to tobacco, he is looking to buy the Anderson County farm he works. He understands what John Berry meant when he said, "If you want people to love their country, let them own a piece of it."

When each of them go to set their tobacco, they are planting a whole lot of history. And without government interference, they are planting their future as well.

What my colleagues need to understand, is that any attacks on tobacco are going to have a profound effect on a lot of small people.

I think you know who I am talking about. Many of you have stood here in the Senate and talked about the constituents in your State who put in a hard days work expecting nothing more than a fair wage and a safe environment to raise their families. Farmers and all the people in the close knit communities tobacco made possible are no different. You will be taking away not only their livelihood, but their sense of history—their sense of place.

So, Mr. President, when my colleagues dismiss the tobacco farmer, talking about giving them some sort of kickback from a tax or telling them they need to enter a retraining program, they just do not get it.

Those notions may play well in the newspaper, but they are counter to the traditions of hard work and independence that are the life-blood of any tobacco farmer.

Worms, weeds, and weather were certainly a part of that history. But government welfare, just as certainly was not.

I ask that Danny McKinney's column be printed in the RECORD.

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

TOBACCO GROWERS

(By Danny McKinney)

While we Kentucky burley growers celebrated July Fourth, we had good reasons to commemorate our own heritage as farmer-patriots in 1775.

We were not public enemies then, and really are not today.

We simply grow tobacco—just as tobacco growers like George Washington and Thomas Jefferson did before us.

In fact, historians record that, nearly 400 years ago, tobacco quite literally launched America's economy.

In 1613, Pocahantas's husband, John Rolfe, sold his first commercial crop—tobacco—which was also Colonial America's first export.

And for nearly 200 years after Rolfe's start, tobacco would reign as this society's principal export.

Yet our heritage didn't stop there.

By 1633, tobacco was the British colonies' first and primary currency. This remained the rule, even during the American Revolution when George Washington appealed to other rebelling colonists, "If you can't send money, send tobacco."

And our ancestral farmer-patriots did just that.

The tobacco they donated helped to buy supplies for Washington's Colonial Army and to fund the First Continental Congress.

As well, during the Revolution's darkest hours, Benjamin Franklin negotiated a loan for Washington's soldiers from France, and that loan was backed by 5,000 wooden barrels of Virginia tobacco.

So like those early farmer-patriots, who in 1775 started the American revolution to protect their economy and way of life from oppressive government intrusions we modern Kentucky burley growers cannot retreat.

Our heritage as tobacco growers helped give birth to this nation, but nearly 220 years later we find ourselves in very much the same position as our forefathers.

Like them, we're compelled to defend our way of life against government tax and legislative proposals every bit as oppressive to us as those measures of 1775.

We cannot allow political opportunities to tear down the values associated with the growing of tobacco nurtured over hundreds of years and vital to our society—values like strong family bonds, work ethic, dedication, love for the land and pursuit of honorable endeavor.

Nor can we allow the extraordinary economic benefits generated by tobacco for all Kentuckians to be swept away in the ever-changing currents of public opinion.

TOBACCO SERIES/GROWING SEASON

Mr. FORD. Mr. President, I take to the Senate floor again to talk about tobacco—what it means to my State and every family that earns their livelihood from this agricultural product.

I believe there is one thing every Senator in this body can relate to as they work to represent their constituents the best way they know how. And that is what is known as a "way of life."

I think if you look around, nearly every Senator could point to a cash crop or commodity produced in their State, and tell story after story of how important that product is to their State's economy, how their State's history is tied to that product and how they have worked to protect and enhance it.

But perhaps most stories would revolve around people and community and how generation after generation relied on and developed trades around these particular commodities.

From the fishermen along our Nation's coastlines, to the dairy farmers in the North and Northwest, the ranchers out West the list goes on and on the stories about a "way of life" would basically be the same.

But I would like for you to think about something. What if communities in your State lost that one defining product that supported everything in the community from the local bank to the local grocery store? Would that commodity continue to exist as you know it?

A recent study talked about the meaning of tobacco to Kentucky this way:

Tobacco is, in fact, an essential element in the cycle of Kentucky life, and forms an important thread of continuity with previous generations. While the technology surrounding the tobacco industry has changed, the basic activity has remained fundamentally the same for generations. In the same way that his great-great-grandfather spent his spring preparing plant beds and his winter stripping tobacco, today's tobacco farmer is connected in an intimate and fundamental way to his ancestors as he engages in the same activities, frequently cultivating the same land, and sometimes even using the same barns.

Tobacco in my State is a way of life.

When a person picks up the newspaper or turns on the television these days and sees anti-tobacco forces doing all they can to wipe tobacco off the face of the Earth, they will never see mentioned the dedication, sweat, and toil that goes into raising a crop of tobacco.

Nor will they see stories of college educations for children, mortgage payments on a farm, or payments on a new tractor that are gained from the sale of the yearly crop.

In my mind, the planting of tobacco represents the hopes and dreams of farmers as they put that plant in the ground with a prayer for cooperative weather during the growing season.

A few weeks after the tobacco was planted, or what we called "set," I can remember as a young boy getting up with the sun and making my way down row after row of tobacco, chopping out the weeds with a hoe, and tending the crop with my family.

This was part of the rhythm of the growing season, and it was a chore that was being replicated all across the State from farm to farm.

Before long, and with enough rain, the tobacco would be up to around shoulder level and begin blooming. And around this time every year, farmers would begin the process known as "topping" tobacco—breaking off the blooms and what were known as "suckers," and spraying the plants to get them ready for cutting in the next month or so.

As with most tobacco tasks, it was "hands on" labor and required many long hours and all the help you could get. When one farmer in the community was through topping their tobacco, you could expect to see them coming by to give you a hand. If you got through before another neighbor, chances are they would appreciate whatever help you could give them.

That's the way it was then, and that is the way it remains today. It is community in the truest sense of the word.

Today, to make ends meet, 69 percent of all Kentucky tobacco farmers have another job off the farm. They are willing to work weekends, nights and early mornings just to hold on to something they have known all their lives, their family farms.

They are a community and they are under attack.

In the same report I quoted earlier, it says, "Kentucky's social, economic and cultural fabric, however, is beginning to show the strain from the increasing pressure placed on tobacco by several forces."

It is a strain that is being felt because tobacco farmers and the industry are being singled out to bear the upfront costs of health care reform. As we proceed to this debate, I hope my colleagues will keep those words in mind as they vote on proposals that could, in effect, eliminate a "way of life."

I ask that Coleman McCarthy's article be printed in the RECORD.

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

VOICES FROM THE TOBACCO FIELDS

(Coleman McCarthy)

BLOOMFIELD, KY.—Much of what persuaded the 3,300 members of the Nelson County Farm Bureau to elect Jeff Eaves their president four years ago can be found in a small sign fronting his tractor shed: "Pride in Tobacco." He has been a successful grower for 20 years, the son, grandson and great-grandson of burley tobacco farmers, all of them cultivating the earth and raising families on knobby farmland about 60 miles south of Louisville.

Eaves, 38, married and father of two, earns two-thirds of his income from tobacco, with cattle most of the rest. This summer's crop has been in the ground about six weeks: Its broad and soft leaves—a lighter green than corn or squash—will eventually be hung in curing barns, graded, auctioned at around $1.80 a pound and end up between the lips of people who enjoy smoking.

Some 60,000 Kentucky small farmers raise tobacco, generating $800 million in sales and making it the state's cash crop. About 135,000 jobs in Kentucky are tobacco-related, with a Philip Morris plant in Louisville producing 75 billion cigarettes a year with 3,000 workers on the payroll.

In this spring and summer's square-off in congressional hearing rooms—where politicians, FDA officials and tobacco company CEOs have wrangled, postured and spieled—the issues are addiction, disease, tax hikes, nicotine levels and regulations. The debate has importance, but so also do the lives of farmers like Jeff Eaves and the futures of such rural communities as Bloomfield, which has one traffic light and its own commonweal.

The smooth talk and rough exchanges of Washington have omitted Eaves and people like him, as if they have no opinions worth hearing and no culture worth honoring. Do bans on smoking extend to those who suddenly find themselves in the minority?

On the porch of his farmhouse the other afternoon, Eaves fluctuated from dismay at the increasing attacks on cigarettes to resigned pessimism over where the debate was heading and what it would mean for him and his family. "Every time you turn on the news," he said, "it's 'tobacco is killing you,' and 'tobacco is the worst thing in the world.' I don't know what the government's trying to do—get everybody's mind off everything else and focus on tobacco so they don't think about how bad everything else is. God help us when they get rid of tobacco. What's next?"

A mile or so up Route 458 and beyond two duck ponds, Ted Shields, 63, a retired sheriff and a grower of 20,000 pounds of tobacco a year, had similar views: "I'm not saying tobacco is good for you, but it does help some people. They relax when they smoke. It settles the nerves. There's some enjoyment there. There's no law saying you have to smoke. It's a choice."

Neither Ted Shields, who began growing tobacco nearly two decades before the surgeon general's 1964 report on the dangers of cigarettes, nor Jeff Eaves is a smoker. In that sense, they are anti-tobacco. Their personal and professional lives have different standards. If an inconsistency is present, it's of the same variety found in congressional hearing rooms where some politicians equate cigarettes only with addiction and cancer and rarely hear, much less consider, the voices of rural tobacco men.

One non-Washington listener is Kentucky's Wendell Berry, the writer, farmer and teacher whose 1993 essay "The Problem of Tobacco" asked the country to put cigarettes in context: "In calling attention to the dangers of one kind of addiction, the tobacco controversy distracts from the much greater danger that we are an addictive society—that our people are rushing from one expensive and dangerous fix to another, from drugs to war to useless merchandise to various commercial thrills, and that our corporate pushers are addicted to our addictions. . . . We ought to be aware of our inconsistency in condemning tobacco and excusing other damaging addictions, some of which are more threatening than tobacco."

Such an awareness hasn't been overly displayed in the recent round of congressional hearings. One House member, exhaling outrage, said it would be "wonderful" if the tobacco companies were driven out of business. In his contempt for the CEOs at the top, he forgot Jeff Eaves, Ted Shields and others at the bottom. With no way to convert to other crops—poor soil, much lower prices—what are they to do? Just get lost? Sell the farm? Go up in smoke?

If any anti-smoking crusaders have any non-simplistic answers—and are free of their own addictions to press releases, finger-pointing and moralizing—60,000 Kentucky farmers would like to know.

MEDICAL WASTE INCINERATORS

Mr. MCCONNELL. Mr. President, I rise today to alert my colleagues to regulations that will be proposed shortly by the Environmental Protection Agency. These new regulations will greatly impact hospitals that operate medical waste incinerators by mandating strict emission levels that are unattainable by currently technology. The EPA admits that this regulation will close down 80 percent of the medical waste incinerators located in a large majority of hospitals nationwide, including veteran's hospitals.

Presently, 70 percent of hospitals operate incinerators as a cost-effective means of reducing their medical waste to a manageable capacity, and, equally importantly, transforming highly toxic waste into safe and inert material for transport to dumping sites. By mandating unreasonable emission levels, many hospitals will be forced to find alternative methods of disposing of their "Red Bag" medical waste. This waste includes needles, bandages, dialysis waste, and a variety of biomedical wastes.

Mr. President, the release of these regulations is to coincide with the release of a study on dioxin. It is my understanding that the EPA study will demonstrate that a multitude of combustion sources, including cars and trucks, are responsible for dioxin output. But, to my knowledge, this study has not been reviewed by anybody outside the EPA.

Mr. President, I am afraid that the EPA is putting the cart before the horse in this case. It has come to my attention that an official within the EPA has admitted this information is faulty, yet the EPA has decided to go ahead with issuing the regulations, hoping to correct them later. This is precisely the sort of action that riles taxpayers and business owners.

It is my understanding that the soon-to-be-released regulations are also inconsistent with sections 111 and 129 of the Clean Air Act Amendments passed by Congress in 1991. I have been informed that the EPA seeks to establish emission levels that are based on optimal performance levels which are not achievable in actual practice.

Mr. President, we need to consider the impact these regulations will have. They will not reduce the total amount of medical waste. Instead, hospitals will be forced to send possibly contaminated blood and tissue waste across town or across the country to a landfill or other type of waste incinerator.

I have received numerous studies indicating that many waste incinerators operate within very strict health and environmental standards already implemented by 40 States. In fact, Kentucky promulgated strict regulations the same year Congress approved the Clean Air Act Amendments of 1991.

For the past 4 years, Kentucky hospitals have safely operated incinerators that meet or exceed the standards set.

Technological advances have greatly reduced the level of harmful emissions. For instance, technology has helped reduce emissions of metal, lead and cadmium by 2,500 times. In fact, independent stack emission tests show that modern incinerations fall within U.S. EPA health risk guidelines.

In addition to dioxin levels, the EPA also strictly monitors other pollutants. Incinerators already on the market significantly limit the emissions of other pollutants to well within safe limits.

For example, carbon monoxide emissions from small medical waste incinerators are roughly a quarter of the emissions from a diesel truck and almost two-thirds lower than a wood burning fire. Studies also show that diesel truck emissions of nitrogen are roughly 2 times more than that of an incinerator.

Currently, 70 percent of all hospitals maintain incinerators because waste incineration is the most cost-effective means of disposal. Hospitals can dispose of one ton of waste for between $200 to $1,200 per ton. The EPA estimates that new regulations will drive the cost as high as $2,500 per ton.

Hospitals can't afford to double their costs for waste disposal. These new regulations will certainly not contribute to reducing the cost of health care. In addition, the EPA estimates that at a minimum, 7,000 jobs will be lost.

Of course, there are alternatives. One is to ship waste across State lines to a regional waste facility where it will be burned. Ironically, the dioxin emitted from two heavy diesel trucks used to haul the waste is the same as that emitted from a modern medical waste incinerator itself. Also in many cases, waste haulers are not as cheap and will add to hospitals' disposal costs.

Another method is to decontaminate the waste and put it into a landfill. However, pollution and a public perception problem continue to be associated with landfills.

I also might point out that New York State requires that medical waste must be unrecognizable at the point of disposal, thus limiting disposal options.

Mr. President, I cannot help thinking that the EPA has not done its homework nor does it seem to have a clear plan in mind. Does the EPA intend to eliminate incinerators because it believes that waste hauling is environmentally sound; or would it prefer to bury the waste?

What about the added cost, Mr. President? A number of environmental experts believe this policy will boost costs, thus, contributing to the illegal dumping of medical waste, which I believe everyone in this body would agree is undesirable.

Mr. President, I want to stress that I support regulations to require reasonable safeguards for all incinerators. However, these regulations are not required to be promulgated until April 1996. Although I do not suggest that EPA wait that long to adopt final regulations, clearly EPA does have time under the schedule we set to re-evaluate its own faulty data to solicit opinions from industry officials and the scientific experts before implementing these regulations. EPA needs to get it right the first time.

Therefore, I respectfully urge Administrator Browner to postpone the promulgation of these regulations and review the relevant material that will help her formulate environmentally and health conscious regulations, while keeping in mind the economic impact.

I hope Administrator Browner will seek out experts and experienced State administrators to formulate a feasible plan that will allow hospitals to dispose of their waste in a cost-effective but environmentally safe manner. After all, our decisions today will impact our environment in the future.

NOMINATION OF STEPHEN BREYER TO THE U.S. SUPREME COURT

Mr. DURENBERGER. Mr. President, I would like to discuss my support of the nomination of Judge Stephen Breyer to the United States Supreme Court. I regret that I was not able to cast my vote in support of Judge Breyer due to the fact that I had a prior commitment out of town which resulted in my absence the afternoon of the vote.

I have always taken very seriously my responsibility as a Senator to advise and consent on Presidential nominations. In my mind, my role is not to confirm only those nominees who agree with me on political issues. I have never applied a litmus test on any subject, such as abortion and the death penalty for example, even though I have strong convictions about both.

Regardless of the party in the White House, I have always asked three questions to determine whether presidential nominees deserve confirmation. First, does the nominee have the experience necessary to do the job? Second, does the nominee have the temperament to serve honorably? And finally, does the nominee have the character to be entrusted with the responsibility?

Without a doubt, Stephen Breyer has the experience necessary to serve as a Supreme Court Justice. He has had an exemplary career in the executive, legislative, and judicial branches. He has served on the Federal bench for 14 years, and spent the last 4 years as chief judge of the First Circuit Court of Appeals.

On the question of temperament, I believe Judge Breyer is qualified to serve on America's highest court. His decisions on the Federal bench have the reputation of being thoughtful and well-reasoned, without suggesting any particular political agenda. I trust he will continue to apply the law neutrally and fairly.

And finally, based on the evidence that is available, I have concluded that Judge Breyer has the character necessary to be entrusted with a seat on the Supreme Court.

I am aware that questions have been raised about Judge Breyer's membership in a Lloyd's of London syndicate that underwrites insurance for corporations with potential liability for environmental cleanup costs—at the same time he was reviewing toxic waste cases as a Federal appeals judge.

But there is no evidence that his decisions had a direct impact on any of his investments, and I believe Judge Breyer's assertion that his impartiality was not affected in any of those cases.

Rather than showing a defect in character, I believe this was a case of bad judgment. My distinguished colleague from Indiana, Senator LUGAR, has raised several valid points about the judgment that Judge Breyer exercised with respect to this investment.

However, I have concluded that this single error in judgment should not, in itself, preclude membership on the Supreme Court. I do not think that a reasonable measure of any person is the worst mistake they ever made. Instead, I look at the entire record of accomplishment, his record of reasonable decisions, his record of diligent work for justice, his temperament and his character. By that measure, Stephen Breyer is worthy of a seat on the Supreme Court. That is why I would have voted to confirm this nominee.

JUDGE STEPHEN BREYER'S BOOK "BREAKING THE VICIOUS CIRCLE: TOWARD EFFECTIVE RISK REDUCTION"

Mr. President, in 1993 Judge Breyer published a book with the title, "Breaking the Vicious Circle: Toward Effective Risk Reduction". While I realize that Judge Breyer's personal views on public policy matters are not relevant to the debate on his nomination, I did want to take this opportunity to comment on the views communicated in his book.

