SENATE—*Tuesday, August 9, 1994*

(Legislative day of Monday, August 8, 1994)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. BYRD].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray:

*We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights * * * to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed * * *.*—Declaration of Independence.

Eternal God, Sovereign of history and the nations, our Founding Fathers conceived a political system based upon the self-evident truth of a Creator-God who is the Author of human equality and liberty. Moses, the great lawgiver, warned in the Torah: "Beware that thou forget not the Lord thy God * * * if thou do * * * ye shall surely perish."—Deuteronomy 8:11, 19.

In our human pride, Lord, we have assumed that "man is the measure of things," and that he can achieve whatever he desires without God. Meanwhile, our culture is collapsing around us like the Tower of Babel.

Patient, loving God, awaken us to the desperate need to give Thee priority in our lives, individually and collectively.

We pray in His name who is Life incarnate.

Amen.

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The PRESIDENT pro tempore. Under the previous order, there will now be a period for the transaction of morning business, not to extend beyond the hour of 9:30 a.m., with Senators permitted to speak therein for not to exceed 5 minutes each.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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 President, I ask unanimous consent that the order for the quorum call be rescinded.

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

Under the order, Mr. GRAMM of Texas is to be recognized for not to exceed 10 minutes.

ENTITLEMENTS AND HEALTH CARE

Mr. GRAMM. Mr. President, one of the things that I find most interesting about serving in the U.S. Senate is that you are often struck by an incredible paradox—the right hand of the body often does not know what the left hand is doing. We at some times tend to work at cross purposes, and I do not think I have seen a clearer example than what is happening today regarding the Entitlement Commission report, which is being released, and what we are doing on health care.

Let me explain. I am sure that people saw in this morning's Washington Post the large article about the Entitlement Commission established by the President to look at the fact that growth of entitlements is on the verge of bankrupting the country. In fact, the Cochairman of that Commission is quoted in the article as saying, "We are on a course toward national bankruptcy. Now the question today is, what are we going to do about it?"

If you read the article and you read about the tentative information that has been put out by this Entitlement Commission, here is what they have concluded.

Under current law, if we do not start a single new program, the built-in growth in programs called entitlements—entitlements are benefits you get by meeting certain qualifications; Congress does not vote annually to appropriate funds for them—within 35 years we would have to double all Federal taxes to pay for only those entitlement programs that are currently the law of the land.

Let me say that one more time. What this Entitlement Commission has concluded is that, if we do not start a single new program, the existing programs that are on the books are producing expenditures that are so big, within 35 years we will have to double income taxes and every other Federal tax currently on the books simply to pay the bills being generated by all the promises we have already made the American people.

I remind my colleagues that in 1950 the average American family with two children sent $1 out of every $50 it earned to Washington. Today, it sends $1 out of every $4 it earns to Washington.

This is what the right hand of American Government is doing today. It is lamenting the fact that all of these entitlements we have created are bankrupting the country and impoverishing the taxpayer, and we have to do something about it. In fact, they are talking about cutting Social Security benefits.

Now, what is the left hand doing? The left hand is debating the creation of the largest entitlement program in American history. While we are debating our inability to pay for the promises we have already made the American people and lamenting the fact that in 35 years those projects will force a doubling of all existing Federal taxes, we are in the process of creating the largest entitlement in the history of the country. Under the President's health care plan, within 2 years, even if two miracles occur: First, the Government was actually able to run the health care system and, second, wage and price controls—which have never worked in 5,000 years of recorded history—actually worked, still according to the President's own numbers, the new health care plan would cost more than Social Security and would be the largest single program of the Federal Government. Within 10 years, it would cost $750 billion a year. Nobody but Ross Perot knows what $1 billion is. But $750 billion is half the total level of Government spending today.

Now my question, Mr. President, is this: If we cannot pay for the promises we have already made, how are we going to pay for the new promises that we are making in the name of health care reform?

I am very alarmed that we are in the process of making promises that we cannot pay for. We will end up going back and forth between bankrupting the Government and rationing health care, and in the end we are going to destroy both the greatest economy in the history of the world, and we are going to destroy the greatest health care system in the history of the world.

I am very alarmed that every single health care plan has one thing in common—and notice, Mr. President that I am not differentiating between Republican plans and Democratic plans. They all claim to be paid for for the first 5 years, yet they all start a lot of new benefits in the fourth and the fifth years.

So what it means is that in the sixth year when we are outside the scope of our budget process, every one of these

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

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plans produces whopping deficits. Every one of these plans, when you extend them out to 10 years, is adding to a deficit which, as we know under existing law, is already going to be in the $400 billion range.

So how can it be that here we are in August getting ready to debate the creation of the largest new Government spending program in the history of mankind during a period that had been scheduled for us to go back to our States or to go on vacation? At the same time we are getting ready to debate health care, many of our own Members are participating in a commission study which is warning the Nation that existing programs are bankrupting the country and that we are mortgaging our future. What is our response?

Our response is that we are not staying here to debate what to do to prevent taxes from having to double over the next 35 years. We are staying here to debate how we can increase Government spending and in the process make the whole entitlement problem worse.

Finally, let me sum up pointing out the big problems with all three of the major health care bills that carry the Clinton name. No. 1, they are all very, very expensive. The cheapest of the three, the Mitchell bill, would provide Government-funded assistance to 110 million Americans. Now, for those 110 million Americans, that Government assistance, obviously, is going to be welcomed. But for the other 130 million Americans who are going to pay for it, it is not going to be welcomed.

The President said the other night at his partisan challenge to ask Republicans if they were willing to give people health care. Mr. President, we cannot give people anything. The Senate cannot give people things. When someone gets something for nothing from the Federal Government that means some poor taxpayer got nothing for something.

More often, it means that some child yet unborn has had its future mortgaged to pay for benefits that we are giving away. We do not have courage enough, No. 1, to tell the American people what these benefits cost and, No. 2, to pay for them.

I am deeply worried, whether it is the original Clinton plan, the Clinton-Gephardt plan, or the Clinton-Mitchell plan, that no one has figured out how to pay the cost for any of these plans. They all establish a mechanism that ultimately collectivizes decisionmaking and health care. Some of them do it directly by forcing you to buy health care through a Government cooperative; others do it indirectly.

Under the Mitchell plan, if you have a health insurance policy—let us just take somebody who works for General Motors. The average employee of General Motors has a health insurance policy that costs about $6,000 a year. Under the Mitchell plan, the Government will define what kind of health insurance you ought to have, called the standard benefit package.

If Government says that the standard benefit package should cost $4,000, the employees of General Motors will then have to pay a tax on the $2,000 of additional benefits that they have negotiated, that they want for their families, and that represents part of their wage package. So General Motors would then have to pay a 35-percent tax on this $2,000 of benefits.

The recipient of these health care benefits, because the Government says they are excessive, would have to pay income taxes on them, but there would be a differential based on whether the individual was a member of a union or not a member of a union. If a person was a member of a union, the company would not have to pay the tax, and the employee would not have to pay the tax. But if they were not a member of the union, the company would have to pay the tax and the employee would have to pay the tax. And if they were in the 31-percent tax bracket, there would be a 66-percent tax on those benefits.

Mr. President, that is not freedom of choice. That tax policy destroys people's right to choose. Should people not be able to decide what kind of private health insurance they want? Is that not what living in a free country is about? I believe it is.

I thank the Chair.

Mr. JEFFORDS addressed the Chair.

The PRESIDENT pro tempore. The Senator from Vermont.

HEALTH SECURITY ACT

Mr. JEFFORDS. Mr. President, this afternoon we will take up the Health Security Act. Hyperbole is the coin of the realm in Congress, but I think it is fair to say that this is the most important domestic legislation any of us has or will face in our careers.

We have an opportunity to do something that no other Congress has been able to accomplish—to provide the means for all Americans to have private health insurance. This opportunity is a fragile one. As we found in Vermont, where there was a tremendous reservoir of good intentions and good will, reforming the health care system is a difficult operation.

While many of us have been working on health issues for some time, today's debate really began with the commitment of the President and the First Lady to provide this country with meaningful health care reform which includes universal coverage. I have supported President Clinton in this goal for the simple reason that is also my goal, as it is for many of my Republican colleagues.

Mr. President, I was a member of the Republican Task Force on Health Care Reform which like the President had a deep commitment toward obtaining meaningful reform. Our task force, led by my patient and esteemed colleague Senator JOHN CHAFEE, met weekly for over 4 years to design a comprehensive health care proposal that would lower the cost of health care for Americans and our Federal Government. While I did not embrace the entire Chafee bill I do agree with many of its approaches, especially in providing incentives for the marketplace to drive our health care delivery system.

I have once again joined Senator CHAFEE, who has been heading up the mainstream group of moderate Democrat and Republican Senators, who are working toward a broadly bipartisan bill. This is no easy task under any circumstances, let alone the partisan warfare that has already infected this debate.

I understand the concerns expressed by my colleagues who believe strongly that a greatly expanded Government-run system would be best for this country, and I understand the concerns expressed by many of my Republican colleagues who are troubled about the Government taking control of our private health care system.

But while our differences may make the headlines, in many areas there is agreement between all parties.

We all believe that people should not be excluded from coverage because they are sick or because they change jobs.

We all believe that we should be moving toward a system that encourages wellness rather than one that merely treats illness.

We all believe that we have to stop the senseless cost-shifting from Medicare and Medicaid to the private sector and then back again when people can no longer afford insurance.

We all believe that we must get the spiraling costs of health care under control.

And we all believe that it is unacceptable that 37 million Americans in this country are uninsured and millions more are underinsured.

Wanting health care reform for all American's should not be a Democratic or Republican issue. When a serious illness hits a family they do not check the doctor's political leanings. They want the best care they can get, and we should seek the same for them. I do believe that there are legitimate philosophical differences, which we debated in committee and which we should debate here on the Senate floor, as well.

But rather than stooping to the gimmicks that both sides have already employed, let us give the American people some credit. Let us give them our best arguments, not our best artifice.

This debate has thus far fixated on the issue of whether or not we will require employers to contribute toward their employees health insurance. That

is an important issue, but I think the more important question is how we reduce costs for the vast majority of employers who are already providing coverage. And how do we reduce costs for individuals, as well as Federal, State, and local governments?

How do we design the system, provide the incentives, and delineate responsibilities? What should we expect from the Federal Government and what should we expect from State government? Most importantly, how do we put the right incentives in place to get the private marketplace to function properly?

These are terribly important questions, yet they have barely been asked, let alone answered. It is no wonder that the American people are confused about what Congress is doing, because we have yet to present to them a coherent approach.

My own view is that the Federal Government should provide the framework and guidance for the States to carry out the ultimate goal of reaching universal coverage for all Americans. If a State can develop a program that finances universal coverage faster than the Federal Government can accomplish, we should provide these States with the appropriate waivers for innovative use of Medicare and Medicaid funds.

Hopefully, this type of flexibility will allow States to show us the way to create a seamless system of coverage that eliminates the cost shifting in the system due to age, ability to pay, and sickness. Segregating the elderly, the poor, and the sick into separate programs and then wondering why costs are out of control simply makes no sense.

The Federal Government should also provide guidance to ensure uniformity in the delivery system for both buyers and sellers in the marketplace. Establishing a uniform benefits package, national rules for health plans, national rules for purchasing cooperatives, and uniform rules for large multi-State employers all are necessary elements for a rational health care system.

As important as what it should do is what it should not do. The Federal Government should not be in the business of running health care plans. This is a function of the private market today and must remain a function of the private market. There will already be a tremendous increase in Government responsibility without taking on this function.

Mr. President, the formula for health care reform is really very simple: universal access plus affordable private insurance plus shared responsibility equals universal coverage. I believe very strongly that we can reach our goal of universal coverage only if businesses, individuals, and the Government share this responsibility. Business as well as individuals must contribute to the cost of financing health care.

The time has come to put together a blueprint for a truly integrated health care system in this country that can replace the piecemeal approach that has developed over the years. Tinkering around the edges will not eliminate the cost shifting that occurs between providers and private payers.

We must move away from a fee-for-service system and toward a capitated system of payment.

Individual mandates alone will not ensure that everyone would purchase a health plan. But overregulating businesses by requiring them to spend more time and dollars documenting that they are meeting Federal rules will only add costs to the system. Needless expansion of liability will only drive costs up.

America needs a health care system that prevents disease rather than one that is designed to simply take care of someone once he is sick.

America needs a health care system in which two and a quarter million people a month do not lose health benefits and go without coverage for often long periods of time.

America needs a health care system in which the cost of health insurance will not be $20,000 for a family by the year 2000.

Americans need to know that if a catastrophic illness hits, they will have health care that is always there.

Americans need a Congress that is willing to work together to provide the country with health care reform that is done right. I challenge my colleagues on both sides of the aisle to work to pass a bill that meets the needs of all Americans.

Thank you, Mr. President.

Mr. BREAUX addressed the Chair.

The PRESIDENT pro tempore. The Senator from Louisiana [Mr. BREAUX].

The Chair would advise the Senator from Louisiana [Mr. BREAUX], that morning business will expire at 9:30 a.m., under the order.

Mr. BREAUX. Mr. President, with agreement of the distinguished Senator from Hawaii, I ask unanimous consent to proceed as if in morning business for not to exceed 10 minutes.

Mr. INOUYE. Mr. President, I have no objection.

The PRESIDENT pro tempore. There being no objection, the Senator from Louisiana is recognized for not to exceed 10 minutes, and the period for morning business is accordingly extended.

Mr. BREAUX. Thank you, Mr. President.

HEALTH CARE REFORM

Mr. BREAUX. Mr. President, as we begin the historic debate this week on the question of health care reform, I rise on this occasion to ask the question that perhaps many Americans asked over the past several months.

The question is: Why are we here? What are we doing? Why is it necessary for the Congress of the United States to be debating a health care reform program or plan when we, in America, already have the finest health care system in the world?

(Mrs. MURRAY assumed the chair.)

Mr. BREAUX. Let me make two points in trying to respond to that question. The first point, I think, is clearly shown by the question of health care cost—how much it costs each and every citizen in this country to have health care in what is clearly the finest system known to man.

In 1970, Madam President, we, in America, spent about the same amount of money on health care as we spent on education in the public and private sector; dollar for dollar, health care spending equaled what we spent on education.