The central premise of his book is that the efforts of the Federal Government to reduce risks to public health and the environment are not well focused and produce inconsistent and illogical results.

The cause of this problem in Judge Breyer's view is the disjointed decision-making process that we in the Congress and as a nation use to choose the risk reduction policies that are actually imposed. The sources of risk to human health and the environment come to the attention of the public and the Congress one at a time. They are considered by a multitude of committees and subcommittees in the legislature. They are regulated under a series of statutes with disparate goals and objectives. The statutes are carried out by several departments and agencies of the executive branch.

In Judge Breyer's view, the result is a confusing and wasteful web of regulations that do not achieve the greatest risk reduction for the dollars we invest. He points to a swamp in New Hampshire that is cleaned up to extraordinary levels under the Superfund program, while Boston Harbor remains polluted. He cites a five-fold discrepancy in risk assessment outcomes between EPA and FDA methods. He reports examples of risk reduction regulations that may actually increase health risks from other sources.

Judge Breyer is not alone in raising these concerns. In 1987, the EPA itself published a study called "Unfinished Business" which suggested that government and private sector resources were being wasted because Government policy too often regulated low-level risks while larger threats went unaddressed. And in 1990, the Science Advisory Board of EPA came to a similar conclusion in its report, "Reducing Risk".

No one could argue with the proposition that we ought to allocate the resources we devote to risk reduction as carefully as possible. And everyone would agree that decisions based on solid scientific information are usually better than decisions guided by hunches, superstition, or bias.

However, we must often make decision before all the evidence is in. Congress is constantly called upon to make decisions that allocate billions of public and private dollars toward one problem or another often before the science on causes and solutions is settled. We make difficult choices that are criticized from every direction.

Judge Breyer proposes a new superagency with wide-ranging authority to reallocate government efforts as a solution to these problems. But there is no technical, scientific or bureaucratic fix for our condition. There is no philosopher king or group of senior bureaucrats who can relieve the Congress of the difficult job of setting priorities in a world of competing interests and limited knowledge. And there is not reason to believe that Congress has chosen incorrectly in the past.

A complete response to the concerns that Judge Breyer raises in his book would fill many pages of the RECORD. I would make just two brief points, today.

First, this is not a technical problem that can be solved by appointing an agency with broader powers and better staff. Allocating budgets, imposing regulatory costs, is an act of expressing values. And in a democracy we do it by voting.

There is not one objective yardstick on which one can rank the relative importance of all these competing objectives. How much do you spend on childrens' health, before you start spending money to save endangered species? This is a question of preferences that in our system of Government is assigned to elected Members of the Congress, not appointed members of science boards.

Second, even where one yardstick of risk can be applied, for instance the risk of contracting fatal cancer, it does not necessarily follow that allocating resources to achieve the largest risk reduction is an absolute guide to policy. I believe that the public is more willing to accept small risks widely distributed, than large risks focused on the few. It is not just the absolute mortality, but also the equity, the distribution of the risk, that informs the public's sense of priorities.

The public gets incensed about hazardous waste sites and leaking underground storage tanks because they are immediately devastating to their victims, even if those victims are few in number, and hundreds more could be saved by spending the same dollars cleaning up indoor air quality. Allocating public and private resources to achieve the greatest reduction in risk for each dollar spent is not the best public policy, because it fails to reflect the public's sense of equity and justice. How much an industry should be required to spend to prevent its externalities from imposing unjustified costs on others is, unless one takes an absolutist view, a value-laden decision that can only be made in the context of our entire social experience.

I am all for more science. And the Congress has a fundamental obligation to spend the taxpayers' money as wisely as possible. We often make mistakes. But I do not agree that the anecdotes cited in Judge Breyer's book call into question either the process we have used to select environmental priorities or the allocation of resources now reflected in the budget and regulations of EPA and the other agencies we charged to protect public health and the environment.

CENTER FOR EXCELLENCE IN EDUCATION

Mr. LIEBERMAN. Mr. President, the Improving America's School Act which was passed yesterday provides a new framework for choice and change for primary and secondary schools in America. I think it is fitting at this time to recognize the anniversary of the Center for Excellence in Education's 10 years of service to outstanding high school and college students from across the Nation. CEE was founded by the late Admiral H.G. Rickover to help keep the United States competitive in science and technology, and to further international understanding among the future leaders of the world. CEE's support in providing students cost-free participation in the Research Scientists Institute and mentoring throughout their undergraduate and graduate careers is unique in this country. I congratulate all of the Center's alumni, for the Center's success can only be measured in terms of the achievements of its students and I truly anticipate that the alumni of the Center will indeed be our country's future creators, inventors, scientists, and leaders.

History tells us time and again that leadership in science, technology, and business is not something solely predicated on the curricula mastered and years of work experience. Real breakthroughs and significant leadership are achieved when there is an environment which nurtures and rewards creativity and isn't afraid to recognize these traits in our young. The Center for Excellence in Education's continuing role in sparking and maintaining that flame of creativity is essential in keeping our country not only competitive but a leader among the nations of the world.

I was especially pleased to be able to host a meeting this winter with business leaders from the Washington, DC area to help with the Center's Role Models and Leaders Project. This program addresses the shortage of underrepresented populations pursuing scientific careers. It is essential that we do all we can to encourage more of our many outstanding minority high school students to consider advanced education and careers in science, technology, and business. The problem of the lack of minority participation in these areas is great, but my hope is that the Center's efforts will provide tangible and lasting results.

My congratulations to both the Center for Excellence in Education and its alumni for their past achievements and many more achievements to come.

IN MEMORY OF ALICE HOWARD

Mr. BREAUX. Mr. President, if there ever was an ultimate business professional, Mr. President, it was Alice Howard. Alice passed away recently. She was my personal friend and a friend of all Louisianians.

Alice was well-known and respected throughout the State and nationally as a representative of Louisiana's rural electric cooperatives.

She handled the cancer which ultimately took her life with the courage, grace, and dignity with which she handled all aspects of her life.

Her ever-present smile and her strong will and determination made Alice the remarkable person she was. An outstanding journalist, a governor's loyal appointments secretary, and a very effective Director of Legislative and Governmental Affairs for the Association of Louisiana Electric Cooperatives, she succeeded because of her spirit, her knowledge, her enthusiasm, and her dedication.

Alice represented Louisiana's rural cooperatives before the State and Federal Governments so effectively because of her ethical standards, her command of the issues, her knowledge of the industry. The Louisiana Legislature adopted a concurrent resolution to express its condolences to Alice's family and to remember and honor her, a testimony to the admiration and affection with which she was held.

Alice excelled as a professional because she was responsible and fair. Her assessments were accurate. Her judgments were well-reasoned. Her advice was sound.

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Those qualities, when combined with her smile and personality, made her the ultimate professional. We will all miss her. In a phrase, Alice was larger than life. And there are many good memories that will always keep her with us, in our thoughts, our prayers and our smiles.

Thank you, Mr. President.

COL. MICHAEL D. BROWNELL RETIRES FROM THE U.S. ARMY

Mr. SHELBY. Mr. President, I rise today to honor Col. Michael D. Brownell, who will retire from the U.S. Army on October 1, 1994 after completing a long and distinguished career of more than 40 years of service to our Nation. I want to take a few minutes to highlight some of his contributions and accomplishments.

On September 22, 1954, Colonel Brownell enlisted in the Washington National Guard as a private at the age of 17. He was commissioned a Second Lieutenant in the U.S. Army Reserve in September 1964, and served in a variety of assignments.

Colonel Brownell entered on a statutory tour of active duty as a Captain in June 1975 at Headquarters, First United States Army, Fort George Meade, Maryland. This was the forerunner of the Active Guard Reserve [AGR] Program, as it is known today, and he was one of its earliest members. His initial duty assignment was as Chief, Senior Officer Branch, Headquarters, First United States Army, managing Army Reserve general officer and colonel command positions throughout the First Army Area.

Three years later, Colonel Brownell was selected for the position of General Management Officer in the Office of the Chief, Army Reserve, Department of the Army, a position which he held for 6 years. In October 1984, he was selected for the position of chief of the Command Coordination Branch of the newly-established Army Reserve Personnel Center in St. Louis, MO. He later served as chief of the Command Support Division at the same Center. His performance of duty in these assignments was outstanding.

In August 1986, Colonel Brownell, returned to the Pentagon as a Personnel Staff Officer in the Office of the Chief, Army Reserve, managing a variety of officer personnel programs including the development of a professional development plan for Army Reserve soldiers. He as later assigned as a Personnel Officer in the Officer Accession Branch of the Office of the Deputy Chief of Staff for Personnel, Department of the Army until his selection for promotion to the grade of Colonel.

Since February 1989, Colonel Brownell has served as Staff Director and Senior Army Reserve Policy Advisor of the Reserve Forces Policy Board in the Office of the Secretary of Defense. This Board is, by statute, the "principle policy advisor to the Secretary of Defense on matters relating to the Reserve components," In that capacity, Colonel Brownell demonstrated outstanding leadership, professional knowledge and skill in developing and recommending policies on a broad range of issues that have substantially contributed to the readiness and effectiveness of the National Guard and the Reserve components of the United States Armed Forces.

Colonel Brownell's initial assignment with the Reserve Forces Policy Board was an editor of the fiscal year 1989 annual report to the President and Congress entitled, Reserve Component Programs. This publication provides information on Reserve component programs and issues. The annual reports are especially valuable to Congress on matters relating to the Reserve components.

Colonel Brownell subsequently served as Staff Director of the Board's Personnel Committee during Operations Desert Shield/Storm, and was instrumental in developing over 150 recommendations and resolutions which were adopted by the board to achieve equity in pay and entitlements for members of the Reserve components who served in the Persian Gulf war.

Colonel Brownell also assisted and was instrumental in the planning and the conduct of a symposium that complied and correlated the experiences of Army Reserve Civil Affairs units and personnel in the Persian Gulf. His exceptional service contributed to the publication of the symposium proceedings which constitutes permanent documentation of Civil Affairs service during Operations Desert Shield/Storm and Provide Comfort.

Colonel Brownell's civilian education includes an Associate of Arts degree from Olympic College in Bremerton, WA, and a Bachelor of Arts degree from the University of Washington; he received both degrees in 1959. In 1969 he earned a Master of Public Administration from the University of Washington School of Public Affairs.

While on active duty, Colonel Brownell completed the Army Command and General Staff College, the National Security Management Program at Harvard University and the Personnel Management for Executives Course. He continues to serve as a member of the faculty of the Army Training Center for the Personnel Management for Executives Course.

Colonel Brownell is a native of Bremerton, WA, and resides in Arlington, VA, with his wife, Janell. They have two daughters, Sandra and Melinda: Sandi is a First Lieutenant in the U.S. Army Reserve and Mindy is a Regular Army First Lieutenant stationed at Fort Lewis, WA.

Colonel Brownell is a member of the Board of Directors of the Northwest Ethics Institute. He is a life member of the Reserve Officers Association of the United States and the Retired Offices Association. He is also an Honorary Member of the Civil Affairs Association.

Colonel Brownell's decorations include the Defense Superior Service Medal, Legion of Merit, Defense Meritorious Service Medal, Army Meritorious Service Medal with two Oak Leaf Clusters, the Army Commendation Medal with one Oak Leaf Cluster and numerous others.

Mr. President, Colonel Brownell is an extraordinary soldier. I have been impressed by his outstanding service and contributions to our nation by his service in our Armed Forces. As he prepares to retire from military service, I congratulate and thank for him for his many years of outstanding service to our Nation.

THEY ALSO SERVE . . . .

Mr. BYRD. Mr. President, on a recent journey back to West Virginia, I stopped at one of my favorite restaurants, the Southern Kitchen, in Charleston. West Virginia boasts a number of excellent restaurants, individual enterprises here and there where the expectations of certain chefs, the personalities and spirits of certain waitresses, or the imaginations of specific managers give those establishments unique qualities of taste or service that distinguish them from their competitors.

The Southern Kitchen Restaurant is such an establishment. There, under the watchful eye of Miss Donna Messenger—"Susie," to her friends—I have found again and again a notable quality in the taste of the offerings on the menu and a defining caliber of service not found in many more formal and standardized restaurants.

Last year, largely through Miss Messenger's efforts, Governor Gaston Caperton designated one day in May as "Waitress Day" in West Virginia.

Across our country, for up to 365 days a year, thousands upon thousands of women serve in thousands of restaurants, "cafes," and other "eateries," answer the sometimes impatient, sometimes rude requests of customers for food and drink. Out of their wages, these women help to support their families—or, in some cases, are the sole support of their families. For often modest recompense, these women—these "waitresses"—serve in an honorable occupation—the consummate "service industry."

Over the years, as I have been here in the Senate and as I have traveled across West Virginia and around the country on my Senatorial duties, I have encountered dozens upon dozens of waitresses—women who through courtesy and efficiency have served me nutritious meals and sent me on my

way refreshed and ready for the next speech, the next meeting, or the next rally.

I want to pay my own personal tribute to all of these waitresses in general, and to my friends at the Southern Kitchen in Charleston in particular, for the tasty meals that they have served and the courtesies that they have rendered in that service.

VOLUNTEERING VERSUS STIPENDED COMMUNITY SERVICE

Mr. HATCH. Mr. President, as we approach the first anniversary of the National and Community Service Act on September 21, I would like to call my colleagues' attention to a brief paper on the nature of effective community problem solving. This paper was written by my good friend and our former colleague in public service, Governor George Romney.

Governor Romney, though not opposed to the involvement of the Federal Government in encouraging community action, points out one of the principal flaws in the National and Community Service Corp. He suggests that the emphasis of the NCSC on supporting stipended service misses the mark. The introduction of stipends into community service taints the level of sacrifice inherent in the service being rendered.

Moreover, Governor Romney argues that the National body charged with promoting community service and distributing funds must be wholly nonpartisan and cannot pursue political agendas. If the nonpartisanship of the Federal effort is breached, the credibility of the entire effort is violated.

I believe the Governor's comments will be worthwhile reading for all Senators, and I urge my colleagues to take the time to do so. I ask unanimous consent that Governor Romney's paper be inserted in the RECORD.

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

VOLUNTEERING VERSUS STIPENDED COMMUNITY SERVICE

One of America's great strengths is the legacy of a vast network of non-profit organizations that solve problems through volunteering and voluntary cooperation. The importance of this independent volunteer sector is not adequately recognized, organized, or utilized. Its superior problem-solving effectiveness results from the willingness of citizens to give their time without compensation and those needing their help realizing that they are helping because they care, not because they are being paid. Usually this motivates the one being helped to make a greater effort to benefit than with the help of a person who is being paid.

As our country's future is jeopardized by the explosion of moral, social, and poverty problems there is a greater need than ever before for volunteers. That is because most moral, social, and poverty problems require the persons being helped to change their thinking, their habits, or both. This cannot be accomplished primarily with money or government subsidy programs, but by people helping people voluntarily. However, both the nation's governmental and private leadership are focused on solving these problems with money rather than with volunteerism.

Privately, United Way, private foundations (Kellogg, Ford, etc.), corporate foundations, community foundations, corporations, and individuals constitute well-organized, managed and visible sources of private money.

Governmentally, many trillions of dollars have been spent but the moral, social, and poverty problems have reached dangerous levels that, unless reversed, will kill us as a great nation. The present federal budget contains hundreds of billions more and in addition, Congress has created a national service corporation with hundreds of millions to spend for subsidized community service. It seeks to strengthen the service ethics through state government commissions, universities, and an AmeriCorp. These corporation programs have other objectives, but can they be as effective as making volunteering as well organized as government and private source money? NO!

It is vital to organize volunteering as effectively as money if we are to successfully combat our vitally serious moral, social, and poverty problems. Doing this nationally commenced in February 1970 when the first private national organization to strengthen volunteering was established. Its first major program was to organize local volunteer centers to increase community volunteering and make it effective. The principal difficulty it encountered was the focus of community leaders, especially business leaders, on raising money as fulfillment of their social responsibility. It was obvious that if volunteering was to do what it could do it would require stronger leadership to correct the leadership imbalance between money and volunteering.

The opportunity to accomplish this occurred with the establishment of the private non-partisan, bi-partisan Points of Light Foundation. The foundation especially seeks to increase volunteering by creating and strengthening community volunteer centers, assisting corporations in establishing corporate employee programs, and persuading people through media publicity of the vital importance of their volunteering. Lacking as it did, and still does, adequate support from corporate and foundation sources of its vital mission, Congress has appropriated $5 million annually since 1989 and has authorized $5 million for 1995 and 1996.

The foundation has succeeded in now raising privately approximately the same amount annually but will need appropriation of the authorized amounts to have the time needed to establish a solid base of private funding. Its doing so has been made more difficult, and could be prevented, by the National Service Corporation. This was not true with the Community and National Service Commission that Congress replaced with the National Service Corporation.

The reasons are:

One: The commission grant making authority was vested in the bi-partisan commission, not in the director that it appointed.

Two: The corporations' president is appointed by the President and he is the "ultimate authority" in making grants. He is only required to "take recommendations of the (corporations bi-partisan) board seriously." In the Commission, bi-partisanship worked. In the corporation, it depends on a partisan corporation president.

This is a very important difference because for both volunteering and national service to be effective they must not be partisan or appear to be partisan. In addition to its government funding, the corporation will, like the foundation, seek funding from foundations, corporations and other private sources. This results in a competitive relationship.

Also because the foundation's appropriation is in the same appropriation act as the corporation's it is uncertain whether the corporation president thereby has authority to place conditions on the foundation receiving its appropriation. For the foundation to plan securely this ambiguity must be removed.

Congress should also decide whether the grant-making authority of the corporation should be vested in its President or in the bipartisan board as was the procedure with the commission.

The present administration's excessive focus on stipended community service is a partisan policy. It ignores the much greater importance of solving our social and other problems by our unique and precious legacy of unpaid volunteering, and could discourage citizens from giving their time without being paid.

Neither stipended community service nor unpaid volunteering will be fully effective unless both have bi-partisan and non-partisan leadership. This is not required of the National Service Corporation. It is imperative that it be restructured so as to make bipartisan non-partisan decision-making and grant-making a must.

IN SUPPORT OF FINAL PASSAGE OF THE IMPROVING AMERICA'S SCHOOLS ACT—THE REAUTHORIZATION OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965

Mr. SARBANES. Mr. President, I commend the Senate's recent passage of the Improving America's Schools Act of 1993, the eighth reauthorization of the Elementary and Secondary Education Act of 1965. Established as part of President Lyndon Johnson's war on poverty, the original bill offered Federal support, for the first time, to schools in low-income communities. It underscored the importance of ensuring that all American children have access to quality education.

By supporting local educational initiatives, the bill we have passed continues to fulfill the Federal Government's responsibility to our nation's young people. School districts across the country differ in many ways, and it would be impossible to develop a single Federal policy that meets each community's needs. This bill gives states the flexibility to develop specific educational programs because local educators and parents are in the best position to decide how to best serve their community.

There are a number of provisions I want to highlight. Contained in this bill is the Chapter 1 Program—the Federal Government's largest elementary and secondary education program. While the Federal Government contributes only 6 percent of the total funds

used in education, nearly two-thirds of all money spent on basic skills instruction for children from disadvantaged families comes from the Chapter 1 Program.

Unfortunately, this valuable program reaches just 40 percent of eligible students. Given limited resources, I support the revised formula for distributing chapter 1 funds contained in this legislation. It attempts to focus additional resources on areas with higher concentrations of poor children while still meeting the needs of school districts that depend on this critical Federal assistance.

Additionally, this provision—for the first time—requires that the disadvantaged students targeted by the Chapter 1 Program be held to the same high academic standards as all students. States which apply for chapter 1 funds will develop content and performance standards to describe clearly what children should know and how successful students have been in meeting these expectations. Consistent with the recently-enacted Goals 2000 legislation, these standards will help to make certain that all American students will have the skills and knowledge necessary to succeed.

Among the new programs included in this reauthorization is the Transition-to-Success Program. This program is created to assist low-income children in their transition from Head Start to elementary school. The program appropriately continues the assistance children and their families received from the Head Start Program through grade school to help these young students strive to meet challenging academic standards. Since 1965, 13 million children have been served by the Head Start Program. It makes sense to ensure that the investment made in early childhood is not lost once these children reach elementary school.

There are also new measures designed to address the specific needs of both rural and urban school districts. Under title XVI, school districts will become eligible for grants to assist them in meeting the national educational goals.

This bill appropriately emphasizes high standards for teachers as well as for students. Title II focuses on improving teaching and learning, because better teachers make better students. Investing in professional development is a cost-effective way to guarantee that the standards set forth in this bill and the Goals 2000 Act will be realized.

To help students and teachers reach these goals, this measure also emphasizes the more effective use of technology in education. This investment is crucial in helping American students excel in today's high tech world. We must not underestimate the value of having the technological capability to quickly access vast quantities of information, thereby increasing knowledge.

Today, even more than in President Johnson's day, success in the workplace depends on success in the classroom. One of the most important challenges facing our Nation is to better prepare the next generation of Americans to compete and thrive in the rapidly-changing global economy.

Few issues so directly affect the Nation's future as does education. The programs in the Improving America's Schools Act provide the necessary mechanisms to help local school districts achieve the standards set forth in Goals 2000. By ensuring that every American has the knowledge and skills needed to succeed, we are ensuring the future success of America.

IS CONGRESS IRRESPONSIBLE? YOU BE THE JUDGE OF THAT

Mr. HELMS. Mr. President, the incredibly enormous Federal debt is like the weather—everybody talks about it but nobody does anything about it. Congress talks a good game about bringing Federal deficits and the Federal debt under control, but there are too many Senators and Members of the House of Representatives who unfailingly find all sorts of excuses for voting to defeat proposals for a constitutional amendment to require a balanced Federal budget.

As of Tuesday, August 2, at the close of business, the Federal debt stood—down to the penny—at exactly $4,648,620,283,828.45. This debt, mind you, was run up by the Congress of the United States—the big-spending bureaucrats in the executive branch of the U.S. Government cannot spend a dime that has not first been authorized and appropriated by the U.S. Congress. The U.S. Constitution is quite specific about that, as every schoolboy is supposed to know.

And pay no attention to the declarations by politicians that the Federal debt was run up by one President or another, depending on party affiliation. Sometimes they say Ronald Reagan ran it up; sometimes they say George Bush. I even heard that Jimmy Carter helped run it up. All three suggestions are wrong. They are false because the Congress of the United States is the culprit.

Most people cannot conceive of a billion of anything, let alone a trillion. It may provide a bit of perspective to bear in mind that a billion seconds ago, Mr. President, the Cuban missile crisis was going on. A billion minutes ago, not many years had elapsed since Christ was crucified.

That sort of puts it in perspective, does it not, that Congress has run up a Federal debt of 4,648 of those billions—of dollars. In other words, the Federal debt, as I said earlier, stands today at 4 trillion, 628 billion, 620 million, 283 thousand 828 dollars and 45 cents.

THE CAPITOL OF THE UNITED STATES

Mr. HATFIELD. Mr. President, an interesting and informative essay on the history of the U.S. Capitol came to my attention recently. I would like to take this opportunity to share it with my colleagues.

Having housed the U.S. Congress for 195 years, the Capitol is only one of the most treasured and beloved buildings in Washington. Few people are more familiar with the history of the Capitol than Mr. Cornelius Heine, Executive Secretary of the U.S. Capitol Historical Society, who wrote the essay. I am pleased to be able to share his work with my colleagues.

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

THE CAPITOL OF THE UNITED STATES

(By Cornelius W. Heine)

Symbol of a nation, of its resolve, of its people and its hopes for the future, the Capitol of the United States of America rises majestically upon a hill in the center of the city belonging to every American citizen. The location of that Federal City was approved by Congress in 1790 in accordance with the Constitution of the United States. The site for the building was chosen in 1791 by the planner of the city, Major Charles Pierre L'Enfant. The cornerstone of that Capitol was laid by President George Washington on September 18, 1793.

Following the design of Dr. William Thornton, the North wing was the first section of the Capitol to be completed in 1800, just in time for the national government and the Congress to move from Philadelphia to the new Federal City along the banks of the Potomac. On November 22, 1800, President John Adams addressed the Congress as it assembled in the Senate Chamber of the Capitol.

It was 1807 before the companion South Wing, also constructed of sandstone from Aquia Creek, Virginia, was completed for the House of Representatives. prior to that time the Senate and the House, as well as the Supreme Court and the Federal Commissioners, appointed by the President, were all housed in the North Wing.

Once the Congress had taken up residence in the Capitol, the building began to grow steadily by additions. The Capitol's growth paralleled the progress of the expanding nation. By 1865, as President Abraham Lincoln delivered his famed Second Inaugural Address, the Capitol appeared much as it does today, complete with a cast iron Dome topped by the Statue of Freedom.

The Capitol has been the home of the Congress of the United States for 195 years. After the burning of the Capitol by the British during the War of 1812, Congress was required to meet in temporary quarters (located where the Supreme Court building now stands) until the building was restored by 1822 largely under the direction of the architect Benjamin Henry Latrobe. Not only did the Capitol, with its solid foundations, and the American form of government both survive the fire of 1814, but the building and the institutions it houses have since weathered every military, constitutional and domestic crisis that has confronted the nation.

A cavalcade of momentous historic events, each of which altered the course of the nation and some even the world, have occurred within the walls of the Capitol. Such was the

time a hushed House chamber heard President Franklin Roosevelt say "Yesterday, December 7, 1941, a date that will live in infamy, the United States of American was suddenly and deliberately attacked by the Naval and Air Forces of the Empire of Japan." Those dramatic words pushed the United States and its citizens into a world war which thrust upon them the mantle of world leadership.

The Capitol has been a great stage upon which the compelling drama of the nation's political history has been played out, the place where the nation faced every conceivable crisis. But in addition to the crises, the Capitol has been the scene of the day-to-day march of democracy in the place where the Congress, the instrument to carry out the principles of the Declaration of Independence, has represented the American citizens. It has been the place where the people have had their part under the Constitution in framing the laws which have shaped America's destiny and their own lives in a government "of the people, by the people, and for the people."

Architectural monument, treasure of art and working home of the Congress, the Capitol stands today as the embodiment of all the dreams of the American people as they seek progress with justice for all—a goal represented in the sculptural grouping above its central portico known as "The Genius of America."

And so to the Capitol, the Nation's crossroads, comes the steady flow of Americans from every walk of life. In their Capitol, these citizens observe their government at work; they walk the same hallowed halls and corridors as have presidents, statesmen and their elected representatives for almost 200 years. These millions of Americans feel the aura of the building itself and the spirit of the nation in which they, as citizens, play such integral roles. For it is they who are the lifeblood of the nation. It is their inner will and spirit which continues to fuel the engine of democracy on its forward journey in the Capitol.

CHIEF JUSTICE DAVID W. HARWELL

Mr. THURMOND. Mr. President, as everyone in this Chamber knows, our Nation was founded on a base of laws outlined in the Constitution and the Bill of Rights. These two documents dictate to lawmakers, from town council members to all of us in the Senate, how the law is to be made.

Despite our best efforts, disputes sometimes arise about the constitutionality of a law, or if it was applied properly. Such questions are addressed through the Nation's judicial system, sometimes all the way to the U.S. Supreme Court. In my home State, South Carolina, the ultimate court of appeal is the State supreme court, where approximately 500 cases are heard, submitted, and disposed of each year. Those who serve on this court are charged with a great responsibility, as their actions very literally can change the lives of countless people. It takes an individual of great intellect and courage to serve effectively as an associate justice, but it takes a person of even greater abilities to successfully serve as the court's chief justice. My good friend David W. Harwell is such a person.

For the past 3 years, David Harwell has served with great distinction as the chief justice of the South Carolina Supreme Court. A man of high integrity, Chief Justice Harwell has established an admirable reputation for being a capable, fair, and thorough jurist who treats those who appear in his court with courtesy and respect.

Chief Justice Harwell's tenure on the supreme court is the culmination of a distinguished career of service to South Carolina, which began with his election to the State house of representatives in 1962, where he served for 11 years. He began his career as a judge in 1973 when he was elected as a resident circuit judge and remained in that position until his election to the South Carolina Supreme Court in 1980. Additionally, Chief Justice Harwell served his Nation as a member of the U.S. Navy from 1952 to 1954.

Mr. President, Chief Justice Harwell will soon leave the South Carolina Supreme Court and return to private practice. I would like to take this opportunity to commend him on the fine job he has done and wish him good health and happiness in all his future endeavors. We are proud of him and grateful for his distinguished and selfless service.

ADMINISTATION LEADERSHIP PROMOTES CHANGE AT THE UNITED NATIONS

Mr. PELL. Mr. President, I would like to take a moment to draw my colleagues' attention to the outstanding work being done by our Ambassador to the United Nations, Madeleine Albright, and her staff, in promoting the establishment of an inspector general's office at the United Nations. The administration deserves kudos for advancing what I hope will be one of the most significant changes in the United Nations management practices in a long time.

This is no easy task. Many nations, and at times the U.N. bureaucracy itself, are distrustful of U.S. ideas for reforming the organization. Nonetheless, through deft diplomacy, the administration has succeeded in pushing through the General Assembly a resolution establishing an Office of Internal Oversight Services that is roughly comparable with a U.S. inspector general.

The resolution establishing the office is, as the administration itself has said, a starting point, not an end point. More work remains to be done. In particular, the United States will have to pay close attention to the implementing regulations prepared at the United Nations to carry out the resolution.

Nonetheless, given the record of Ambassador Albright's success so far, I believe there are ample grounds for optimism. As Ambassador Albright noted in her op-ed:

> The new Office of Internal Oversight Services is part of a process by which we may and must 'reinvent' the U.N. and make it more efficient, more accountable and more able to take advantage of the unprecedented opportunities for cooperative action that now exist. No single step will provide all the answers. But by creating a strong and independent internal inspection office, we have taken a giant step.

Mr. President, I could not agree more with the Ambassador's sentiments. I ask unanimous consent that her op-ed appear following my remarks in the RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

[From the Sun, July 27, 1994]

CLEANING UP THE U.N.

(By Madeleine K. Albright)

Taxpayers from New York to New Delhi had reason to cheer last week as the United Nations agreed to establish a new Office of Internal Oversight Services, roughly analagous to our own system of inspectors-general. The purpose is to crack down on waste, fraud, corruption and mismanagement within the world organization.

America led the fight to establish the new oversight and inspections office because of our interest in a U.N. that spends its resources wisely, establishes sensible priorities and emphasizes results. In an era of relative international cooperation, more is possible at the U.N. and more is expected. But members must instill sound and modern management procedures for the U.N. to succeed.

During negotiations we were concerned that the new oversight mechanism be strong enough and independent enough not simply to promise reform, but to deliver it. Similar concerns were expressed by members of Congress. The resolution approved by the General Assembly, when supplemented by the necessary implementing regulations, appears to meet these tests.

First, the head of the new office will be at the level of undersecretary general, the second highest U.N. rank. He or she will have clout.

Second, the new office will be operationally independent. Like our own inspectors-general, the Internal Oversight Services office will have full authority to carry out inspections and evaluate programs. It will have access to documents, information and U.N. officials. It will be able to report directly to the General Assembly on key matters, including the adequacy of its own budget. The head of the office must be qualified technically. And he or she must be appointed by, and cannot be removed without, the concurrence of the General Assembly. Other important protections include safeguards for whistle-blowers and mechanisms for ensuring compliance with the new office's recommendations.

Most Americans support the U.N. We had the largest hand in writing the U.N. Charter. We stood with the organization through years of Soviet obstructionism and times when radical ideologies appeared ascendant. We did so because we believe the principles embodied by the U.N. are worthwhile, and that international cooperation is essential. But we also want to be sure that our contributions to the U.N. are wisely used, for purposes we can endorse, by managers who uphold high standards.

The new Office of Internal Oversight Services is part of a process by which we may and must "reinvent" the U.N. and make it more efficient, more accountable and more able to take advantage of the unprecedented opportunities for cooperative action that now exist. No single step will provide all the answers. But by creating a strong and independent internal inspection office, we have taken a giant step. We have kept faith with our taxpayers and with those around the world who want the U.N. to be an effective and useful instrument of addressing global needs.

TRIBUTE TO MAJ. GEN. ROBERT G. MOORHEAD

Mr. LUGAR. Mr. President, I rise today to honor the accomplishments of Maj. Gen. Robert G. Moorhead. Throughout his career, General Moorhead has provided the kind of patriotic leadership that makes Americans proud. His hard work and dedication to this country have not gone unnoticed. I would like to take a moment to elaborate on the life service and achievements of this outstanding man.

Bob Moorhead's military career with the Indiana National Guard is characterized by achievement and distinction. Promoted to Brigadier General in 1963, General Moorhead served as Assistant Division Commander, 38th Infantry Division, of the Guard from September 1963 through September 1971. He was promoted to the rank of Major General on February 28, 1973. In the spring of 1976, General Moorhead became the first National Guard Officer to serve in the position of Deputy Commanding General (MOBDES), United States Army Training and Doctrine Command. He served with honor in that capacity until May 1978.

In June 1978, Major General Moorhead retired from active National Guard duty after 36 years of service to his country. However, his dedication did not end with retirement. He returned to service the next year as a nonpaid consultant and assumed the chairmanship of the National Guard Public Affairs Development Committee. Further, in 1980, General Moorhead began a 4-year tenure as the president of the Second Region of the Association of the United States Army. He also served in other leadership positions in this organization, including vice-president and member of the Council of the Trustees.

Concurrent to his service during the 1980's, Bob Moorhead was selected as the only Army National Guard retiree State representative to serve a 3-year term on the Executive Council of the National Guard of the United States. Further, from 1984 to 1986 General Moorhead held the position of treasurer of the National Guard Association of the United States. He continues to work with the National Guard Association today, acting as chairman of the Committee on Finance, trustee of the National Guard Insurance Trust, and trustee of the Historical Society, Militia and National Guard.

General Moorhead is the recipient of many prestigious awards. He has been awarded the Legion of Merit (First Oak Leaf Cluster) and the National Guard Association of the United States Distinguished Service Medal for serving the nation with great distinction and dedication. The Department of the Army approved the award of Distinguished Service Medal for exceptionally meritorious service in a duty of great responsibility.

Bob Moorhead has been equally active and valuable in the community. He has served as chairman of the board of the United States Auto Club and the Indiana Division of the American Cancer Society. He has been president of WFYI channel 20 Public Television, the Printing Industry of Indiana, the Kiwanis International Foundation, the Downtown Indianapolis Kiwanis Club, the USO Council of Indianapolis, the 500 Festival Associates, the Crossroads Council of the Boy Scouts of America, and the board of directors of Crime Stoppers of Indianapolis. General Moorhead has also served on the board of directors of the Indianapolis Chamber of Commerce and Frankton Federal Savings of Indianapolis and Frankton.

Mr. Speaker, Gen. Robert Moorhead stands as a symbol of American military achievement and civic accomplishment. I am proud to rise today to pay tribute to this great Hoosier and American.

IN TRIBUTE TO RETIRED LT. COL. JAMES H. BARRETT

Ms. MIKULSKI. Mr. President, I rise today to pay tribute to retired Air Force Lt. Col. James H. Barrett, a Maryland native who lost his life while serving others. Lieutenant Colonel Barrett was tragically killed on July 29, 1994, outside the Pensacola Ladies Clinic while escorting Dr. John Britton to work at the clinic. Dr. Britton was also killed, and Lieutenant Colonel Barrett's wife was injured in the incident.