Last year, Madam President, we, in America, spent the same amount of money on health care as we spent on all of education; but in addition, combined with what we spent on all of national defense, what we spent on running all of the prisons in America, what we spent on all of the farm subsidy programs in America, what we spent on all of the food stamp programs in America, plus what we spent on all of the foreign aid programs combined. That occurred in a relatively short period of time in our country's history. So, No. 1, we are here because the cost of health care in this country is out of control. Health care costs were climbing at a rate nearly twice the rate of inflation since 1981. If we do nothing, the long-term economic stability of our entire Nation will be adversely affected in a very serious way, unless we address the question of health care costs.

The second point is this. Madam President, 85 percent of Americans have health insurance so they would question the Congress, "Why are you messing with what I already have? Are you not planning to take away something that I have in order to give it to the 15 percent of the people who do not have health insurance and need help and assistance?"

In my State of Louisiana we have one of the highest rates of uninsured people in the Nation—second highest, to be exact. But we have a large percentage of people who, in fact, do have health insurance. Those people who have health insurance, No. 1, pay too much for it. Everybody in America who has a plan is paying more than he or she should pay for health insurance because they are paying in their premiums for everybody else who does not have health insurance. That is wrong and we need to fix it.

Second, those people have their health insurance canceled when they

get sick. How many of our colleagues do not know of a family somewhere where the mother or the father or a child got sick and they get a notice in the mail that their health insurance has been canceled? Why? Because somebody got sick. That is what health insurance is for, to take care of people who get sick. We need to do better, and health care reform can address that problem and help fix it.

Madam President, the third point is the people who already have health insurance lose it when they change jobs. In today's mobile society in this country, where people change jobs several times in a lifetime of trying to find the best type of work suitable for their intelligence and their endeavors, they change jobs. They improve their conditions. But, when they do that, many times they lose health insurance because the employer says you cannot take your policy with you. If you are changing jobs, you are going to lose health insurance. And guess what; if you had a preexisting condition, when you get to the new job, they are not going to sell you health insurance in the first place.

So I say to the 85 percent of Americans who have health insurance, you have a lot of problems with it and they need to be addressed. You pay too much; it gets canceled when you get sick; and you lose it when you change jobs. Health care reform is about helping make better the conditions of the people who have health insurance in America, as well as it is about taking care of the 15 percent who have no health insurance whatsoever. The question becomes, how do we do it? I think there are two basic ways we could approach the problem of how do we address health care reform.

First, and some have advocated this, is that the Government should do a lot more. We should have Government-run health care. We should have more mandates, more regulations, more bureaucracies; we should have price controls, we should make sure everything works right, and we ought to have it all done in Washington. That is one way. I do not think that is the best way. In fact, I think history tells us in many areas, we have not done very well with Government-run types of programs, particularly when it comes to cost control. Medicare is a good example of that point.

The other alternative, which I think is a better way, is improving the marketplace, getting rid of those impediments in the marketplace that have not allowed the health care system in this country to work very well, those impediments that have restricted competition from really working in the area of health care. That is the approach I prefer.

Several years ago, the Congressman from Tennessee—perhaps soon to be Senator—JIM COOPER and I introduced the Managed Competition in Health Care Act, which relied on improving the marketplace as a way of trying to bring about this reform we all can agree on.

I think the President and the First Lady have done a tremendous job of bringing this issue to the attention of the American people. They have said they want to assure that all Americans have adequate health care, at an affordable price, that they will never lose. Who is against that? Nobody I have ever spoken to is against the concept of all Americans having quality health care at an affordable price. How we get there is the issue here today. I have suggested a way of doing it that I think is the proper way.

Many liberals say we should do everything; we should do it all at once, and hope we get it right. Then there are some conservatives who say we do not want to do anything, and we want to take a long time in doing it. I think both of those two positions are unworkable and are not the best way of addressing this problem. I suggest we take it one step at a time to make sure we do it right as opposed to trying to do it all at once and just hoping we get it right.

We have suggested, and the concept we are embracing, is major insurance reform: Take care of those 85 percent of the people who lose their health insurance when they change jobs or have it canceled when they get sick. We need to make sure that insurance reform is part of a package. We need to have purchasing cooperatives so the individual person in Louisiana running a small business has the opportunity to buy health insurance as if he or she were General Motors or Xerox or a multinational company, which gets a much better deal than the average American who has to rely on buying insurance by themselves. Purchasing cooperatives give them purchasing power so they have the opportunity to buy as if they were a large company and get a good deal. They should get the same good deal a big company gets. They are not getting it. Purchasing cooperatives take care of that.

And the people who do not have insurance—again, if you have 15 percent of the people who are uninsured, we have to help them pay for their premiums. Right now, we are paying Medicaid for them, which is not the best way to do it. We should take the money from Medicaid and give it to the people who cannot afford to buy insurance in the form of subsidies, and we have a way of helping them. They should buy insurance. Poor people should have access to health care just like somebody who is wealthy. We need to lower the costs of the people who have health insurance, as well as giving poor people a much better deal than they have now.

We need to standardize the benefit package. We have 2,000 health insurance companies with 20,000 exceptions. Did you ever look at a health insurance policy and try to understand it? I have, and I cannot. I am sure most Americans are like I am. It is too complicated, too confusing, too many exceptions. Madam President, 25 or 30 percent of the doctor's work in his office is filling out forms or processing redtape. You fill out a document and submit it. They send it back to you because you did it wrong. You do it again, resubmit it. That is 25 to 30 percent of the cost of doing business, and nobody is being treated when all that money is being spent filling out forms and processing redtape, bureaucratic requirements. So we need to standardize the plans and I think that would go a long way.

We need malpractice reform. Doctors should do tests to treat people, and not have to worry about whether they are going to be sued or litigated against. But still the individual's right to the courts would be preserved, of course. We make sure we try to improve the system in a way I think makes a great deal of sense.

The final thing is this: Universal coverage. Is anybody not for that? Is anybody willing to say, "I am against some people having insurance and I do not think everybody should have insurance?" Of course not. I have not met an American in Louisiana or a Member of Congress who is willing to stand up and say, "I don't think everybody ought to have coverage." Everybody thinks everyone ought to have coverage. How we get it is what is at question right now; what process do we use.

GEORGE MITCHELL, our majority leader, the distinguished Senator from Maine, I think, has come a very long way toward reaching a plan that I think makes a great deal of sense.

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. BREAUX. Madam President, I ask for two additional minutes.

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

Mr. BREAUX. I thank the Chair for the indulgence, and conclude by saying the majority leader's plan, I think, is a major move toward getting a bill everybody can support. Do you know why I know that? Because everybody is criticizing it. It is getting criticized from the left as not being enough, being criticized from the right as being too much. I think that means it is in the middle somewhere, which I think is how we have to solve this problem: From the middle out instead of from the left in or from the right in. It is a plan that moves in the right direction.

I am concerned about the mandates because the plan that is before the Senate now, or will be, says that in 1994 we are going to make a decision about what is the best way of getting it in the year 2001. I suggest we have enough

problem deciding what is best to do today, rather than trying to decide today what is the best answer in the year 2001.

I will suggest that work in that area will give us a solution that will present a package to the Senate that we can adopt in a bipartisan manner, as all major legislation, like Medicare, Social Security, have been adopted in a bipartisan fashion over the years.

We can do this. It is important. We should do it. The American people expect Congress to act. They are tired of the political debate that they hear about whose fault it is and which party is going to get credit, which party is going to get blamed. It is time the American people win one. This is an opportunity to make all Americans winners in the question of health care reform.