Lieutenant Colonel Barrett and Dr. Britton are the latest victims in a long history of escalating violence at women's health clinics. I am very disturbed by this violence, and deeply saddened by the terrible tragedy in Pensacola. The fact that Lieutenant Colonel Barrett was needed to escort a doctor to provide services at a women's health clinic is, in itself tragic. But the deaths of both Lieutenant Colonel Barrett and Dr. Britton make this tragic situation even more horrific.

Mr. President, Lieutenant Colonel Barrett was born and raised in my home State. After serving his country in the military through three wars, Lieutenant Colonel Barrett returned to Maryland where he taught math and science at a middle school. He and his late first wife raised two children. He met his second wife in Annapolis and they moved to Pensacola in 1992.

Lieutenant Colonel Barrett gave much to the people of my home State, the State of Florida and the country. He was committed to helping others and will be remembered for his dedicated service to the community. He was known for driving voters to the polls on election day and giving advice to young people interested in college. He worked to revive the Annapolis chapter of the Retired Officers Association, which provides scholarships for the children of military officers, operates a job bank for retired officers and performs charity work. In addition to volunteering as a clinic escort in Pensacola, Lieutenant Colonel Barrett and his wife were involved with the Pensacola Unitarian Universalist Fellowship, the Escambia AIDS Service and Education [EASE] and the Parents and Friends of Lesbians and Gays.

Lieutenant Colonel Barrett's death is a great loss to his loving family, the Annapolis community, the Pensacola community, and the many lives that he touched. As we mourn the loss of this noble American, I hope we can also join together in working to end this terrible violence.

REQUEST FROM SENATOR DONALD W. RIEGLE, JR., CHAIRMAN OF THE SENATE BANKING COMMITTEE

Mr. RIEGLE. I ask unanimous consent that the statement of managers filed with the conference report on H.R. 3841, the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, which is attached, be reprinted in today's CONGRESSIONAL RECORD. The version of the statement printed in the August 2, 1994, CONGRESSIONAL RECORD omitted the crucial words "or branch" on page H6641 in the statement of managers description of "Applicability of Section 5197 of the Revised Statutes and Section 27 of the FDI Act." Reprinting it here will ensure that the public has the correct version.

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

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3841) to amend the Bank Holding Company Act of 1956, the Revised Statutes of the United States, and the Federal Deposit Insurance Act to provide for interstate banking and branching, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

SUMMARY OF MAJOR PROVISIONS

TITLE I—INTERSTATE BANKING AND BRANCHING

INTERSTATE BANKING

The legislation permits bank holding companies to acquire banks in any State one year after enactment of the legislation. State laws which require the acquiring company to acquire a bank that has been in existence for a specified minimum period of time (not to exceed five years) are preserved. Any State law which requires a bank to be acquired to be in existence for more than five years applies as if it requires that the bank being acquired be five years old.

Section 3(d)(1)(D) of the Bank Holding Company Act, as amended by section 101, protects the applicability of a State law that makes the acquisition of a bank contingent upon a requirement that a portion of the bank's assets be available to a State-sponsored housing entity established under State law, under the conditions that the State law is not discriminatory, that the State law was in effect as of the date of enactment of this Act and that compliance with the State law would not result in an unacceptable risk to the deposit insurance fund and would not place the bank in an unsafe or unsound condition.

The Federal Reserve Board may not approve an interstate acquisition if, as a result of the acquisition, the bank holding company would control more than 10 percent of the total amount of deposits of insured depository institutions in the United States or 30 percent or more of the deposits in the home State of the bank to be acquired. Notwithstanding the 30 percent limit, the Board could approve such a transaction if the home State waives the 30 percent limit either by statute, regulation, or order of the appropriate State official based on standards that do not have the effect of discriminating against out-of-State institutions.

The above concentration limits do not apply to initial entry into a State by a bank holding company. If, however, a State has a deposit concentration cap which applies in a nondiscriminatory manner to both in-State and out-of-State bank holding companies making initial entry acquisitions, then nothing in the legislation affects the State's authority to impose such deposit cap.

Community Reinvestment Laws

The Board shall continue to comply with its responsibilities under the Community Reinvestment Act of 1977 with respect to applications under section 3(d) of the Bank Holding Company Act of 1956. Currently the Board reviews applications under section 3(d) in accordance with existing regulations (such as Regulations Y and BB) and practices, and the conferees intend that nothing in this bill will alter or affect such regulations and practices as established by the Board.

In acting on an application under section 3(d), the Board shall also consider the applicant's record of compliance with applicable state community reinvestment laws.

Applicability of Antitrust Laws

The title provides that no provision of the antitrust laws is to be construed as being affected by the interstate banking amendments to the Bank Holding Company Act, including the Act's provisions on concentration limits. The applicability, if any, of State antitrust laws is likewise preserved. Nothing in this provision is intended to affect or expand the existing applicability of State antitrust laws, under current statutory or case law, to interstate acquisitions.

STATE TAXATION AUTHORITY

Section 101(b) amends the Bank Holding Company Act of 1956 to provide that nothing in that Act shall be construed as affecting the authority of any State or political subdivision to adopt, apply or administer any tax or method of taxation to any bank, bank holding company or foreign bank, or their affiliates, to the extent that such tax or tax method is otherwise permissible under the Constitution or other Federal law. This is intended to clarify that it is not the Conferees' intent to overturn existing State tax law pertaining to distinct legal entities within a corporate structure. The provision recognizes the existence of corporate affiliates and reaffirms that States may segregate the separately incorporated entities within a bank or bank holding company for state taxation purposes, to the extent permissible under the Constitution or other Federal law.

Similar amendments are made to section 44 of the Federal Deposit Insurance Act and to Title I.

AFFILIATED BANKS AS AGENTS

The Conferees accepted a modified version of a provision in the House bill permitting certain affiliated depository institutions to act as agents for each other for purposes of receiving deposits, renewing time deposits, closing loans, servicing loans and receiving payments on loans and other obligations for other affiliated depository institutions, with several amendments.

The modified provision permits bank subsidiaries, rather than depository institution subsidiaries, of bank holding companies to act as agents for depository institution affiliates. Subject to certain conditions, insured savings associations which were affiliated with banks as of July 1, 1994, may act as agents for such banks under this provision.

As used in this provision, the term "receive deposits" means the taking of deposits to be credited to an existing account and is not meant to include the opening or origination of new deposit accounts at an affiliated institution by the agent institution.

The Conferees deleted the authority in the House bill for affiliated depository institutions to disburse the proceeds of loans for other affiliated depository institutions and substituted authority to service loans. The Conferees intend that, under this authority to service loans, agent banks may perform ministerial functions for the principal bank making a loan. Those ministerial functions include such activities as providing loan applications, assembling documents, providing a location for returning documents necessary for making the loan, providing loan account information (such as outstanding loan balances), and receiving payments. It does not include such loan functions as evaluating applications or disbursing loan funds. The term "close loans" does not include the making of a decision to extend credit or the extension of credit.

The Conferees also intend that the provision permit affiliated banks to act as agents for one another regardless of whether the institutions are located in the same or different states.

Under section 18(r)(3) of the Federal Deposit Insurance Act (as added by section 101(d) of this title), a bank may not conduct any activity as an agent that such bank is prohibited from conducting as principal under applicable Federal or State law. Prohibited activities under this provision include activities by a bank acting as agent that would be prohibited to the bank acting as principal under the applicable consumer protection, powers and other laws of the State where the bank is situated. The Conferees intend that the limitation on acting as agent under section 18(r)(3) shall also be applied to all United States offices of foreign banks covered under the definition of bank in the Act, when acting as agent for a depository institution affiliate. Agency relationships may be used to promote operational efficiencies, but they may not be used to evade applicable consumer protection, powers, and other laws of the State where the agent institution is situated.

The Conferees also intend to clarify, through the addition of a savings clause, that this section does not affect the authority of a depository institution to be an agent for a depository institution under any other provision of law, nor does it affect a determination under any other provision of law whether the agent should be considered to be a branch of the depository institution. The Conferees do not intend that new subsection 18(r) of the Federal Deposit Insurance Act affect the application of other provisions of law which permit agency relationships between affiliated depository institutions. The Conferees note that subsection 18(r) applies narrowly only to affiliated depository institutions acting as agents, and has no application to agency relationships concerning nondepositories as agent, whether or not affiliated with the depository institution.

Section 18(r) shall not be construed as authorizing transactions which result in the transfer of any insured depository institution's Federal deposit insurance from one Federal deposit insurance fund to the other Federal deposit insurance fund.

INTERSTATE BRANCHING

Introduction

The Conferees decided on an interstate branching structure somewhat different than the structure of either the House or the Senate bills. Under the House structure, branching (other than the establishment of de novo branches) was permitted three years after enactment through a one-step acquisition of an existing bank and its conversion to branches of the acquiring bank, under the National Bank Act for national banks or the Federal Deposit Insurance Act for State banks. The Senate structure used a two-step process effective June 1, 1997, with the interstate acquisition of a bank under the Bank Holding Company Act of 1956 subsequently followed by a consolidation of the newly acquired bank with another bank owned by the holding company.

The Conferees adopted a structure under which a bank would engage in a merger transaction with the out-of-State bank and convert any of its offices into branches of the resulting bank under the authority of a new section of the Federal Deposit Insurance Act. Such a transaction would be subject to approval under the Bank Merger Act.

The House bill authorized bank holding companies to consolidate affiliated banks into a single bank with interstate branches 18 months after enactment of the legislation. The Senate bill did not provide for early consolidation. The House receded to the Senate, thereby permitting consolidation of affiliated banks in different States through an interstate merger transaction when interstate branching takes effect on June 1, 1997.

Once a bank has established branches in a host State through an interstate merger transaction, such bank may establish and acquire additional branches at any location in the host State where any bank involved in the interstate merger transaction could have established or acquired branches under applicable Federal or State law.

Interstate Branching Through Mergers

Beginning June 1, 1997, a bank may merge with a bank in another State so long as both States have not opted out of interstate branching between the date of enactment and May 31, 1997. States may enact laws opting-out of interstate branching before June 1, 1997, subject to certain conditions. States may also enact laws permitting interstate merger transactions before June 1, 1997. Host States may impose conditions on a branch resulting from an interstate merger transaction that occurs before June 1, 1997, if the conditions do not discriminate against out-of-State banks, are not preempted by Federal law, and do not apply or require performance after May 31, 1997.

State laws requiring out-of-State banks or bank holding companies to merge with, or acquire a bank that has been in existence for a specified minimum period of time (not to exceed five years) are preserved with respect to interstate merger transactions. Any such State law which imposes a minimum age requirement of more than five years on a bank to be acquired is to be applied as if the minimum age requirement is five years.

Any bank that files an application for an interstate merger transaction shall comply with any filing requirement of any host State of the bank resulting from the transaction, to the extent the requirement does not discriminate against out-of-State banks or bank holding companies, and is similar to any requirement imposed on nonbanking corporations incorporated in another State that engage in business in the host State. Banks must also file a copy of the application for the interstate merger transaction with the State bank supervisor of the host State. The responsible agency may not approve an application if the applicant materially fails to comply with the host State's filing requirements.

The responsible agency may not approve an application for an interstate merger if the resulting bank would control more than 10 percent or more of the total amount of deposits of insured depository institutions in the United States or 30 percent or more of the deposits in any State affected by the interstate merger. Notwithstanding the 30 percent limit, the responsible agency could approve such a transaction if the home State waives the 30 percent limit either by statute, regulation, or order of the appropriate State official based on standards that do not have the effect of discriminating against out-of-state institutions.

The concentration limits do not apply with respect to any interstate merger transactions involving affiliated banks. The concentration limits also do not apply to initial entry into a State by a bank or its affiliates. If, however, a State has a deposit concentration cap which applies in a non-discriminatory manner to both in-State and out-of-State banks and bank holding companies, then nothing in the legislation affects the State's authority also to impose such deposit caps to initial entries.

The responsible agency may approve an application for a merger only if each bank involved in the transaction is adequately capitalized as of the date the application is filed, and the agency determines that the resulting bank will continue to be adequately capitalized and adequately managed.

The laws of the host State regarding community reinvestment, consumer protection (including applicable usury ceilings), fair lending, and establishment of intrastate branches shall apply to any branch of a national bank in the host State to the same extent as such State laws apply to a branch of a bank chartered by that State, except when Federal law preempts, or when the Comptroller determines that the law has a discriminatory effect on the branch in comparison to branches of State-chartered banks. Such laws shall be enforced by the Comptroller of the Currency.

Acquisition of Branches

New section 44(a)(4)(A) of the Federal Deposit Insurance Act (as added by section 102(a)) permits the responsible Federal regulator to approve the acquisition of a branch of an insured bank without the acquisition of the entire bank only if the law of the State in which the branch is located permits out-of-State banks to acquire a branch of a bank without acquiring the bank. The Conferees intend that, in approving such acquisitions, Federal regulators will ensure that state minimum age restrictions under paragraph (5) which apply to such acquisitions are preserved. Federal banking agencies should not approve the acquisition of a branch (if permitted under paragraph (4)) in host States which have minimum age laws regarding the acquisition of banks, unless such laws expressly permit branches in the host state to be acquired without the acquisition of the bank.

Applicability of Community Reinvestment Laws

Under current law, most interstate movement by banking organizations takes place via the Bank Holding Company Act. Current regulations and practices of the Board of Governors of Federal Reserve System delineate the scope of CRA performance considered by the Board in acting on applications by a bank holding company to move interstate via section 3(d) of the Bank Holding Company Act.

Section 44(b)(3) of the Federal Deposit Insurance Act (as added by section 102(a) of this title) provides that, only with respect to initial entry into a host state by a bank without branches or a bank affiliate in that host state, the scope of CRA performance considered by the responsible Federal banking agency in connection with an interstate branching application will parallel the scope of CRA performance which would be considered by the Board of Governors of the Federal Reserve System (to the same extent as outlined in the statement of managers accompanying section 3(d)(3) of the Bank Holding Company Act of 1956, as amended by section 101(a) of this title) if the application were for an interstate bank holding company acquisition pursuant to section 3(d) of the Bank Holding Company Act. Hence, in those cases of initial entry, the Conferees intend that the responsible federal banking agency comply with its responsibilities under section 804 of CRA consistent with current regulations and practices with respect to bank mergers and also to take into account the CRA record, including the most recent written evaluation, of any affiliate banks of the resulting bank.

With respect to all other interstate branching applications apart from those involving initial entry into a host state, the responsible Federal banking agency shall carry out its responsibilities under section 804 of the Community Reinvestment Act consistent with its current regulations and practices with respect to bank mergers.

In all cases, when taking into account the CRA performance of an institution with branches in more than one state in connection with acting on an interstate branching application, the Conferees expect that the responsible Federal banking agency will take into account the institution's performance under CRA in each state in which it maintains branches.

In addition, when acting on a interstate branching application, the responsible Federal banking agency shall take into account the records of compliance with applicable State community reinvestment laws of any applicant bank.

Applicable State Law

States have a strong interest in the activities and operations of depository institutions doing business within their jurisdictions, regardless of the type of charter an institution holds. In particular, States have a legitimate interest in protecting the rights of their consumers, businesses, and communities. Federal banking agencies, through their opinion letters and interpretive rules on preemption issues, play an important role in maintaining the balance of Federal and State law under the dual banking system. Congress does not intend that the Interstate Banking and Branching Efficiency Act of 1994 alter this balance and thereby weaken States' authority to protect the interests of their consumers, businesses, or communities.

Accordingly, the title emphasizes that a host state's laws regarding community reinvestment, consumer protection, fair lending, and establishment of intrastate branches will apply to interstate branches of national banks established in the host state to the same extent as those laws apply to a branch of a State bank, except when Federal law preempts application of the State laws to a national bank, or when the Comptroller of the Currency determines that the State laws have a discriminatory effect on the branch as compared with their effect on a branch of a State bank.

Under well-established judicial principles, national banks are subject to State law in many significant respects. The laws of the State in which a national bank is situated will apply to the national bank unless those State laws are preempted by Federal law. Generally, State law applies to national banks unless the State law is in direct conflict with the Federal law, Federal law is so comprehensive as to evidence Congressional intent to occupy a given field, or the State law stands as an obstacle to the accomplishment of the full purposes and objectives of the Federal law. In this regard, the impact of a State law on the safe and sound operations of a national bank is one factor that may be taken into account in considering whether Federal law preempts State law. Courts generally use a rule of construction that avoids finding a conflict between the Federal and State law where possible. The title does not change these judicially established principles.

During the course of consideration of the title, the Conferees have been made aware of certain circumstances in which the Federal banking agencies have applied traditional preemption principles in a manner the Conferees believe is inappropriately aggressive, resulting in preemption of State law in situations where the federal interest did not warrant that result. One illustration is OCC Interpretive Letter No. 572, dated January 15, 1992, from the OCC to Robert M. Jaworski, Assistant Commissioner, State of New Jersey Department of Banking, concluding that national banks in New Jersey are not required to comply with the New Jersey Consumer Checking Account Act. It is of utmost concern to the Conferees that the agencies issue opinion letters and interpretive rules concluding that Federal law preempts state law regarding community reinvestment, consumer protection, fair lending, or

establishment of intrastate branches only when the agency has determined that the Federal policy interest in preemption is clear. In the case of Interpretive Letter No. 572, it is the sense of the Conferees that the fact the Congress has acknowledged the benefits of more widespread use of lifeline accounts through the enactment of the Bank Enterprise Act did not indicate that Congress intended to override State basic banking laws, or occupy the area of basic banking services to such an extent as to displace State laws, or that the existence of State basic banking laws frustrated the purpose of Congress.

The Conferees have similar concerns regarding the scope of the OCC interpretive rule that appears at 12 C.F.R. §7.8000, which broadly asserts that Federal law governing the deposit-taking functions of national banks preempts any State law that attempts to prohibit, limit, or restrict deposit account service charges. In light of the Conferees' views regarding the proper application of recognized preemption standards discussed above, the Conferees urge the OCC to review Interpretive Ruling 7.800 to determine if it should be withdrawn or revised.

The Conferees understand that in certain cases some states have imposed conditions on, or obtained commitments from, bank holding companies in connection with a company's acquisition of banks outside its home state. The title provides that such conditions or commitments existing as of the date of enactment of the Interstate Banking and Branching Efficiency Act of 1994 will continue to be enforceable against the bank holding company or an affiliated successor company to the same extent as they were previously if a bank holding company with bank subsidiaries in more than one state chooses to combine its banks under new section 44 of the Federal Deposit Insurance Act (as added by section 102(a) of this title). The title does not create any new State enforcement authority with respect to any conditions imposed or commitments made before the enactment of the title.

Interpretations Concerning Federal Preemption of State Law

In view of the Congressional concern regarding preemption of State law regarding community reinvestment, consumer protection, fair lending, and establishment of intrastate branches, the Conferees concluded that a more open process for reaching preemption conclusions in these areas, with a clearly structured, meaningful opportunity for interested parties to communicate their views to the agency, was warranted. Also, it is important that the agencies make their determinations on Federal preemption of State law available to the public in a timely and accessible manner. Accordingly, the title imposes certain procedural requirements on agency preemption opinion letters and interpretive rules in connection with State laws regarding community reinvestment, consumer protection, fair lending, and establishment of intrastate branches, whether or not related to interstate branching. The Conferees believe that the public notice and openness provided by the new process will be a vital safeguard to ensure that an agency applies the recognized principles of preemption, discussed above, in a balanced fashion.

The title provides that before issuing any opinion letter or interpretive ruling concluding that Federal law preempts State law regarding community reinvestment, consumer protection, fair lending, or establishment of intrastate branches, the appropriate Federal banking agency will publish notice in the Federal Register of the request, or of the agency's intention on its own motion, to determine whether Federal law preempts a particular State law. The notice should describe each State law in question and otherwise provide information sufficient to enable interested parties to comment meaningfully on the issue under consideration. The agency also should promptly make available upon request a copy of any incoming request letter. The title also requires the agency to publish in the Federal Register a copy of the final opinion letter or interpretive rule.

The Federal Register publication requirement is intended to provide readily available and widespread notice to interested parties of the opportunity to comment on preemption matters that have not been previously resolved by the agency or courts. The title requires the agency to give interested parties not less than 30 days in which to submit comments. In establishing the length of the comment period, the Conferees intend that the agencies should take into account the complexity of the preemption issue involved and the number of parties likely interested in responding to the solicitation of public comment and the resources of those parties. The Conferees also expect the agencies to be flexible in extending the comment period if requested to do so by an interested party for good cause shown. The title further requires the agency to take the public comments into account in reaching its decision, even though each particular comment need not be specifically discussed in the final product.

This process is not intended to confer upon the agency any new authority to preempt or to determine preemptive Congressional intent in the four areas described, or to change the substantive theories of preemption as set forth in existing law. Rather, it is intended to help focus any administrative preemption analysis and to help ensure that an agency only makes a preemption determination when the legal basis is compelling and the Federal policy interest is clear.

The public notice and comment process is not required when a particular request raises issues of Federal preemption of State law that are essentially identical to those previously resolved by the agency or the courts, or when the incoming request regarding preemption contains no significant legal basis upon which to make a preemption determination. The title also exempts materials prepared for use in judicial proceedings, for submission to Congress or a member of Congress, and for intra-governmental use from the new public notice requirements. The intra-governmental use exception, in particular, is intended to carve out an exception for materials provided to or from, or shared with, agency personnel or other agencies in the Executive Branch. Examples of the type of such material include, but are not limited to, memoranda, letters, correspondence, advisory opinions, or other materials that are part of the deliberative process that governs the making of decisions and policies within the Executive Branch. An exception to the notice and comment provisions is also provided in cases when the appropriate Federal banking agency determines in writing that the exception is necessary to avoid a serious and imminent threat to the safety and soundness of a national bank.

The Comptroller must follow the notice and comment process in making any determination under section 5155(f)(1)(A)(ii) of the Revised Statutes that State laws discriminate against a branch of a national bank as compared with a branch of a State bank.

The Conferees expect that the Federal banking agencies will be receptive to well-supported requests from interested parties seeking reconsideration of previous interpretive rules or opinions regarding state community reinvestment, consumer protection, fair lending and intrastate branching laws, consistent with the approach to preemption discussed above.

Host State Notification Requirements

Host States may impose any notification or reporting requirement on a branch in the State if the requirement does not discriminate against out-of-State banks and is not preempted by Federal law. Such requirement is in addition to the filing requirement for individual transactions.

State Opt-Out of Interstate Branching

Section 44(a)(2) of the Federal Deposit Insurance Act (as added by section 102(a)) provides that States may opt out of interstate branching by enacting legislation after the date of enactment of the title and before June 1, 1997. If a State opts-out, no bank in any other state may establish a branch in that State, either State, either through an acquisition or de novo. A bank whose home State opts-out of interstate branching may not participate in any interstate merger transaction.

Interstate Branching De Novo With State Authorization

The appropriate Federal regulator may approve an application by a bank to establish and operate a de novo branch in a State in which the bank does not maintain a branch if a State opts-in to de novo branching, and expressly permits de novo branching. The establishment of the initial branch in a host State which permits de novo interstate branching is subject to the same requirements which apply to the initial acquisition of a bank in the host State, other than the deposit concentration limits. Those limits are inapplicable to de novo entry since, by definition, the bank would not control any deposits in the host State at the time of entry.

Once a bank has established a branch in a host State by de novo branching such bank may establish and acquire additional branches at any location in the host State in the same manner as a bank could have established or acquired under applicable Federal or State law.

Exclusive Means of Interstate Branching

The Conferees adopted provisions to assure that the comprehensive framework for interstate branching established by Title I will, when the provisions take effect, be the exclusive means for national and State banks to enter new States with interstate branches.

Paragraphs (2) and (3) of section 102(b) amend the National Bank Act and the Federal Deposit Insurance Act, respectively, to state that when the interstate merger and branching provisions take effect, initial interstate entry into a host State may, with exceptions for certain emergency situations, occur only in accordance with this legislation. These provisions will assure that the conditions and safeguards which accompany initial interstate branching will apply to the establishment of interstate branching networks at the time those provisions take effect.

The Comptroller of the Currency (OCC) has used the 30 mile relocation provision of the National Bank Act (section 2 of the Act of May 1, 1886, 12 U.S.C. 30), to approve several transactions which have permitted national banks to move their main offices to other

States but to retain branches in the States left by the main offices. Section 102(b)(2) amends the provision so that after June 1, 1997, a national bank relocating its main office to another state may maintain its branches in the first state only if those branches could have been established by a bank with its home State in the new State. However, along with the OCC's approval for the relocation, the bank would be required to obtain the Comptroller's approval under section 5155 of the Revised Statutes to continue to operate any remaining branch offices located in State other than the State of its new main office. Thus, the bank would be required to file a consolidated application with the OCC covering both aspects of the transaction; the OCC would be authorized to act on the remaining out-of-State branch aspect of the transaction only pursuant to section 5155. State banks are treated in a similar manner.

The Conferees are aware of the OCC procedures in permitting relocation across state lines. The Conferees concur with those procedures, including the application of appropriate State law and authority. The Conferees expect the OCC to continue to follow those procedures until the provisions of Title I become fully applicable on June 1, 1997.

Banks that have moved their main offices pursuant to 12 U.S.C. 30 should not be treated differently than other banks with their main offices in that state. Specifically, for purposes of section 3(d) of the Bank Holding Company, and sections 5(d)(3) and 18(c) of the Federal Deposit Insurance Act, such banks shall be able to make acquisitions and establish branches in the state to which their main office is relocated to the same extent as any other bank with its main office in that state.

AMENDMENT TO THE HOME OWNERS LOAN ACT

The amendment made to the Home Owners Loan Act by section 102(b)(5) of the bill overturns an interpretation of that Act in *First Gibraltar Bank* v. *Morales*, (5th Cir., Dkt. 93-8170, decided April 29, 1994). In the case the United States Court of Appeals for the Fifth Circuit held that the Office of Thrift Supervision had the authority to issue a regulation preempting a provision in the Texas Constitution protecting homesteads of consumers in the State.

This amendment clarifies that neither the Home Owners Loan Act nor any other provision of law provides the Director of the Office of Thrift Supervision with the authority, through regulation or otherwise, to preempt Texas law in the area of homestead protection. By extension, housing creditors under the Alternative Mortgage Transaction Parity Act who were impacted by the decision in the *First Gibraltar* case also continue to be subject to Texas law in the area of homestead protection.

PROVISIONS RELATING TO DIRECT BRANCHES OF FOREIGN BANKS

Establishment of Direct Branches of a Foreign Bank Outside the Foreign Bank's Home State

Under the House bill, section 5(a) of the International Banking Act of 1978 (IBA) was amended to permit a foreign bank to establish and operate State-licensed branches, either de novo or by acquisition and merger, in any State outside its home State to the same extent that a bank chartered by the foreign bank's home State may establish such branches de novo or by acquisition and merger, respectively. A parallel provision allowed a foreign bank to establish and operate Federally-licensed branches in any State outside its home State to the same extend that a national bank from the foreign bank's home State may do so. In addition, the House bill restates the provision of current law that allows a State to permit foreign banks to establish agencies or limited branches that accept only such deposits as are permissible for a corporation organized under section 25A of the Federal Reserve Act to accept.

The Senate bill did not amend the IBA. As a result, the Senate bill permitted foreign banks to engage in interstate branching only if they first established or acquired a bank in the United States and then followed the same procedures applicable to U.S. Banks. The Senate adopted its approach to address its concern that the wholesale direct branches of foreign banks enjoy competitive advantages over U.S. banks because such branches are not subject to the Community Reinvestment Act or to deposit insurance coverage and assessments.

The Conferees agreed to adopt the House structure regarding foreign banks. However, in order to address concerns regarding a level playing field between wholesale direct branches of foreign banks and domestic banks, the Conferees added provisions regarding: (a) continued application of CRA requirements to a direct branch resulting from an initial interstate entry by acquisition of a regulated financial institution: (b) revision of the regulations governing the types of deposits that may be accepted by uninsured direct branches of a foreign bank; (c) types of activities at offshore shell branches managed and controlled by U.S. branches and agencies of foreign banks; and (d) application of consumer protection laws to direct branches of foreign banks. These provisions are among those described below.

Requirement for a separate subsidiary. Section 5(a) of the IBA is amended to provide that the Federal Reserve Board or the Comptroller of the Currency may require a foreign bank to establish a separate U.S. subsidiary bank in order to engage in interstate branching if the Board or the Comptroller finds that it is the only way to verify that a foreign bank adheres to capital requirements that are equivalent to those applicable to a U.S. bank engaged in interstate branching.

Continued application of CRA requirements to a direct branch resulting from an initial interstate entry by acquisition of a regulated financial institution. The Conferees added section 5(a)(8) to the IBA to provide that in cases where a foreign bank acquires a bank or a branch of a bank, in a State in which the foreign bank does not maintain a branch, and such acquired bank was, or was part of, immediately prior to the acquisition, a regulated financial institution as defined in the Community Reinvestment Act (CRA), the CRA shall continue to apply to each branch of the foreign bank which results from the acquisition as if such branch were a reguated financial institution. The Conferees note that the requirements of section 6(c) of the IBA will still apply. The requirements of section 5(a)(8) would not apply in the case of a branch that results from such acquisition that accepts only such deposits as are permissible for a corporation organized under section 25A of the Federal Reserve Act to accept.

Continued authority for branches, agencies and commercial lending companies established prior to this Act. Section 5(b) of the IBA is amended to include a provision that permits foreign banks that lawfully established and operated interstate branches, agencies or commercial lending company subsidiaries before the date of enactment of this Act to continue to operate such offices or subsidiaries after the enactment of this Act.

Determining home State of foreign bank. Section 5(c) of the IBA is amended to provide that any foreign bank that operates a branch, agency, subsidiary commercial bank or commercial lending company must have a home State.

Clarification of direct branching rules in the case of a foreign bank with a domestic bank subsidiary. Section 5(d) is added to the IBA to clarify that a foreign bank may establish direct branches and agencies on an interstate basis and also own or control a U.S. subsidiary bank, and that a national or State subsidiary bank of a foreign bank may acquire, establish or operate branches outside its home State to the same extent as any other national or State bank, respectively, from the subsidiary bank's home State.

Deposits That May Be Accepted by Uninsured Direct Branches of Foreign Banks

Revision of regulations governing types of deposits that may be accepted by uninsured direct branches of foreign banks. The IBA was amended in 1991 to prohibit a foreign bank from establishing any new branches which take domestic retail deposits that have balances of less than $100,000 and require deposit insurance. As a result, a foreign bank must establish a U.S. subsidiary bank in order to conduct a domestic retail deposit-taking business. Regulations issued by the Federal Deposit Insurance Corporation (FDIC) and the Comptroller of the Currency under section 6 of the IBA govern the types of deposits that may be accepted by uninsured direct branches of foreign banks. To address concerns that these regulations may permit such branches to engage to some extent in domestic retail deposit-taking activity, in regard to which they are not subject to FDIC insurance coverage and assessments or to the requirements of the Community Reinvestment Act, the Conferees added a requirement that the FDIC and the Comptroller revise their regulations to ensure that foreign banking organizations do not receive an unfair competitive advantage over U.S. banking organizations.

In reviewing their regulations in accordance with this subsection, the agencies must consider whether to permit the acceptance of initial deposits of less than $100,000 only from specified types of customers. As part of this revision, the agencies must reduce—from five percent of average branch deposits to no more than one percent—the exemption that allows such branches to accept initial deposits of less than $100,000 from any party on a de minimis basis. In carrying out this revision, the agencies must take into account the importance of maintaining and improving the availability of credit to all sectors of the U.S. economy, including the international trade finance sector of the U.S. economy. The agencies must publish final regulations no later than twelve months after the date of enactment of this Act and may establish reasonable transition rules to facilitate any termination of any deposit-taking activities that were previously permissible.

Treatment of FDIC-insured banks chartered in Puerto Rico, Guam, American Samoa, Virgin Islands and U.S. territories. Section 6(d) of the IBA is amended to clarify that banks insured by the FDIC and chartered in any territory of the United States, Puerto Rico, Guam, American Samoa or the Virgin Islands are not included as foreign

banks for purposes of the requirement to establish a banking subsidiary to engage in a domestic retail deposit-taking business. This provision clarifies that such insured banks (which are also subject to CRA requirements) are to be treated like any other FDIC-insured bank for purposes of acceptance of retail deposits and are therefore not subject to the provisions of section 6(c).

Types of Activities at Offshore Shell Branches Managed and Controlled by U.S. Agencies and Branches of Foreign Banks

U.S. banking agencies do not regulate or supervise the activities of offshore shell branches of foreign banks, even if such branches are managed and controlled by U.S. agencies and branches of foreign banks. The Conferees wanted to avoid any potential for a foreign bank to use its U.S. branches or agencies to manage types of activities through offshore shell branches that could not be managed by a U.S. bank at its foreign branches or subsidiaries.

To address this concern, the Conferees added Section 7(k) to the IBA to provide that a U.S. branch or agency of a foreign bank may not, through an offshore shell branch that it manages or controls, manage types of activities that a U.S. bank is not permitted to manage at a foreign branch or subsidiary. Any regulations promulgated to carry out this section must be promulgated in accordance with section 13 of the IBA and must be uniform, to the extent practicable.

Other Foreign Bank Provisions

Application of consumer protection laws to direct branches of foreign banks. Section 9(b) of the IBA is amended to affirm that direct branches and agencies of foreign banks and commercial lending company subsidiaries are, by various statutory provisions, subject to the following consumer protection laws: Electronic Funds Transfer Act, Equal Credit Opportunity Act, Expedited Funds Availability Act, Fair Credit Billing Act, Fair Credit Reporting Act, Fair Debt Collection Practices Act, Home Mortgage Disclosure Act, Real Estate Settlement Procedures Act, Truth in Lending Act, Truth in Leasing Act, and Truth in Savings Act.

Foreign bank examination fees. Sections 7(c) and 10(c) of the International Banking Act state that the Federal Reserve Board shall assess the cost of any examination of a branch, agency or representative office of a foreign bank against the foreign bank. The conference report provides a three-year moratorium on any assessments under these sections.

COORDINATION OF EXAMINATION AUTHORITY REGARDING INTERSTATE BRANCHES

Section 105 permits the appropriate State bank supervisor of a host State to examine branches of out-of-State Banks to assure compliance with host State laws, including those governing banking, community reinvestment, fair lending, consumer protection and permissible activities, and to assure that the activities of the branch are conducted in a safe and sound manner.

The host State bank supervisor, or other host State law enforcement officer (if authorized under host State law) may take appropriate enforcement actions and proceedings regarding the branch.

State bank supervisors are permitted to enter into cooperative agreements to facilitate supervision of State banks operating interstate. Under the Senate-passed bill, such agreements would have been subject to approval of the appropriate Federal regulator. The House-passed bill had no requirement for approval. The Senate receded to the House on this issue. Both bills contained a provision that nothing in the section affected the authority of Federal banking agencies to examine branches of insured depository institutions, and the Conferees enclosed such a provision in the title.

BRANCH CLOSURES

The House-passed bill added a new section 42(d) to the Federal Deposit Insurance Act, setting forth a procedure for notice, comment, consultation with community leaders and a meeting of representatives of the appropriate Federal banking agency whenever an interstate bank proposes closing a branch in a low- or moderate-income area. The Senate-passed bill contained no comparable provision.

The House provision was amended by the Conferees to specifically include other interested agencies in the required meeting in order to include the National Credit Union Administration in the meetings for the purpose of exploring the development of the use of community development credit unions.

This section does not affect the authority of an interstate bank to close a branch, or the timing of the closing.