THE NOMINATION OF LTG BUSTER GLOSSON, U.S. AIR FORCE, TO RETIRE IN GRADE

Mr. NUNN. Madam President, Lt. Gen. Buster Glosson, U.S. Air Force, one of the Nation's most distinguished military officers, has been nominated by the President for retirement in grade. Lieutenant General Glosson's 29-year career includes:

His service as an F-4 pilot in Vietnam for which he was awarded the Distinguished Flying Cross for 139 combat missions.

Primary responsibility for planning and implementing the air campaign in Operation Desert Storm.

Service as the Air Force Deputy Chief of Staff for Plans and Operations.

The committee's review of this nomination has included the military record of Lieutenant General Glosson; the joint DOD/Air Force IG report on the allegations that Lieutenant General Glosson improperly communicated with selection board members with an intent to influence their deliberations; materials provided to the committee by the Air Force and the Office of the Secretary of Defense; materials submitted to the Department and the committee by Lieutenant General Glosson; and testimony before the committee by DOD witnesses on June 27 and July 27, 1994.

There is strong support for Lieutenant General Glosson's nomination in the committee. The committee regretfully has determined, however, that the inconsistent information provided by the Department of Defense to date and the manner in which the Department has handled the nomination have created a situation in which there is not an adequate basis for making a recommendation to the Senate on this nomination. The committee has four primary concerns.

First, during the pendency of the investigation, the Air Force was presented with credible information indicating the possibility of bias on the part of the inspector general of the Air Force, but no action was taken to address the impact of that information on the investigation. The committee finds the failure to evaluate information about bias in the investigation to be a significant defect in the process.

Second, the Department failed to address the specific findings in the joint DOD-Air Force IG report in the course of acting on the allegations against Lieutenant General Glosson. While the Department's leadership is not bound by the findings of inspectors general, the failure to address findings involving serious allegations before sending a nomination to the Senate is inexplicable.

Third, prior to sending the nomination to the Senate, the Department did not take the steps necessary to resolve the direct conflicts presented by the statements of Lieutenant General Nowak, Lieutenant General Ryan, Major General Myers, and Lieutenant General Glosson on the key issue of whether Lieutenant General Glosson communicated with the intent to influence the deliberations of selection board members. When four of the most senior officers in the Air Force give opposed sworn statements on a matter of significant official interest, the Department cannot reasonably avoid the responsibility to address the conflicts in the testimony before sending a nomination to the Senate.

Fourth, even though the Air Force did not accept or reject the conclusions in the joint-IG report as to whether Lieutenant General Glosson had an intent to influence the deliberations, he nonetheless received a letter of admonition for creating the appearance that he was attempting to influence a selection board. Unauthorized communications with board members are strictly prohibited. There is no prohibition, however, in law, regulation, or custom of the service on discussions which merely create an appearance in the absence of a finding that the person was aware that he was speaking to a member of the selection board. The committee has serious questions about the letter, particularly since it applies a standard that was not in effect when the letter was issued, and which has not subsequently been disseminated to the officer crops by the Air force.

The committee has determined that it would not be appropriate to proceed in this matter until the Department has addressed these concerns. Accordingly, the committee has requested the Department of Defense to cause an objective review of the evidence in this case to be conducted. Such a review could be conducted through use of a formal or informal fact-finding procedure that involves interviews of the individuals concerned, but the committee leaves it to the Department's discretion to decide on the appropriate means of addressing the committee's concerns. Because of intense personal involvement by Air Force and Department of Defense officials in this matter to date, the committee has directed the Department to ensure that the review should be conducted by persons outside the Department of Defense who have not been involved in the conduct or review of the investigation to date.

The committee has directed the Department to ensure that the review, at a minimum, should set forth findings of fact relevant to the following questions:

Did the Air Force Inspector General have personal conflicts with Lieutenant General Glosson prior to the investigation? If so, should he have been permitted to participate in the conduct of the investigation?

Does the evidence support the conclusion of the joint IG investigation that Lieutenant General Glosson lied about his communications with the three officers?

Can the statements of Lieutenant General Glosson, Lieutenant General Nowak, Lieutenant General Ryan, and Major General Myers be reconciled on the basis of available evidence?

If not, does the evidence support the conclusion that Lieutenant General Glosson provided truthful statements about his statements with the other three officers, or that each of the other three officers provided truthful statements about their communications with Lieutenant General Glosson?

The committee directed the Department to provide the results of this review to the committee by September 15, 1994.

In a related matter, the committee approved the nomination of Lieutenant General Michael Ryan for reassignment from his current position as Assistant to the Chairman of the Joint Chiefs of Staff to the Commander of Allied Air Forces in Southern Europe and Commander of the Sixteenth Air Force. This is a transfer, not a promotion, but since it involves transfer to a three-star position of importance and responsibility, Senate confirmation is required. Deputy Secretary Deutch and JCS Chairman Shalikashvili testified before the committee that this transfer is critical to the conduct of operations in connection with the tense situation in the former Yugoslavia. The committee, in recommending this nomination, specifically noted that the committee's action was without prejudice to Lieutenant General Glosson or Lieutenant General Ryan on the issues raised by the committee's request for further review by the Department of Defense. The committee specifically reserved judgment on those matters until receiving the report from the Department of Defense.

PRESIDENT CLINTON DESERVES CREDIT FOR RUSSIAN TROOP WITHDRAWAL

Mr. PELL. Madam President, recently I made a statement on the Senate floor welcoming the Russian announcement that all troops would indeed be out of the Baltics by August 31. This is indeed good news.

I noted in my statement that the Clinton administration deserves a great deal of credit for its quiet, yet effective diplomatic role in facilitating the Russian-Estonian agreement. I mentioned that most people do not realize the amount of energy President Clinton has personally expended on this issue. Accordingly, I was very pleased to read a piece by William Safire in Monday's New York Times on this very subject. Mr. Safire not only recognizes, but commends President Clinton for the key role that he played in the diplomatic effort to secure an agreement on troop withdrawal.

I commend the piece to my colleagues, and ask that it be printed in the RECORD at this point.

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

CLINTON'S GOOD DEED

(By William Safire)

WASHINGTON.—Five years ago, an inflammatory piece titled "Free the Baltics" appeared in this space. Its theme was that "a great struggle has begun" to dismember the Soviet empire, and I went to the Baltics a few months later to be able to put the message in a dateline redolent with pro-independence propaganda: "Riga, Soviet-occupied Latvia."

The three tiny Baltic republics—Latvia, Estonia, Lithuania—were the keys to the kingdom. The West had never recognized Stalin's deal with Hitler to swallow up the three states; for a half-century, U.S. Presidents of both parties kept the diplomatic faith with the peoples of these "captive nations" (a phrase derided by anti-anti-Communists here.)

By emboldening independence movements in these disputed Soviet annexations, we subtly encouraged nationalists in Ukraine and in other republics where Kremlin sovereignty was recognized. Sure enough, as the Russian economy collapsed, Balts asserted their freedom, Ukrainians followed suit, and the Soviet Union came apart.

But there was a blot on the sovereignty of the Baltics: the ominous, continued presence of Russian troops.

Moscow gave such excuses as the protection of the human rights of Russians sent by Stalin to colonize the states, and the need to maintain an early-warning radar station. The practical reason was that no decent housing existed in Russia for the returning officers. The political reason was the rising resentment within Russia of the loss of superpower and the ensuing neo-imperialist pressure to dominate the "near abroad."

On Aug. 31, despite these pressures and to the surprise of many Russian, American and Baltic diplomats, all remaining Russian troops will be pulled out of the Baltics. Much of the credit for this unremarked foreign-policy stunner should go to the perseverance and persuasiveness of President Bill Clinton.

From the first summit with Boris Yeltsin in Vancouver to the recent meeting in Naples, Clinton pressed for the Baltic pullout. Yeltsin had criticized Gorbachev on this, but once in power was faced with the military's demands to stay. Aided by Swedish Prime Minister Carl Bildt, Clinton began chipping away at the reasons for delay, by phone and letter, making plain a personal interest.

The U.S. successfully mediated a radar phase-out that met Moscow's defense concerns. We made available $160 million for resettling Russian military, including $25,000 vouchers for officers to build new housing back home, more generous than our own old G.I. bill.

But Yeltsin balked at the impending deadline for withdrawal. Getting political heat from nationalists and resentment from his army, he complained of "brutal" repression of the Russian minority in Latvia and Estonia. Asked last month if the would meet the deadline, he publicly answered "nyet."

On July 6, Clinton was the first U.S. President to visit Latvia, affirming its Western ties, raising hard-liner hopes that he will abandon "partnership for peace" bomfog and expand NATO membership eastward while opportunity exits. But he quieted a cheering throng in Riga with a message many non-Russians did not want to hear: "to never deny others the justice and equality you fought for . . . for freedom without tolerance is freedom unfulfilled."

Nine days later, he wrote Yeltsin a private letter to assure him that the rights of Russians in the Baltics "is an issue of principle with me" but "we do not see in these countries a pattern of abuses . . ." He added "Boris, it remains my firm view that we must not miss the chance to put Russian-Estonian relations on a new path by achieving agreement with President [Lennart] Meri. You should make every effort to withdraw your remaining troops from Estonia by August 31."

Russian diplomat Vitaly Churkin treated Meri rudely, expecting his Moscow meeting with Yeltsin to fail; Nick Burns, the Clinton national security aide highly regarded by the Balts, was pessimistic. But Bill's penpal Boris, repeatedly made aware of linkage, thundered "solve it!" to aides and ordered his troops out—on the same day the last Russian soldiers are to leave Berlin.

Thus, Russian imperial interest seems directed more southward than westward, partly by virtue of Clinton diplomacy. That shows what can happen in the rare case when this President makes a clear-cut strategic decision, takes a personal interest in its success and quietly follows through.

BUDGET SCOREKEEPING REPORT

Mr. SASSER. Madam President, I hereby submit to the Senate the Budget Scorekeeping Report prepared by the Congressional Budget Office under section 308(b) and in aid of section 311 of the Congressional Budget Act of 1974, as amended. This report meets the requirements for Senate scorekeeping of Section 5 of S. Con. Res. 32, the first concurrent resolution on the budget for 1986.

This report shows the effects of congressional action on the budget through August 5, 1994. The estimates of budget authority, outlays, and revenues, which are consistent with the technical and economic assumptions of the concurrent resolution on the budget (H. Con. Res. 287), show that current level spending is below the budget resolution by $4.9 billion in budget authority and $1.1 billion in outlays. Current level is $0.1 billion above the revenue floor in 1994 and below by $30.3 billion over the 5 years, 1994–1998. The current estimate of the deficit for purposes of calculating the maximum deficit amount is $311.7 billion, $1.1 billion below the maximum deficit amount for 1994 of $312.8 billion.

Since the last report, dated August 2, 1994, there has been no action that affects the current level of budget authority, outlays, or revenues.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 8, 1994.

Hon. JIM SASSER,
Chairman, Committee on the Budget,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report shows the effects of Congressional action on the 1994 budget and is current through August 5, 1994. The estimates of budget authority, outlays, and revenues are consistent with the technical and economic assumptions of the Concurrent Resolution on the Budget (H.Con.Res. 64). This report is submitted under Section 308(b) and in aid of Section 311 of the Congressional Budget Act, as amended, and meets the requirements for Senate scorekeeping of Section 5 of S.Con.Res. 32, the 1986 First Concurrent Resolution on the Budget.

Since my last report, dated August 1, 1994, there has been no action that affects the current level of budget authority, outlays, or revenues.

Sincerely,

JAMES L. BLUM
(For Robert D. Reischauer).

THE CURRENT LEVEL REPORT FOR THE U.S. SENATE, FISCAL YEAR 1994, 103D CONGRESS, 2D SESSION, AS OF CLOSE OF BUSINESS AUGUST 5, 1994

[In billions of dollars]

	Budget resolution (H. Con. Res. 64)[1]	Current level[2]	Current level over/under resolution
ON-BUDGET			
Budget authority	1,223.2	1,218.4	−4.9
Outlays	1,218.1	1,217.1	−1.1
Revenues:			
1994	905.3	905.4	0.1
1994–98	5,153.1	5,122.8	−30.3
Maximum deficit amount	312.8	311.7	−1.1
Debt subject to limit	4,731.9	4,556.6	−175.3
OFF-BUDGET			
Social Security outlays:			
1994	274.8	274.8	
1994–98	1,486.5	1,486.5	
Social Security revenues:			
1994	336.3	335.2	−1.1
1994–98	1,872.0	1,871.4	−0.6

[1] Reflects revised allocation under section 9(g) of H. Con. Res. 64 for the Deficit-Neutral reserve fund.

[2] Current level represents the estimated revenue and direct spending effects of all legislation that Congress has enacted or sent to the President for his approval. In addition, full-year funding estimates under current law are included for entitlement and mandatory programs requiring annual appropriations even if the appropriations have not been made. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

Note.—Detail may not add due to rounding.

THE ON-BUDGET CURRENT LEVEL REPORT FOR THE U.S. SENATE, 103D CONGRESS, 2D SESSION, AS OF CLOSE OF BUSINESS AUGUST 5, 1994

[In millions of dollars]

	Budget authority	Outlays	Revenues
ENACTED IN PREVIOUS SESSIONS			
Revenues			905,429
Permanents and other spending legislation [1]	721,182	694,713	
Appropriation legislation	742,749	758,885	
Offsetting receipts	(237,226)	(237,226)	
Total previously enacted	1,226,705	1,216,372	905,429
ENACTED THIS SESSION			
Emergency Supplemental Appropriations, FY 1994 (P.L. 103–211)	(2,286)	(248)	
Federal Workforce Restructuring Act (P.L. 103–226)	48	48	
Offsetting receipts	(38)	(38)	
Housing and Community Development Act (P.L. 103–233)	(410)	(410)	
Extending Loan Ineligibility Exemption for Colleges (P.L. 103–235)	5	3	
Foreign Relations Authorization Act (P.L. 103–236)	(2)	(2)	
Marine Mammal Protection Act Amendments (P.L. 103–238)		4	
Airport Improvement Program Temporary Assistance Act (P.L. 103–260)	(65)		
Federal Housing Administration Supplemental (P.L. 103–275)	(2)	(2)	
Total enacted this session	(2,748)	(645)	
ENTITLEMENTS AND MANDATORIES			
Budget resolution baseline estimates of appropriated entitlements and other mandatory programs not yet enacted [3]	(5,562)	1,326	
Total current level [4 5]	1,218,395	1,217,054	905,429
Total budget resolution	1,223,249	1,218,149	905,349
AMOUNT REMAINING			
Under budget resolution	4,854	1,095	
Over budget resolution			80

[1] Includes Budget Committee estimate of $2.4 billion in outlay savings for FCC spectrum license fees.