FEDERAL RESERVE BOARD STUDY ON BANK FEES

The Federal Reserve is required to conduct an annual survey of the fees charged by banks for retail banking services. Each report shall describe any national or state trends in the cost and availability of such services. Reports are required for seven years.

PROHIBITION AGAINST DEPOSIT PRODUCTION OFFICES

In order to assure that the new interstate branching authorities provided by the Interstate Banking and Branching Efficiency Act of 1994 do not result in the taking of deposits from a community without concern for the credit needs of that community, section 107 requires each appropriate Federal banking agency to promulgate regulations effective June 1, 1997, prohibiting interstate branches from being used as deposit production offices. The regulations are to include guidelines to ensure that each interstate branch is reasonably helping to meet the credit needs of the community in which the branch operates.

The Conferees do not intend that section 109 creates any additional regulatory or paperwork burdens for any institution.

The regulations must require that if the percentage of loans made by an out-of-state bank in the host state relative to the deposits taken by the out-of-State bank in the host state is less than half the average of such percentage for all host-state banks, the appropriate federal banking agency shall review the loan portfolio of the bank and determine whether the out-of-state bank is reasonably helping to meet the credit needs of the community served by the bank in the host state. If the agency determines that it is not, it may order the branch to be closed and the bank which established the branch may not open to a new branch in that State, unless the bank provides reasonable assurances to the agency that the bank has an acceptable plan that will reasonably help to meet the credit needs of the communities served by the bank in the host state.

In making such a determination, the appropriate Federal banking agency shall consider a number of factors including whether the branch was acquired as part of the purchase of a failed or failing depository institution; whether the branch was acquired under circumstances where there was a low loan-to-deposit ratio; whether the branch has a higher concentration of commercial and credit card lending; and the ratings received by the out-of-state bank in CRA evaluations.

This provision applies to new interstate branches of national banks, state banks, and foreign banks established pursuant to this title or any amendment thereto.

COMMUNITY REINVESTMENT ACT EVALUATION OF BANKS WITH INTERSTATE BRANCHES

For each insured institution that maintains branches in two or more states, the appropriate Federal banking agency must prepare a written evaluation (pursuant to sections 807 (a), (b), and (c) of the Community Reinvestment Act) of the institution's overall CRA performance, along with separate written evaluations and ratings of the institution's CRA performance in each state in which it maintains branches. If an institution has branches in two States in a single multi-state metropolitan area, the agency will prepare a separate written evaluation of the institution's CRA performance within that metropolitan area, and adjust the state-by-state evaluations of the institution accordingly.

Each state-by-state evaluation is to present information separately for each metropolitan area (within that state) in which the institution maintains one or more branches, and separately for the nonmetropolitan area of the state if the institution has at least one branch in such non-metropolitan area.

RESTATEMENT OF EXISTING LAW

State Taxation Authority

Section 111(1) restates as part of Title I the provisions of section 7(b) of the Bank Holding Company Act of 1956 regarding state taxation authority. Section 111(2) states that nothing in the title shall be construed as affecting the existing authority of any state or political subdivision of any state to impose and maintain a nondiscriminatory franchise or other nonproperty tax on any bank, branch or bank holding company.

Applicability of Section 5197 of the Revised Statutes and Section 27 of the FDI Act

Section 111(3) specifically states that nothing in Title I affects sections 5179 of the Revised Statutes or section 27 of the Federal Deposit Insurance Act. Accordingly, the amendments made by the Interstate Banking and Branching Efficiency Act of 1994 that authorize insured depository institutions to branch interstate do not affect existing authorities with respect to any charges under section 5197 of the Revised Statutes or section 27 of the Federal Deposit Insurance Act imposed by national or state banks for loans or other extensions of credit made to borrowers outside the state where the bank or branch making the loan or other extension of credit is located.

GAO REPORT ON DATA COLLECTION

The Conferees adopted a Senate provision requiring a General Accounting Office report no later than 9 months after enactment on existing requirements for insured depository institutions to collect and report deposit and lending data and determine what modifications are needed so that interstate branching results in no material loss of information important to regulatory or congressional oversight of insured depository institutions. The House-passed bill had no similar provision.

PREEMPTION OF ARKANSAS USURY CEILING AS IT APPLIES TO CERTAIN LOANS

The Conferees adopted a Senate-passed provision preempting Arkansas usury limit

for Consolidated Farm and Rural Development Act loans, while providing the State with a three-year period in which to reenact its limitation. The House-passed bill had no similar provision.

TITLE II—GENERAL PROVISIONS

STATUTE OF LIMITATIONS

Section 201 of the bill as adopted by the conference would permit the FDIC or the RTC, as conservator or receiver of a failed depository institution, to "revive" under certain circumstances, certain tort claims that had expired under a State statute of limitations within five years of the appointment of the conservator or receiver. This provision does not affect other applicable State laws concerning the running or the tolling of statutes of limitations (by reason of adverse domination or otherwise), nor does it alter section 11(k) of the Federal Deposit Insurance Act, 12 U.S.C. 1821(k), as amended by the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

The revival of expired claims is an extraordinary remedy because it is a form of the retroactive application of law which the courts and Congress have generally disfavored. Accordingly, section 201 would limit this extraordinary remedy to claims arising from an egregious class of conduct, i.e., fraud, intentional misconduct resulting in unjust enrichment, and intentional misconduct resulting in substantial loss to the institution. This three-pronged, fraud/intentional misconduct standard is precisely the same as the one that Congress adopted last year, after considerable debate, with respect to a retroactive statute of limitations extension in the Resolution Trust Corporation Completion Act of 1993.

As with last year's reauthorization of the RTC, the intentional misconduct standard for revival in this provision is not intended to apply to claims arising from negligence, whether pleaded as simple, ordinary, or gross negligence. Claims arising from such negligent conduct by directors, officers, and outside professionals, such as negligent approval or review of loan applications, do not warrant the extraordinary remedy of revival if it is in the contravention of State law.

Section 201 would recognize that there is a level of misconduct which justifies Congressional actions to retroactively set aside a State statute of limitations, particularly where, for example, this misconduct involves individuals who improperly manipulated institutional affairs to prevent themselves from being brought to justice before the State period of limitations expired. This level of misconduct is reflected in particular forms of intentional behavior. The intentional misconduct standard is written to specifically include conduct such as self-dealing that result in unjust enrichment or a substantial loss to the institution, manipulation by institution insiders that results in a running of a statute of limitations, falsifying financial records that disguises increased financial loss, and conspiracy to violate banking rules or regulations.

SENSE OF THE SENATE REGARDING EXPORT CONTROLS

The Conferees adopted a Senate provision expressing the Sense of the Senate that the President should work toward establishment of a multilateral system to prevent acquisition by rogue regimes of products and technologies which could pose a threat to the national security of the United States. The House bill contained no similar provision.

AMENDMENT RELATING TO SILVER MEDALS FOR PERSIAN GULF WAR VETERANS

The purpose of the LaRocco Amendment is to permit the Secretary of the Treasury to begin production of the Persian Gulf silver medals, which were authorized by the 102nd Congress and signed into law by President Bush. These medals are in recognition of service rendered to the nation by members of the U.S. Armed Forces who served in the Gulf War. The amendment will allow the Secretary of the Treasury to use funds that have already been generated through ongoing sales of bronze replicas to begin production and continue so long as funds remain available.

COMMEMORATION OF 1995 SPECIAL OLYMPICS WORLD GAMES

The 1995 Special Olympics World Games Commemorative Coin Act authorizes the issuance of 800,000 one-dollar silver coins, which will be emblematic of the 1995 Special Olympics World Games. The coins will be issued during the period beginning on January 15, 1995 and ending on December 31, 1995, and will result in no net cost to the United States Government. The dates of issuance are not intended to conflict with any other coins authorized under this Act.

The 1995 Special Olympics World Games will be held July 1-9, 1995 in New Haven, CT and will attract more than 6,500 athletes from around the world. Funds raised through the ten dollar surcharge on the sale of each coin will be used to: (1) provide a world-class sporting event for athletes with mental retardation; (2) demonstrate to a global audience the talents, dedication and courage of persons with mental retardation; and (3) underwrite the cost of staging and promoting the 1995 Special Olympics World Games.

NATIONAL COMMUNITY SERVICE COMMEMORATIVE COINS

The National Community Service Commemorative Coin Act authorizes the issuance of 500,000 one-dollar silver commemorative coins, which will be emblematic of community service volunteers. The coins will be issued for a period of no less than six months, and no more than 12 months, beginning no later than September 1, 1996, and will result in no net cost to the United States Government.

Funds raised through the ten dollar surcharge on the sale of each coin will be paid to the National Community Service Trust for the purpose of funding innovative community service programs at American universities, including the service, research, and teaching activities of faculty and students involved in such programs.

ROBERT F. KENNEDY MEMORIAL COMMEMORATIVE COINS

The Robert F. Kennedy Memorial Commemorative Coin Act authorizes the issuance of 500,000 one-dollar silver commemorative coins, which will be emblematic of the life and work of former Attorney General and United States Senator Robert F. Kennedy. The coins will be issued for a period of no less than six months, and no more than 12 months, beginning no later than January 1, 1998, and will result in no net cost to the United States Government.

Funds raised through the ten dollar surcharge on the sale of each coin will be used to improve the endowment of the Robert F. Kennedy Memorial.

UNITED STATES MILITARY ACADEMY BICENTENNIAL COMMEMORATIVE COIN

This legislation provides for the minting of coins to commemorate the bicentennial of the U.S. Military Academy located in West Point, New York. The Academy will celebrate its bicentennial on March 16, 2002.

The Military Academy has provided our nation with the core of its military officers. It was founded in 1802, principally as a result of the vision of George Washington. West Point has been the source of most of our Nation's great military leaders, like Robert E. Lee, Ulysses S. Grant, John Pershing, Dwight Eisenhower, and Norman Schwarzkopf. However, West Point is much more than a training school for military leaders: It has always been a national bedrock of values which are best expressed by the Academy's motto, "Duty, Honor, Country."

In the year 2002, the United States Mint will issue 500,000 silver dollars to commemorate West Point's bicentennial. The silver dollars will be struck at the United States Bullion Depository at West Point. A $10 surcharge will be added to the cost of the coins. The money raised from the surcharges will be used by the Association of Graduates to provide direct support to the academic, military, physical, moral, and ethical development programs of the Corps of Cadets at the United States Military Academy. The Association of Graduates provides important activities and programs for the Cadets in hopes of helping each young person adjust to the tough and demanding four years at West Point. These activities and programs are not funded by the taxpayers. These coins will be minted at no net cost to the government.

UNITED STATES BOTANIC GARDEN COMMEMORATIVE COINS

The United States Botanic Garden Commemorative Coin Act authorizes the issuance of 500,000 one-dollar silver commemorative coins, which will be emblematic of the 175th anniversary of the founding of the United States Botanic Garden. Although the coins will be issued beginning on January 1, 1997, and ending on December 31, 1997, the coins shall be inscribed with the years 1820-1995 in order to properly commemorate the Garden's 175th anniversary. No other dates shall appear on the coin. The issuance of these coins will result in no net cost to the United States Government.

MOUNT RUSHMORE COMMEMORATIVE COINS

In 1990, legislation was passed directing the U.S. Treasury to mint a series of Mount Rushmore commemorative coins in 1991. The legislation specified that 50 percent of the surcharge from each coin sold was to be directed to the Mount Rushmore Society to preserve the Memorial and upgrade its facilities. The other 50 percent of the surcharge was to be directed to the U.S. Treasury for the purposes of deficit reduction. At the time the legislation was passed, it was anticipated that all of the coins would be sold, providing revenues of $18,750,000 each of the Mount Rushmore Society and the U.S. Treasury.

Unfortunately, sales of the Mount Rushmore Commemorative Coins generated only $12 million. This left the Mount Rushmore Society with revenues of only $6 million—less than a third of what was anticipated and not enough to fund the Monument's preservation and improvement. This provision would direct the first $18,750,000 in surcharges to the Society, and allocate the remainder to the U.S. Treasury.

FINANCIAL SERVICES COMMISSION

The Conferees adopted a modified version of a Senate provision requiring a study of the United States financial services system. The House bill contained no similar provision.

The provision directs the Secretary of the Treasury to conduct a study of the strengths and weaknesses of the U.S. financial services system in meeting the needs of users of the system. The Secretary is to appoint between

9 and 14 members to an Advisory Commission on Financial Services, with which the Secretary is to consult in conducting the study. The Secretary is also to consult with enumerated federal agencies and officials in conducting the study. The Secretary is to report the results of the study and any recommendations not later than 15 months after the date of enactment of the legislation.

FLEXIBILITY IN CHOOSING BOARDS OF DIRECTORS

The Conferees agreed to reduce from two-thirds to a majority the proportion of the board of directors of a national bank who must reside in the same state in which the bank is located (or within 100 miles of the main office).

From the Committee on Banking, Finance and Urban Affairs, for consideration of the House bill, and the Senate amendment, and modifications committed to conference:

HENRY GONZALEZ,
STEVE NEAL,
JOHN J. LAFALCE,
BRUCE F. VENTO,
CHARLES SCHUMER,
BARNEY FRANK,
PAUL E. KANJORSKI,
JOSEPH KENNEDY,
JAMES LEACH,
BILL MCCOLLUM,
MARGE ROUKEMA,
DOUG BEREUTER,
TOM RIDGE,

As additional conferees from the Committee on Agriculture, for consideration of sec. 109 of the Senate amendment, and modifications committed to conference:

E DE LA GARZA,
CHARLIE STENHOLM,
HAROLD L. VOLKMER,
TIMOTHY J. PENNY,
TIM JOHNSON,
PAT ROBERTS,
LARRY COMBEST,
WAYNE ALLARD,

As additional conferees from the Committee on the Judiciary, for consideration of secs. 101–03 of the House bill, and title II and secs. 102–03 of the Senate amendment, and modifications committed to conference:

R.L. MAZZOLI,
BILL HUGHES,
DAN GLICKMAN,
RICK BOUCHER,
JOHN BRYANT,
HAMILTON FISH,
CHAS T. CANADY,
BOB GOODLATTE,

Managers on the Part of the House.

DON RIEGLE,
PAUL SARBANES,
CHRISTOPHER DODD,
JIM SASSER,

Managers on the Part of the Senate.

MESSAGES FROM THE HOUSE

At 1:58 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the House has agreed to the amendments of the Senate to the bill (H.R. 4429) to authorize the transfer of naval vessels to certain foreign countries; with amendments; in which it requests the concurrence of the Senate.

The message also announced that the House has passed the following bills; in which it request the concurrence of the Senate:

H.R. 810. An act for the relief of Elizabeth M. Hill;

H.R. 2194. An act for the relief of Merrill Lannen; and

H.R. 2793. An act for the relief of Kris Murty.

ENROLLED JOINT RESOLUTION SIGNED

The message further announced that the Speaker has signed the following enrolled joint resolution:

S.J. Res. 195. Joint resolution to designate August 1, 1994, as "Helsinki Human Rights Day."

The enrolled joint resolution was subsequently signed by the President pro tempore (Mr. BYRD).

At 3:54 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bill; in which it requests the concurrence of the Senate:

H.R. 4003. An act to authorize appropriations for fiscal year 1995 for certain maritime programs of the Department of Transportation, to amend the Merchant Marine Act, 1936, as amended, to revitalize the United States-flag merchant marine, and for other purposes.

At 5:56 p.m., 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, each without amendment:

S. 1066. An act to restore Federal services to the Pokagon Band of Potawatomi Indians.

S. 1357. An act to reaffirm and clarify the Federal relationships of the Little Traverse Bay Bands of Odawa Indians and the Little River of Ottawa Indians as distinct federally recognized Indian tribes, and for other purposes.

The message also announced that the House agrees to the Senate amendment to the House amendment to the bill (S. 1458) to amend the Federal Aviation act of 1958 to establish time limitations on certain civil actions against manufacturers, and for other purposes.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 2194. An Act for the relief of Merrill Lannen; to the Committee on Governmenta. Affairs.

H.R. 2793. An Act for the relief of Kris Murty; to the Committee on Armed Services.

H.R. 4003. An Act to authorize appropriations for fiscal year 1995 for certain maritime programs of the Department of Transportation, to amend the Merchant Marine Act, 1936, as amended, to revitalize the United States-flag merchant marine, and for other purposes; to the Committee on Commerce, Science, and Transportation.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, August 3, 1994, she had presented to the President of the United States the following enrolled joint resolution:

S. J. Res. 195. Joint resolution to designate August 1, 1994, as "Helsinki Human Rights Day."

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–3137. A communication from the Secretary of Transportation, transmitting, pursuant to law, the report entitled "Imported Vehicle Safety Compliance Act of 1988" for fiscal year 1993; to the Committee on Commerce, Science, and Transportation.

EC–3138. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a list of General Accounting Office reports from June 1994; to the Committee on Governmental Affairs.

EC–3139. A communication from the Secretary of Energy, transmitting, pursuant to law, a report relative to the procurement and identification of energy efficient products for Federal agencies; to the Committee on Governmental Affairs.

EC–3140. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10–289 adopted by the Council on July 25, 1994; to the Committee on Governmental Affairs.

EC–3141. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10–290 adopted by the Council on July 25, 1994; to the Committee on Governmental Affairs.

EC–3142. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10–291 adopted by the Council on July 25, 1994; to the Committee on Governmental Affairs.

EC–3143. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10–292 adopted by the Council on July 25, 1994; to the Committee on Governmental Affairs.

EC–3144. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10–293 adopted by the Council on July 25, 1994; to the Committee on Governmental Affairs.

EC–3145. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10–294 adopted by the Council on July 25, 1994; to the Committee on Governmental Affairs.

EC–3146. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10–295 adopted by the Council on July 25, 1994; to the Committee on Governmental Affairs.

EC–3147. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10–296 adopted by the Council on July 25, 1994; to the Committee on Governmental Affairs.

EC–3148. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of

D.C. Act 10-301 adopted by the Council on July 25, 1994; to the Committee on Governmental Affairs.

EC-3149. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-302 adopted by the Council on July 25, 1994; to the Committee on Governmental Affairs.

EC-3150. A communication from the Assistant Attorney General, Department of Justice, transmitting, a draft of proposed legislation entitled "The Confederated Tribes of the Colville Reservation Grand Coulee Dam Settlement Act"; to the Committee on Indian Affairs.

EC-3151. A communication from the Chairman of the U.S. Sentencing Commission and the Director of the Federal Bureau of Prisons, transmitting, pursuant to law, the report on the maximum utilization of prisons' resources; to the Committee on the Judiciary.

EC-3152. A communication from the Secretary of Labor, transmitting, pursuant to law, the annual report on training and employment programs for fiscal year 1991; to the Committee on Labor and Human Resources.

EC-3153. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-303 adopted by the Council on July 26, 1994; to the Committee on Governmental Affairs.

EC-3154. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-304 adopted by the Council on July 26, 1994; to the Committee on Governmental Affairs.

EC-3155. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-305 adopted by the Council on July 26, 1994; to the Committee on Governmental Affairs.

EC-3156. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-307 adopted by the Council on July 26, 1994; to the Committee on Governmental Affairs.

EC-3157. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-308 adopted by the Council on July 26, 1994; to the Committee on Governmental Affairs.

EC-3158. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-309 adopted by the Council on July 26, 1994; to the Committee on Governmental Affairs.

EC-3159. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-310 adopted by the Council on July 26, 1994; to the Committee on Governmental Affairs.

EC-3160. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-312 adopted by the Council on July 26, 1994; to the Committee on Governmental Affairs.

EC-3161. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-313 adopted by the Council on July 26, 1994; to the Committee on Governmental Affairs.

EC-3162. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, a copy of D.C. Act 10-306 adopted by the Council on July 26, 1994; to the Committee on Governmental Affairs.

EC-3163. A communication from the President of the United States, transmitting, pursuant to law, requests for emergency fiscal year 1994 supplemental appropriations for the Departments of Defense and State and the Agency for International Development; to the Committee on Appropriations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BAUCUS, from the Committee on Environment and Public Works, with an amendment in the nature of a substitute:

S. 823. 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 (Rept. No. 103-324).

EXECUTIVE REPORTS OF COMMITTEE

The following executive reports of committee were submitted:

By Mr. KENNEDY, from the Committee on Labor and Human Resources:

Paul M. Igasaki, of California, to be a Member of the Equal Employment Opportunity Commission for the remainder of the term expiring July 1, 1997;

Paul Steven Miller, of California, to be a Member of the Equal Employment Opportunity Commission for a term expiring July 1, 1998;

Gilbert F. Casellas, of Pennsylvania, to be a Member of the Equal Employment Opportunity Commission for a term expiring July 1, 1999; and

Kenneth Malerman Jarin, of Pennsylvania, to be a Member of the National Council of the Arts for a term expiring September 3, 1998.

(The above nominations were approved subject to the nominees' commitment to appear and testify before any duly constituted committee of the Senate.)

By Mr. JOHNSTON, from the Committee on Energy and Natural Resources:

Elizabeth Anne Moler, of Virginia, to be a Member of the Federal Energy Regulatory Commission for the term expiring June 30, 1999 (reappointment).

(The above nominations were approved subject to the nominees' commitment to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. COHEN:

S. 2353. A bill to authorize a certificate of documentation for the vessel *Jan Marie;* to the Committee on Commerce, Science, and Transportation.

By Mr. DANFORTH (for himself, Mr. BOND, and Mr. PRYOR):

S. 2354. A bill to designate the United States courthouse under construction in St. Louis, Missouri, as the "Thomas F. Eagleton United States Courthouse", and for other purposes; to the Committee on Environment and Public Works.

By Mr. LOTT:

S. 2355. A bill to authorize a certificate of documentation for the vessel *Empress;* to the Committee on Commerce, Science, and Transportation.

By Mr. HATCH:

S. 2356. A bill to establish the Commission on the Advancement of Women in the Science and Engineering Work Forces; to the Committee on Labor and Human Resources.

By Mr. MITCHELL:

S. 2357. A bill to achieve universal health insurance coverage, and for other purposes; read the first time.

By Mr. LEVIN (for himself and Mr. RIEGLE):

S. 2358. A bill to amend the Clean Air Act to provide relief for non-selfgenerating ozone nonattainment areas, and for other purposes; to the Committee on Environment and Public Works.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. METZENBAUM (for himself, Mr. GRASSLEY, Mr. WELLSTONE, Mr. PELL, Ms. MIKULSKI, Mr. MOYNIHAN, Mr. LAUTENBERG, Mr. LEAHY, Mr. WOFFORD, Mr. ROBB, Mr. DOLE, and Mr. LEVIN):

S. Res. 247. A resolution condemning the recent acts of international terrorism committed against Jewish communities in Argentina, Panama, and Great Britain, and for other purposes; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. COHEN:

S. 2353. A bill to authorize a certificate of documentation for the vessel *Jan Marie*; to the Committee on Commerce, Science, and Transportation.

CERTIFICATION FOR THE VESSEL "JAN MARIE"

Mr. COHEN. Mr. President, I rise to introduce a bill today to direct that the vessel *Jan Marie*, official number 935835, be accorded trading privileges with a coastwise endorsement, a Great Lakes endorsement and transportation of merchandise endorsement of sections 12106, 12107, and 12108 of title 46, United States Code, and section 27 of the Merchant Marine Act, 1920 (46 U.S.C. 883).

The *Jan Marie* was built in Michigan in 1977 as a recreational vessel. It is 30.1 feet in length, 11.1 feet in breadth and 5.6 feet in depth.

This vessel was purchased in April, 1993 by Steven Doran of Freeport, ME. Mr. Doran bought the boat in order to start a sport fishing business. He received the certificate of documentation from the Coast Guard, realized the restrictions of the Jones Act and set about trying to trace the builder's certificate and first transfer of title in

order to receive a waiver of these restrictions. Mr. Doran called the manufacturer of the boat and was told that they were out of business and all of their records had been sent to archives. Mr. Doran tried unsuccessfully to trace these records as well as contact the first owner, who might have had a copy of these documents. After much searching, it was determined that the first owner had passed away and there was no address of his family for further inquiry.

Therefore, Mr. Doran is seeking to have his vessel redocumented, so that these Jones Act restrictions may be removed. This will enable him to continue his pursuit of starting a sport fishing business in Maine.

I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2353

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CERTIFICATE OF DOCUMENTATION.

Notwithstanding sections 12106, 12107, and 12108 of title 46, United States Code, and section 27 of the Merchant Marine Act, 1920 (46 U.S.C. 883), the Secretary of Transportation may issue a certificate of documentation for the vessel JAN MARIE, United States official number 935835.

By Mr. LOTT:

S. 2355. A bill to authorize a certificate of documentation for the vessel *Empress*; to the Committee on Commerce, Science, and Transportation.

CERTIFICATE OF DOCUMENTATION FOR THE VESSEL "EMPRESS"

• Mr. LOTT. Mr. President, I am introducing a bill today to direct the vessel *Empress*, Official Number 975018, be accorded coastwise trading privileges.

The *Empress* was constructed in 1925 in the United States. It is 75 feet in length, 16 feet in width, 5.5 feet in depth, and is self-propelled. The vessel was owned by the United States until 1960. The vessel has been used as a corporate business vessel, private residence, and charter vessel. It has also been used by non-profit groups such as the Special Olympics, March of Dimes, and the Ronald McDonald House.

The current owner obtained the boat from his father. The owner has all ownership records except for the years 1960-to-1965 when the vessel was being used by the Boy Scouts of America.

The owner of the vessel is seeking a waiver of the existing law so that the vessel can be used as a charter vessel.

Mr. President, I request that the text of the bill and this statement be printed in the CONGRESSIONAL RECORD.

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

S. 2355

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding sections 12106, 12107, and 12108 of title 46, United States Code, and section 27 of the Merchant Marine Act, 1920 (46 App. U.S.C. 883), as applicable on the date of enactment of this Act, the Secretary of Transportation may issue a certificate of documentation for the vessel EMPRESS, United States official number 975018.•

By Mr. HATCH:

S. 2356. A bill to establish the Commission on the Advancement of Women in the Science and Engineering Work Forces; to the Committee on Labor and Human resources.

ADVANCEMENT OF WOMEN IN SCIENCE AND ENGINEERING

Mr. HATCH. Mr. President, I am very pleased to join forces with my colleague in the House of Representatives, Congresswoman CONNIE MORELLA of Maryland, to sponsor the Senate companion to H.R. 467, the Commission on the Advancement of Women in Science and Engineering Work Forces Act.

This legislation would establish a bipartisan commission to examine the progress women have made in science and engineering professions.

One of the first Kennedy-Hatch collaborations shortly after I came to the Senate was in 1978 when we enacted the "Women in Science" bill as part of the National Science Foundation authorization for that year. In the mid-1980's, as chairman of the Senate Labor and Human Resources Committee, I authored a provision to the NSF bill that created an interagency committee to look at the barriers to women in Federal research positions and in Federally supported research.

The legislation I am now sponsoring with Congresswoman MORELLA is a logical followup to these activities. Not only does this proposal broaden the scope of inquiry, but it will provide some indication about the progress women have made over the last decade.

Let me assure my colleagues that, first, this commission will be bipartisan. There will be an equal number of Democratic and Republican appointments.

Second, there is a specific due date set for the report 1 year after the commission members are appointed. The commission expires 1 year after submitting the report. None of us wants to create another permanent commission.

Third, there are explicit assurances that private entities are not required to share information that would be considered private to that entity and that any information provided to the commission cannot be used in employment related litigation.

Again, Mr. President, I am happy to sponsor this initiative in the Senate and urge my colleagues to support it.

By Mr. LEVIN (for himself and Mr. RIEGLE):

S. 2358. A bill to amend the Clean Air Act to provide relief for nonselfgenerating ozone nonattainment areas, and for other purposes.

OZONE NONATTAINMENT AREA LEGISLATION

• Mr. LEVIN. Mr. President, a serious problem of unfairness with respect to implementation of the Clean Air Act has developed in three counties in west Michigan, and may be occurring elsewhere in the country too. I am introducing a bill today to correct this problem.

Let me explain the situation. Three west Michigan counties have been designated as two separate moderate ozone nonattainment areas by the EPA pursuant to the Clean Air Act; Kent and Ottawa counties are one, and Muskegon County is the other. Because of their classification as "moderate" ozone nonattainment areas, the State of Michigan was required by law to pass legislation imposing mandatory vehicle inspection and maintenance testing in these two areas starting in January 1995. This requirement would make sense were these three counties the cause of either their own nonattainment or the nonattainment of other areas. But they are not.

EPA has acknowledged that the three counties "are essentially overwhelmed by emissions coming from Chicago and northern Indiana." In a recent letter to the Michigan Department of Natural Resources, EPA Administrator Carol Browner said,

> "* * * the USEPA recognizes that ozone transport may make it very difficult, if not impossible, for Muskegon and Grand Rapids, themselves, to achieve the NAAQS for ozone by deadlines prescribed by the CAA.

In a hearing held on Monday, July 25, before my Subcommittee on Oversight of Government Management, EPA agreed "that Muskegon County would be in attainment but for ozone transport." EPA also confirmed that Muskegon and Grand Rapids "are not the cause of Chicago and northern Indiana being in nonattainment * * *".

In short, these three counties are not the cause of their own or any other area's ozone nonattainment problem and no matter what these counties do for themselves, it is very unlikely that they will be able to achieve nonattainment. Yet, because of ozone blown their way and their resultant classification as "moderate" nonattainment areas, they are being forced to implement a burdensome vehicle inspection program that won't make a significant difference. As stated succinctly in the Senate Environment Committee's report to accompany S. 1630, the Clean Air Act Amendments of 1989, "Because ozone is not a local phenomenon but is formed and transported over hundreds of miles and several days, localized control strategies will not be effective in reducing ozone levels." Unfortunately, this sentiment did not translate into the act's requirements and implementation. The inflexibility and inequity of the "localized" mandate

undermines public support for the Clean Air Act and environmental laws, in an area of the country that is generally supportive of both.

At the hearing, I asked Mary Nichols, Assistant Administrator for Air, if these three counties were designated as rural, would they qualify for an exemption from the Clean Air Act requirements. Ms. Nichols replied, "I believe that is correct." She's right and that is at the heart of the unfairness of the Clean Air Act and EPA's implementation and that's what the legislation I am offering specifically addresses. Whether such an area is "rural" or contains a city shouldn't make any difference in the application. The principle is the same.

My bill applies that principle and eliminates the disparate treatment between rural and nonrural areas. EPA would be authorized to designate any ozone nonattainment area as a "rural transport area," if EPA finds that sources of ozone-causing emissions in that area do not make a significant contribution to the ozone concentrations measured in the area or in other areas. So, rather than rendering a metropolitan statistical area ineligible for the regulatory relief available to a rural transport area, the act would be made to apply equally for rural and nonrural areas and the burden would be fixed to place the burden more squarely on the shoulders of the "significant contributers."

By the end of the summer, EPA plans to issue a new policy on ozone transport that will hold "areas responsible only for that portion of the ozone problem which they cause." However, this new policy is expected to only correct another inequity in the act, the fact that downwind areas suffering from significant ozone and other pollution transported from more severely polluted areas have less time to achieve attainment. The change in attainment deadlines will not address the problem of areas inappropriately designated in the first place.

Mr. President, there appear to be a number of States that contain "victim of transport" areas in situations similar to west Michigan. Yet, there is great reluctance to attempt even minor changes in the act because of problems associated with "opening up" the statute. But, I say to my colleagues, the act is not flawless and it needs fixing. To stand by and watch our constituents spend time and money to correct a problem which they did not cause and cannot cure is wrong. We should right that wrong.

Mr. President, I strongly support the goals of the Clean Air Act. But, it needs to be applied with common sense, if it is to retain the support of the American people.

I ask unanimous consent that the text of the bill be printed in the RECORD following my statement.

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

S. 2358

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. OZONE NONATTAINMENT AREAS.

Section 182(h)(1) of the Clean Air Act (42 U.S.C. 7511a(h)(1)) is amended by striking "that does not" and all that follows through "Census)".●

ADDITIONAL COSPONSORS

S. 1208

At the request of Mr. WOFFORD, the names of the Senator from Illinois [Ms. MOSELEY-BRAUN], the Senator from South Carolina [Mr. HOLLINGS], and the Senator from Tennessee [Mr. SASSER] were added as cosponsors of S. 1208, a bill to authorize the minting of coins to commemorate the historic buildings in which the Constitution of the United States was written.

S. 1343

At the request of Mr. AKAKA, the name of the Senator from Massachusetts [Mr. KENNEDY] was added as a cosponsor of S. 1343, a bill entitled the "Steel Jaw Leghold Trap Prohibition Act".

S. 1746

At the request of Mrs. KASSEBAUM, the name of the Senator from Idaho [Mr. CRAIG] was added as a cosponsor of S. 1746, a bill to establish a youth development grant program, and for other purposes.

S. 1889

At the request of Mr. CHAFEE, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 1889, a bill to amend title XIX of the Social Security Act to make certain technical corrections relating to physicians' services.

S. 2120

At the request of Mr. INOUYE, the names of the Senator from Arizona [Mr. DECONCINI] and the Senator from Maine [Mr. MITCHELL] were added as cosponsors of S. 2120, a bill to amend and extend the authorization of appropriations for public broadcasting, and for other purposes.

S. 2183

At the request of Mrs. HUTCHISON, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 2183, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 50th anniversary of the signing of the World War II peace accords on September 2, 1945.

S. 2258

At the request of Mr. WARNER, the name of the Senator from Utah [Mr. HATCH] was added as a cosponsor of S. 2258, a bill to create a Commission on the Roles and Capabilities of the U.S. Intelligence Community, and for other purposes.

S. 2286

At the request of Mr. LUGAR, the name of the Senator from Kansas [Mrs. KASSEBAUM] was added as a cosponsor of S. 2286, a bill to amend title 23, United States Code, to provide for the use of certain highway funds for improvements to railway-highway crossings.

S. 2330

At the request of Mr. ROCKEFELLER, the names of the Senator from Maryland [Mr. SARBANES], the Senator from New Hampshire [Mr. SMITH], the Senator from Pennsylvania [Mr. WOFFORD], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Mississippi [Mr. COCHRAN], the Senator from New Mexico [Mr. BINGAMAN], the Senator from Minnesota [Mr. DURENBERGER], and the Senator from Connecticut [Mr. DODD] were added as cosponsors of S. 2330, a bill to amend title 38, United States Code, to provide that undiagnosed illnesses constitute diseases for purposes of entitlement of veterans to disability compensation for service-connected diseases, and for other purposes.

SENATE RESOLUTION 247—RELATING TO THE RECENT ACTS OF INTERNATIONAL TERRORISM COMMITTED AGAINST JEWISH COMMUNITIES

Mr. METZENBAUM (for himself, Mr. GRASSLEY, Mr. WELLSTONE, Mr. PELL, Ms. MIKULSKI, Mr. MOYNIHAN, Mr. LAUTENBERG, Mr. LEAHY, Mr. WOFFORD, Mr. ROBB, Mr. DOLE, and Mr. LEVIN) submitted the following resolution; which was considered and agreed to:

S. RES. 247

Whereas on September 13, 1993, Israel and the Palestinian Liberation Organization opened a new era of Middle East peace negotiations;

Whereas on July 27, 1994, Israel and the Hashemit Kingdom of Jordan declared their 46-year state of hostilities at an end, giving additional momentum to the Middle East peace process;

Whereas radical groups have repeatedly pledged to derail the peace process through terrorist acts in the Middle East and around the world;

Whereas on July 18, 1994, more than 100 people were killed and 230 were wounded when a bomb exploded outside a Jewish community center in Buenos Aires, Argentina;

Whereas on July 19, 1994, 21 people, more than one-half of whom were Jewish businessmen, were killed when their aircraft was destroyed by a bomb over Colon, Panama;

Whereas on July 26, 1994, 14 people were wounded when a bomb exploded outside the Embassy of Israel in London, Great Britain; and

Whereas on July 27, 1994, 5 people were wounded when a bomb exploded outside a Jewish community center in London, Great Britain: Now, therefore, be it

Resolved, That—

(1) the Senate condemns the continued use of violence to pursue political objectives;

(2) the Senate condemns the worldwide targeting of Jewish communities by terrorists determined to disrupt the Middle East peace process;

(3) the Senate commends the people of Argentina, of Panama, and of Great Britain for the outrage they expressed in response to these acts of terror; and

(4) the Senate recognizes the efforts of Argentina, Panama, and Great Britain to investigate these terrorist incidents, urges their governments to commit any resources necessary to apprehend the perpetrators, and urges adoption of any lawful measures to prevent a recurrence of such horrible acts.