[2] Less than $500 thousand.

[3] Includes changes to baseline estimates of appropriated mandatories due to enactment of P.L. 103–66.

[4] In accordance with the Budget Enforcement Act, the total does not include $14,203 million in budget authority and $9,079 million in outlays in funding for emergencies that have been designated as such by the President and the Congress, and $757 million in budget authority and $291 million in outlays for emergencies that would be available only upon an official budget request from the President designating the entire amount as an emergency requirement.

[5] At the request of Budget Committee staff, current level does not include scoring of section 601 of P.L. 102–391.

Notes.—Numbers in parentheses are negative. Detail may not add due to rounding.

JOB TRAINING PARTNERSHIP ACT

Mr. SIMON. Madam President, I rise to express my disappointment with the committee's decision to rescind $50,000,000 in funding for youth training under title IIC of the Job Training Partnership Act. The committee report indicates that the reason for the recession was "a study indicating problems with the out-of-school component." Regrettably, the committee did not take into consideration the fact that in 1992, the Congress passed comprehensive amendments to title II of JTPA to address the very problems that led to the negative findings in the study. Significantly, the study was conducted prior to implementation of those amendments. In addition, the Department of Labor is currently engaged in a dialog with organizations and individuals with a stake in the JTPA Title II system. The dialog is designed to provide interested parties with an opportunity to provide suggestions for further improvements to the program. Cutting the program at this time sends the wrong signal. I urge the conferees to move toward the House position when this issue is considered in conference.

THE U.N. OFFICE OF INTERNAL OVERSIGHT SERVICES: OPINIONS OF SOME U.S. STAFF AT THE UNITED NATIONS

Mr. PRESSLER. Madam President, on July 29, 1994, the U.N. General Assembly adopted a resolution to create a reform office. This office—the Office of Internal Oversight Services [OIOS]—will be charged with the formidable task of cleaning house at the United Nations. Will this new office meet the mandates outlined in section 401 of the Foreign Relations Authorization Act? Or will it be window dressing on behalf of the U.N. Secretariat?

According to an urgent missive I received recently from certain unnamed U.S. employees at the United Nations, the reform office will do little more than slap bureaucratic wrists. This group of U.N. staff members were unable to sign their names to the document sent to my office for fear of reprisal against them from Secretary General Boutros Ghali and others in the U.N. bureaucracy. This is outrageous.

U.N. staff should not fear coming forward to express their grave concern over the potential effectiveness of the OIOS. I am appalled by the culture that has been created by U.N. bureaucrats. This culture seems to encourage waste, fraud, and abuse, while it simultaneously seems to discourage whistleblowing.

Because these courageous staff members at the United Nations chose to speak to me through a faxed message, I am compelled to include their views in the CONGRESSIONAL RECORD. I wish to document their disapproval of the recently approved OIO's. Their opinions and advice must not go unnoticed.

I ask unanimous consent to place the views of certain U.N. staff members in the RECORD at this time.

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

Subject: Establishment of the Independent Office of the Inspector General of the United Nations Organization in accordance with United States Public Law 103–236, sections 401 and 102(d) of the Foreign Relations Authorization Act for fiscal years 1994 and 1995

We citizens of the United States working for the United Nations Organization have always respected and hold you to the highest esteem and integrity. Your demonstrated abilities and competence on relevant issues facing our national security and domestic policy in general, geared our Nation to the centrist position of world leadership. As one of our most respected senior Senators, we continue to commend your tireless efforts for a thankless job.

We were very gratified when you rightly proposed your amendment S. 1281 on the above mentioned subject, which now, is statutory in our law as a matter of fact and reality. We applaud your efforts and we express our heart-felt thanks of appreciation.

We write to you concerning the recent United Nations resolution establishing the Office of Internal Oversight Services (OIOS), so-called as a "first step", but in reality and in fact, this new office is clearly a substitute for the "immediate establishment of a permanent, fully Independent Office of Inspector General with oversight responsibility that includes peacekeeping" (see, PDD25). We are reminded of President Clinton's statement to the 48th United Nations General Assembly, of September 27, 1993, when the President stated "* * * now we all must do even more to root out waste. Before this General Assembly is over, let us establish a strong mandate for an Office of Inspector General so that it can attain a reputation for toughness, integrity and zeal * * *."

Consequently, the OIOS as is, clearly abridge the intent, scope and purpose of United States Public Law 103–236, sections 401 and 102(d), PDD25 and the very essence of President Clinton's statement to the effect. The OIOS, is totally "business as usual" for the United Nations, sanctioned by our administration, to continue the flagrant waste, abuse, and fraud, and mismanagement of expenses on United Nations activities, programs and operations.

We deeply regret to inform you of the most pathetic event concerning the above mentioned subject matter that upon the advise and consent of both Douglas Bennett (IO/State) and Victor Marrero, the United States Mission to the United Nations have clearly sold out the national interest of the United States and added more financial burden on the American taxpayers by accepting an empty, toothless and all smoke and mirror resolution purported to establish the OIG. In fact, it is a major disgrace to the credibility and leadership role of the United States in world affairs, and direct affront to the United States Congress, to wit, Public Law 103–236.

We were deeply disturbed to see our most distinguished Senator Hollings, on July 22, 1994, to defend the State Department's position on the floor of the Senate. Guessing from the senior Senator's remarks, we firmly believe that the Senator has been willfully misled to the facts, merits and truth by the State Department concerning the so-called "first step" approach and concept in establishing the OIG. In our view, the State Department is only concerned with its appropriations and certification process and not prepared to accept the truth of its total failure to the "immediate establishment of a permanent, fully Independent Office of Inspector General (OIG)".

The State Department is deliberately confusing and lying outright to the United States Congress as to the substance, scope, intent, and purpose of United States Public Law 103–236 and policy. If the State Department considers its position to be factual, why is it that it is totally opposed to the "Pressler amendment", proposed on the floor of the Senate on July 22, 1994, to H.R. 4603, and adopted unanimously by the Senate? The only reason is that the State Department does not want to be publicly exposed to its total failure, knowing fully well that the purported Office of Internal Oversight Services (OIOS), it is in support of, does not in any way, in form or substance represent the so-called "first step" approach to the required establishment of a real, Independent

Office of Inspector General (OIG). We reject the argument presented by the State Department in all its aspects, as baseless and not on point or representing facts.

The State Department in this context, is shifting its overall responsibilities to the United Nations, for that system to prepare relevant rules and regulations affecting the expenses, activities, programs, and operations of the organization. This, despite the seriousness of the situation, it is obvious that the system will not be reformed from within.

The United Nations, is full of too much dead wood that can be entrusted with such far-reaching tasks. The system has become too entrenched over too long a period of time, and inefficiency has become self-perpetuating, and antiquated management structure, with budgeting practices that are surreal. It is thus, the direct responsibility of the member State who's initiative it is, (the United States Government) to promulgate the relevant rules and regulations on the expenses, financial and budgetary arrangements, to the activities, programs and operations for *a real permanent Independent Office of the Inspector General of the organization (OIG). This is consistent with article 17 of the United Nations Charter* (emphasis added).

We, as American taxpayers, as much as we demand proper accountability of our Government expenditures, we equally demand that the United Nations must be held reasonably accountable. Yes, there is waste, fraud, and abuse in our Government. The difference is we have Independent Inspectors General to conduct proper, objective and balanced investigations of fraud, and recommend punishment of wrongdoers. Further, the U.S. attorneys can indict any one in the United States Government for violating the law. This is not the case with the United Nations, with or without the so-called Office of Internal Oversight Services (OIOS), which is clearly a substitute for the required "Fully Permanent, Office of the Independent Inspector General (OIG)," within the meaning of Public Law 103-236.

We write to urge you to press the United States Congress to adopt a very forceful amendment to sections 401 and 102(d) of United States Public Law 103-236, to the Current Foreign Relations Appropriations Act for fiscal years 1994 and 1995. First, withhold 30 percent of United States assessed contributions to the United Nations regular budget for this fiscal year and 50 percent by fiscal year 1995. Second, the administration should proceed to formulate comprehensive and analytical rules and regulations relating to the expenses, activities, programs, and operations within the proper and structural and consolidated format for the office of a real, independent inspector general. Fourth, have a public hearing to certify compliance to new sections 401 and 102(d) of Public Law 103-236. No person or Department is above our law and Congress is duty bound to see that the State Department is no exception.

What about the Gramm-Rudman-Hollings Budget Deficit Reducing Act? Think about the ongoing waste, fraud, abuse, and mismanagement of funds relating to the program and operations of the United Nations against the lack of expenditures to curb crime on the streets of the United States; think about the lack of funds to assist the flood victims of the Midwest last year and the South this year; think about the $3.9 million cash stolen by U.N. officials on April 17, 1994, in Somalia; think about the estimated costs submitted by UNPROFOR of $2.8 billion for one year; and think about the fact that the United States of America contributes 27 percent to the U.N. regular budget and to each specialized agency; think about our assessed contribution to each peacekeeping operations to be 32.7 percent. These are only examples. We need proper and immediate independent OIG and not the so-called OIOS that was adopted in the resolution on July 15, 1994, which Congress must reject as a whole. We hold our Representatives in Congress directly responsible for their "pasty" action toward the State Department and the United Nations Organization.

In summary, we citizens of the United States, working for the United Nations unequivocally reject the narrow and selective approach and concept of establishing the Office of Internal Oversight Services (OIOS). It is our view that the very concept and approach draws heavily on the existing office of inspections and investigations which is fatally flawed in every aspect. It is vague and ambiguous. First and foremost, the scheme is constitutionally impermissible to Public Law 103-236, the United Nations Charter and PDD25 and therefore, is not certifiable. By linking the OIG to the OII and OIOS, we have been doomed to failure should Congress allow it to happen. It will continue to be business as usual. Whatever happened to the speech President Clinton made in UNGA last fall calling for the immediate establishment of an independent, OIG? Whatever happened to PDD25 goals and objectives? How sad the end is to the image, credibility, and leadership of the United States of America.

We salute you and those of your colleagues in the Congress who continue to fight for American national interests. We commend all the staffers who contributed so effectively to Public Law 103-236, in particular, to title IV, part A, of the Foreign Relations Authorization Act for fiscal year 1994 and 1995.

We are unable to sign our names on this document since there is no protection, as required in section 401, for staff members for reporting perceived cases of this nature and magnitude. We therefore, respectfully request that this document be inserted at the appropriate place in the CONGRESSIONAL RECORD.

TRIO PROGRAMS

Mr. SIMON. Madam President, I rise to join my colleagues in supporting the fiscal year 1995 Labor, HHS, and Education appropriations bill. That bill includes a substantial and deserved 11 percent increase for the TRIO Programs in the amount of $44 million. Recently, the July 25, 1994, USA Today carried an excellent article on the TRIO programs. The front page story highlighted the stellar academic and professional career of West Virginia's Secretary of Education and Arts, Barbara Harmon-Schamberger. I had the pleasure of meeting Ms. Schamberger—while I served as chairman of the Education and Labor Subcommittee on Postsecondary Education in the other body—and she testified in support of the TRIO Programs. Ms. Schamberger is a graduate of the University of West Virginia, which I might note is in the home State of the distinguished chairman of the Committee on Appropriations. She is also a Rhodes scholar, studied at Oxford, and holds the J.D. degree from the University of Virginia.

While those of us who have consistently supported the TRIO Programs would not claim that all of its participants have achieved at the same level of Ms. Schamberger, the record is clear that this program lifts the lives of its participants and motivates them to achieve far beyond the ordinary level of expectation. If they had not been involved in one of the several TRIO Programs, their lives would not have been enhanced socially, academically, and professionally.

I was pleased to have had a major role in establishing what we now refer to as the Ronald McNair Post-baccalaureate Achievement Program during the 1986 reauthorization of the Higher Education Act. My distinguished colleagues from South Carolina, the senior Senator [Mr. THURMOND] who took the lead in renaming the program in 1987, and my friend and colleague, the junior Senator from South Carolina [Mr. HOLLINGS] who has been the primary advocate for increased TRIO funding, deserve much of the credit for making the Federal Government's commitment to equal opportunity real in the lives of young people. We could do more and we can do more. In fact, we must do more if we are to make the American Dream real in the lives of low-income minority, handicapped, and first generation students who will not benefit from a college education unless we provide the Pell grant funding and adequately fund programs ranging from Head Start to the Ronald McNair Post-baccalaureate Achievement Program to ensure academic access and success.

I hope that my colleagues have already read the July 25, 1994, USA Today article by Tamara Henry, but if not, I encourage each of you to do so.

Madam President, I ask unanimous consent that the article be printed in the CONGRESSIONAL RECORD at this point.

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

[From USA Today, July 25, 1994]

UP, UP AND OUT OF POVERTY

(By Tamara Henry)

Just before giving up on high school, Barbara Harmon decided to try the antipoverty program Upward Bound.

The incentives were right: three square meals a day; a $20-a-month stipend that could stretch her mother's welfare check; and a dormitory room during the summers with running water and electricity. She'd be nuts to say no, even though college was the furthest thing from her mind.

Today, Barbara Harmon-Schamberger, 31, has a law degree and is West Virginia's secretary of education and the arts, appointed to the post by Gov. Gaston Caperton.

"There had always been people in my life who helped me," she says, "but (Upward Bound) was the first institution to support me. I guess it gave me human worth."

Upward Bound provides high school students academic tutoring on college campuses after school, on Saturdays and during the

summer. It is known popularly as one of the TRIO programs because of its siblings: Student Support Services, located on college campuses to counsel and tutor needy students, and Talent Search, which motivates middle-school students with counseling and information on college admissions requirements, scholarships and student financial aid. There are now two other programs in the group.

"One of the ironies is that the students we are serving are just Head Start students on the other end," says Arnold Mitchem, head of the National Council of Educational Opportunity Associations, which oversees TRIO.

Unlike Head Start, the popular federal preschool program, TRIO's support has been uneven over the years. Congress now is debating whether to boost its budget by $44 million.

Mitchem says disparities in higher education based on family incomes were greater in 1991 than they have been in the past 22 years. In fact, Americans between the ages of 18 and 24 in families earning under $22,000 have less than a 4% chance of earning a college degree; under $39,000, less than 15%, and under $62,000, less than 25%. The median family income in 1991 was $38,268.