AMENDMENTS SUBMITTED

VA–HUD AND RELATED AGENCIES APPROPRIATIONS ACT

DOLE (AND OTHERS AMENDMENT) NO. 2445

Mr. DOLE (for himself, Mr. GREGG, Mr. HELMS, Mr. DODD, Mr. DURENBERGER, Mr. WARNER, Mr. COVERDELL, Mr. LOTT, Mr. PRESSLER, Mr. BROWN, Mr. NICKLES, Mr. MURKOWSKI, Mrs. MURRAY, and Mr. GRAHAM) proposed an amendment to the bill (H.R. 4624) making appropriations for the Department of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1995, and for other purposes; as follows:

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

LEGAL EFFECT OF SECURITY COUNCIL RESOLUTION ON HAITI

SEC. . It is the sense of the Senate that United Nations Security Council Resolution 940 of July 31, 1994, does not constitute authorization for the deployment of United States Armed Forces in Haiti under the Constitution of the United States or pursuant to the War Powers Resolution (Public Law 93–148).

JOHNSTON (AND OTHERS) AMENDMENT NO. 2446

Mr. JOHNSTON (for himself, Mr. BRADLEY, Mr. WALLOP, Mr. DOMENICI, and Mr. MCCAIN) proposed an amendment to the bill H.R. 4624, supra; as follows:

At the appropriate place in the bill, insert the following two new sections:

SEC. . No funds in this Act may be used to promulgate, implement, or enforce any requirement that a specified percentage of oxygen content of reformulated gasoline (as required by 42 U.S.C. 7545(k)) come from renewable oxygenates, such as that requirement proposed as "Regulation for Fuels and Fuel Additives: Renewable Oxygenate Requirement for Reformulated Gasoline" at volume 58 of the Federal Register at pages 68343 through 68353.

SEC. . The budgetary resources provided to the National Aeronautics and Space Administration in this Act for fiscal year 1995 for procurement and procurement-related expenses are reduced by $39,300,000.

MURKOWSKI AMENDMENT NO. 2447

Mr. MURKOWSKI proposed an amendment to the bill H.R. 4624, supra; as follows:

On page 77, line 9, insert the following before the period: ": *Provided further*, That not less than 50 percent of the funds made available for the United States Polar Research Programs shall be used for a program of Arctic research.".

RIEGLE AMENDMENT NO. 2448

Ms. MIKULSKI (for Mr. RIEGLE) proposed an amendment to the bill H.R. 4624, supra; as follows:

On page 47, strike out the matter beginning on line 22 through "*Provided*" on page 48, line 3, and insert in lieu thereof the following:

"For grants, loans, and technical assistance to qualifying community development lenders, and administrative expenses of the Fund, $125,000,000, to remain available until September 30, 1996, of which $100,000,000 shall become available on September 23, 1995: *Provided*, That of the funds made available under this heading, up to $10,000,000 may be used for the cost of direct loans, and up to $1,000,000 may be used for administrative expenses to carry out the direct loan program: *Provided further*".

MIKULSKI AMENDMENT NO. 2449

Ms. MIKULSKI proposed an amendment to the bill H.R. 4624, supra; as follows:

On page 3, strike out the matter beginning with the colon on line 11, through "$9,813,256,000" on line 16.

On page 8, line 18, before the period, insert the following new proviso: ": *Provided further*, That of the $15,622,452,000 made available under this heading for fiscal year 1994 in Public Law 103–124, the $9,863,265,000 restricted by section 509 of Public Law 103–124 for personnel compensation and benefits expenditures is reduced to $9,813,265,000".

On page 8, line 24, before the period, add the following proviso: ": *Provided*, That the Secretary may obligate not more than $500,000 of the funds made available under this heading for an epidemiological study of veterans who underwent radium nasopharyngeal irradiation".

On page 14, line 13, strike out "$1,400,000" and insert in lieu thereof: "$16,300,000".

On page 20, line 25, strike out "$765,000,000" and insert in lieu thereof: "$735,000,000".

On page 22, line 3, strike out "$156,000,000" and insert in lieu thereof: "$186,000,000".

On page 24, line 7, strike out "$3,062,000,000" and insert in lieu thereof: "$2,992,000,000".

On page 29, line 14, strike out the matter beginning with the colon, through the word "funds" on line 22.

On page 30, line 24, strike out the matter beginning with the colon, through the word "activities" on page 31, line 7.

On page 38, line 22, strike out "$953,973,000" and insert in lieu thereof: "$947,398,000".

On page 45, strike out lines 7 through 12.

On page 45, after line 22, insert the following:

"Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended by adding at the end the following new subsection:

"(aa) REFINANCING INCENTIVE.—

"(1) IN GENERAL.—The Secretary may pay all or a part of the up front costs of refinancing for each project that—

"(A) is constructed, substantially rehabilitated, or moderately rehabilitated under this section;

"(B) is subject to an assistance contract under this section; and

"(C) was subject to a mortgage that has been refinanced under section 223(a)(7) or section 223(f) of the National Housing Act to lower the periodic debt service payments of the owner.

"(2) SHARE FROM REDUCED ASSISTANCE PAYMENTS.—The Secretary may pay the up front cost of refinancing only—

"(A) to the extent that funds accrue to the Secretary from the reduced assistance payments that results from the refinancing; and

"(B) after the application of amounts in accordance with section 1012 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988.".

"Section 223(a)(7) of the National Housing Act (42 U.S.C. 1751n(a)(7)) is amended in subparagraph (B), by striking "and" at the end; and by inserting, before ": *Provided further*" in said paragraph, the following: "; and (D) any multifamily mortgage that is refinanced under this paragraph shall be documented through amendments to the existing insurance contract and shall not be structured through the provisions of a new insurance contract".

"The amendments of the two immediately preceding paragraphs shall be effective only during fiscal year 1995.".

On page 45, after line 22, insert the following:

"Section 601 of title VI of S. 2281 (103d Cong., 2d Sess.), as reported to the Senate on July 13 (legislative day, July 11), 1994 (S. Rep. 103–307), is hereby incorporated into this Act, and such section 601 is deemed enacted into law upon enactment of this Act: *Provided*, That the provisions of such section 601 shall be effective only during fiscal year 1995.".

On page 45 after line 22, insert the following:

"Title VIII of S. 2281 (103d Cong., 2d Sess.), as reported to the Senate on July 13 (legislative day, July 11), 1994 (S. Rep. 103–307), is hereby incorporated into this Act, and such title VIII is deemed enacted into law upon enactment of this Act.".

On Page 45, after line 22, insert the following:

"Notwithstanding any other provision of law, the New York City Housing Authority is authorized to use not more than $12,420,000, from development reservation number NY36P005324 for 100 public housing units previously awarded from funds appropriated under Public Law 101–507 (Nov. 5, 1990), for the purpose of completing a homeownership program involving not more than 463 dwelling units located in Bronx County, in the City of New York, in accordance with a certain submission dated November 16, 1993 made in response to a Notice of Funding Availability issued at 58 Fed. Reg. 41127. The Secretary of Housing and Urban Development shall thereafter add a similar number of existing non-federal public housing units, designated by the Authority, to the Agency's inventory of federally-assisted public housing developments and said units shall, for all purposes other than the repayment of any debt associated with their development or rehabilitation, be considered as if initially developed under title I of the Housing Act of 1937.".

On page 47, restore the matter stricken on lines 14 and 15, and insert at the end thereof the following new paragraph:

"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, $4,250,000.".

On page 57, line 3, before the period, insert the following: ": *Provided further*, That nothing in this paragraph shall prohibit the Administrator from conforming the program standards and criteria set forth herein, with subsequent authorization legislation that may be enacted into law".

On page 62, line 6, after the word "promulgation" insert the word "of".

On page 72, line 2, before the period, insert the following: ", to remain available until September 30, 1996".

On page 73, after line 16, insert the following new paragraph:

"Notwithstanding the limitation on the availability of funds appropriated for "Mission support", 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, 1995 and may be used to enter into contracts for training, investigations, cost associated with personnel relocation, and for other services, to be provided during the next fiscal year.".

On page 91, after line 9, insert the following new section:

"SEC. . The budgetary resources made available to the National Aeronautics and Space Administration in this Act for fiscal year 1995 for procurement and procurement-related expenses are hereby reduced by an additional $19,703,000.".

On page 91, line 9, insert the following new section:

"SEC. . None of the funds made available by this or any other Act shall be used to publish, implement, or enforce any regulations promulgated to carry out section 919 of the Housing and Community Development Act of 1992 before July 1, 1995.".

On page 91, after line 9, insert the following new title:

"TITLE VI—EMERGENCY SUPPLEMENTAL APPROPRIATIONS

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT GRANTS

For an additional amount for "Community amount for "Community development grants", as authorized under title I of the Housing and Community Development Act of 1974, for emergency expenses resulting from the January 1994 earthquake in Southern California, $225,000,000, to remain available until September 30, 1996, of which $50,000,000 shall be derived by transfer from funds provided under the head "Department of Education, Impact aid" in the Emergency Supplemental Appropriations Act of 1994 (Public Law 103-211): *Provided*, That of the foregoing amount, $200,000,000 and $25,000,000 shall be for the available until September 30, 1995 and may be used to enter into contracts for training, investigations, cost associated with personnel relocation, and for other services, to be provided during the next fiscal year.".

On page 74, after line 7, insert the following new paragraph:

"Hereafter, the Administrator may enter into contracts for the Space Station program that are for periods in excess of the period for which funds are otherwise available for obligation and provide for the payment of contingent liability which may accrue in excess of appropriations available for such contracts in the event the Government, for its convenience terminates such contracts, if any such contract limits the amount of the payments that the Government is allowed to make under such contract to amounts not in excess of unobligated funds, including prior year balances, available for activities herein appropriated under the heading "Human space flight": *Provided*, That hereafter, if funds are not available to continue any such contract, the contract shall be terminated for the convenience of the Government, and the cost of such contract shall be paid from appropriations originally available for performance of the contract, or from other unobligated funds, including prior year balances, available for activities herein appropriated under the heading "Human space flight".".

On page 91, after line 9, insert the following new section: cities of Los Angeles and Santa Monica, California, respectively: *Provided further*, That in administering these funds, the Secretary may waive, or specify alternative requirements for, any provision of any statute or regulation that the Secretary administers in connection with the obligation by the Secretary or any use by the recipient of these funds, except for statutory requirements relating to fair housing and nondiscrimination, the environment, and labor standards, upon finding that such waiver is required to facilitate the obligation and use of such funds, and would not be inconsistent with the overall purpose of the statute or regulation: *Provided further*, That the entire amount is designated by Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

For an additional amount for "Community development grants", for grants to States and units of general local government and for related expenses, not otherwise provided for, necessary for carrying out a community development program as authorized by title I of the Housing and Community Development Act of 1974, to be used to assist States, local communities, and businesses in recovering from the flooding and damage caused by Tropical Storm Alberto and other disasters, $180,000,000, to remain available until expended: *Provided*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: *Provided further*, That the entire amount shall be available only to the extent of an official budget request, for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement, as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, is transmitted to the Congress: *Provided further*, That the Secretary of Housing and Urban Development may waive any provision of law (except for provisions relating to fair housing, the environment, or labor standards) if the Secretary determines such waiver is necessary to facilitate the obligation of the entire amount: *Provided further*, That the Secretary of Housing and Urban Development may transfer up to $50,000,000 to the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act, to be used for purposes related to flooding and damage caused by Tropical Storm Alberto and other disasters.

FEDERAL EMERGENCY MANAGEMENT AGENCY

For and additional amount for "Disaster assistance direct loan program account for the cost of direct loans, $12,500,000, as authorized by section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act to be used to assist local governments in recovering from flooding and damage caused by Tropical Storm Albert and other disasters: *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: *Provided further*, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $50,000,000 under section 417 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act: *Provided further*, That any unused portion of the direct loan limitation and subsidy shall be available until expended: *Provided further*, That the entire amount is designated by the Congress as an emergency requirement pursuant to section 251(b)(2)(D)(i) of the Balanced Budget and Emergency Deficit Control Act of 1985: *Provided further*, That the entire amount shall be available only to the extent of an official budget request, for a specific dollar amount, that includes designation of the entire amount of the request as an emergency requirement, as defined in the Balanced Budget and Emergency Deficit Control Act of 1985, is transmitted to the Congress.

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

Federal-Aid Highways

Emergency Relief Program

(Highway Trust Fund)

The matter under the heading in the Emergency Supplemental Appropriations Act of 1994 (Public Law 103-211) is amended by deleting "$950,000,000" and inserting in lieu thereof "$775,000,000.".

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Ms. MIKULSKI. 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, August 3, beginning at 9:30 a.m. to conduct a hearing pursuant to Senate Resolution 229.

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

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate, 9:30 a.m., August 3, 1994.

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

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the full Committee on Environment and Public Works be authorized to meet during the session of the Senate on Wednesday, August 3, beginning at 10:00 a.m., to conduct a business meeting to consider the Superfund Reform Act of 1994, as reported by the Subcommittee on Superfund, Recycling and Solid Waste

Management, and a series of modifications as proposed by the chairman.

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

COMMITTEE ON THE JUDICIARY

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to hold a business meeting during the session of the Senate on Wednesday, August 3, 1994.

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

COMMITTEE ON THE JUDICIARY

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Wednesday, August 3, 1994, at 10 a.m., in room 226, Senate Dirksen Office Building, on the nomination of H. Lee Sarokin of New Jersey, to be United States circuit judge for the third circuit.

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

COMMITTEE ON LABOR AND HUMAN RESOURCES

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the Committee on Labor and Human Resources be authorized to meet on August 3, 1994, at 9 a.m. for an executive session to consider S. 1629, Lupus Research Amendments of 1993; S. 2344, National Science Foundation Authorization Act of 1994; the Mental Health and Substance Abuse Programs Reauthorization Act of 1994; and the nominations of Gilbert F. Casellas, Paul M. Igasaki, and Paul S. Miller, to be members of the Equal Employment Opportunity Commission, and Kenneth M. Jarin, to be a member of the National Council on the Arts.

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

COMMITTEE ON SMALL BUSINESS

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the Committee on Small Business be permitted to meet during the Senate session on Wednesday, August 3, 1994, at 2:15 p.m. The committee will be holding a markup on the Small Business Administration reauthorization bill.

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

SUBCOMMITTEE ON IMMIGRATION AND REFUGEE AFFAIRS

Ms. MIKULSKI. Mr. President, I ask unanimous consent that the Subcommittee on Immigration and Refugee Affairs of the Senate Committee on the Judiciary, be authorized to meet during a session of the Senate on Wednesday, August 3, 1994, at 10:15 a.m., in Senate Hart room 216, on proposals for immigration reform.

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

ORDERS FOR TOMORROW

Ms. MIKULSKI. Mr. President, I ask unanimous consent that when the Senate resumes consideration of H.R. 4624, the VA-HUD appropriations bill at 9 a.m. on Thursday, August 4, Senator MURKOWSKI of Alaska be recognized to offer an amendment relating to VA construction, with a time limitation of 90 minutes for debate, with the time equally divided and controlled between Senators ROCKEFELLER and MURKOWSKI or their designees; and that no amendment be in order to the Murkowski amendment nor to any language which may be stricken; that when the time is used or yielded back, without intervening action, the Senate vote on or in relation to the Murkowski amendment; provided further that upon disposition of the Murkowski amendment, Senator REID be recognized to offer an amendment relating to immigration; that upon disposition of the Reid amendment, Senator COHEN be recognized to offer an amendment on behalf of himself and Senator MACK related to pension funds.

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

Ms. MIKULSKI. Mr. President, it is also the understanding that there will not be a vote until 10:30 tomorrow.

HEALTH SECURITY ACT—S. 2357

Ms. MIKULSKI. Mr. President, I understand that S. 2357, the Health Security Act, introduced earlier today by Senator MITCHELL, is at the desk.

The PRESIDING OFFICER. The Senator is correct.

Ms. MIKULSKI. Mr. President, I ask for its first reading.

The PRESIDING OFFICER. The clerk will read the bill for the first time.

The assistant legislative clerk read the bill for the first time.

Ms. MIKULSKI. Mr. President, I ask for its second reading, and on behalf of the Republican leader, I object.

The PRESIDING OFFICER. Objection is heard.

The bill is received for a second reading on the next legislative day.

ORDERS FOR TOMORROW

Ms. MIKULSKI. Mr. President, on behalf of the majority leader, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9 a.m., Thursday, August 4; that following the prayer, the Journal of proceedings be deemed approved to date and the time for the two leaders reserved for their use later in the day; that immediately thereafter, the Senate resume consideration of H.R. 4624, the VA-HUD appropriations bill, with Senator MURKOWSKI recognized to offer an amendment, as provided for under the conditions and limitations of a previous unanimous-consent agreement.

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

RECESS UNTIL TOMORROW AT 9 A.M.

Ms. MIKULSKI. Mr. President, if there is no further business to come before the Senate today, I now ask unanimous consent that the Senate stand in recess as previously ordered.

There being no objection, the Senate, at 8:15 p.m., recessed until Thursday, August 4, 1994, at 9 a.m.