"I've given my whole professional life to trying to mitigate against what I feel is some sort of economic injustice," Mitchem says. "Essentially what we are doing is trying to provide the kinds of insights, information and encouragement, motivation and academic preparation that middle-income youngsters receive."

Harmon-Schamberger (she took her stepfather's name when her mother remarried) felt grim about her future.

"Nobody but my mother believed in me," she says. "I wasn't supposed to do anything. I was supposed to be on welfare and get pregnant and drop out of school."

Born in Columbus, Ohio, to a black father and white mother, she spent part of her childhood in Sacramento. When her parents divorced, she and her mother went on welfare.

"We just kept sliding down the economic scale. We wound up in West Virginia in a house with no running water and eventually in a house with no running water or electricity."

Besides the economic problems, she had trouble being the only minority in Doddridge County, W.Va. At age 16, she had missed much of school because of illness and failed her junior year.

"I said I'm out of here. I don't need this. I don't have to put up with this. I'm going to get a job" at the local glass factory, she told her counselor.

The counselor talked her into joining Upward Bound, "using words like college prep." Living in dormitories at what was then Salem College in West Virginia sounded like living in a foreign country. She was skeptical at first.

"I asked. 'Do they have air conditioning?'

"'Yeah,' he said.

"'Do they have running water?'

"'Of course.'

"'Do I get my own bed?'

"'Yes. And there is food and ice cream and things like that. And there's a $20 stipend.'

"That was the big incentive," says Harmon-Schamberger. "We couldn't always afford toilet paper—$20. This will do it. I knew Mama could use the money so I agreed to go."

Tutoring by Upward Bound counselors helped her with dyslexia and other learning disabilities.

"They took me places and fed me and made me think that I could do something," says Harmon-Schamberger, whose high ACT scores helped get her accepted at West Virginia University.

When a counselor teased that she would one day be the state's first female Rhodes Scholar, she asked, "What's a Rhodes Scholar? Is it near Harvard?" Her self-esteem was so low, "I thought she was crazy because I didn't get a date to the prom."

A 1981 study by the Research Triangle Institute in Durham, N.C., found that Upward Bound students were four times more like to graduate from colleage than poor students not in the program. Also, it said that students who were counseled or tutored were 2.6 times more likely to stay in school.

"Not everybody in my Upward Bound program went to college," says Harmon-Schamberger. Even so, its program "prevents students from falling through the cracks."

Harmon-Schamberger graduated cum laude from WVU with two bachelor's degrees in four majors—history, English, political science and international studies—and did become the state's first women Rhodes Scholar. After studying at Oxford University, she returned to earn a law degree at the University of Virginia in 1991.

Before taking the state position, Harmon-Schamberger worked in the Washington, D.C., law office of Milbank, Tweed, Hadley and McCloy. She remembers earning in two weeks what her mother received in a year on welfare.

TRIO currently serves more than 800,000 Americans from families with incomes under $24,000 in which neither parent graduated from college. Forty-two percent of the students are white, 35% black, 15% Hispanic, 4% Native American and 4% Asian; 16,000 have disabilities. TRIO programs now are offered at more than 1,000 colleges and universities and at 100 community agencies.

By TRIO's 30th anniversary next June, Mitchem estimates more than 10.5 million students will have been served on a federal investment totaling $3 billion.

TRIO struggled through turbulent times during the Reagan and Bush administrations.

The programs now are getting attention again. President Clinton has recommended a 4.3% increase in TRIO's $418 million 1994 budget. The House approved an even higher increase—11%—that a Senate Appropriations subcommittee also agreed to last week.

Mitchem estimates the funding increase would "give 63,000 people from 11 to 27 years of age a realistic chance at academic success."

"The extraordinary thing about Upward Bound is that you wind up being a success even if you don't go the full distance," says Harmon-Schamberger, who now lives in the rural West Virginia town of Clendenin, where she cares for her ailing mother and four dogs.

"You don't wind up where your parents did. It moves you along, some way, some how.

"It moves you from abject poverty to that middle-class threshold somehow."

SHEEP PROMOTION, RESEARCH, AND INFORMATION ACT OF 1994

Mr. SIMPSON. Mr. President, I rise in support of the Sheep Promotion, Research, and Information Act of 1994. This most important piece of legislation offers the sheep industry the same opportunity afforded to all other commodity groups, the ability to promote their industry to the consumer.

When the National Wool Act was so swiftly eliminated last year, the authority for the sheep industry's 40-year-old self-help program for lamb and wool promotion was also unintentionally terminated. With the elimination of the Wool Act still so very fresh in the minds of Members of Congress and based on the erroneous belief that the program was an antiquated World War II program, Congress at a minimum, should be agreeable to helping the sheep industry compete with foreign producers and "leveling the playing field" with a program that costs the Federal Government nothing. The checkoff program is paid for entirely by the lamb and wool industries.

That said, I must point out that the industry must prepare for some major changes. I believe all of American agriculture would benefit greatly by throwing away its "Government crutches" for subsides and tariffs on foreign products. I know that it will be hard to even fathom that possibility.

But, without reasonable alternatives to the old programs and phase-down periods that are fair and equitable, American agriculture will continue to crusade for farm programs that are not market driven, programs that have been coddled them into an unhealthy reliance on Government support. The sheep industry wants the authority to compete with foreign producers—they are not asking for a handout.

We can all agree that this industry must promote itself. That message was clear last year when at the rap of the gavel only 36 Members supported the National Wool Act. Almost $1 billion is currently spent annually on advertisements and research efforts to expand or at least maintain the demand for U.S. agricultural commodities. Through mandatory assessments on producers—or checkoffs—promotion activities are devised to provide consumers with specific information about the product.

Most studies indicate positive rates of return for checkoff programs. Checkoff programs are a beneficial self-help marketing tool that the Senate should support. I urge my colleagues to support his important legislation, and I am very please to be a cosponsor.

IS CONGRESS IRRESPONSIBLE? YOU BE THE JUDGE ABOUT THAT

Mr. HELMS. Madam President, before we ponder today's bad news about the Federal debt, let's have a little pop quiz: How many million would you say are in a trillion? And when you figure that out, just consider that Congress has run up a debt exceeding $4½ trillion.

To be exact, as of the close of business on Monday, August 8, the Federal

debt stood—down to the penny—at $4,644,723,889,704.80. This means that every man, woman, and child in America owes $17,815.60, computed on a per capita basis.

Madam President, to answer the question—how many million in a trillion?—there are a million/million in a trillion. I remind you, the Federal Government, thanks to the U.S. Congress, owes more than $4½ trillion.

NATIONAL HOSIERY WEEK—AUGUST 8–14

Mr. HELMS. Madam President, the week of August 8–14 marks the 23d annual observance of National Hosiery Week, and I salute a great industry which has contributed so much to our Nation—and to North Carolina's economic well-being.

The hosiery industry is a substantial factor in the Nation's economy. A total of 457 hosiery plants employ 66,100 people in 28 States; they produce and distribute more than 4.3 billion pairs of hosiery each year. This provides more than $6 billion to the U.S. economy every year.

The hosiery industry has made great strides in improving productivity and the quality of its products. These efforts making the hosiery industry more competitive have resulted in significant technological and design improvements in the manufacture of hosiery.

As a result, the hosiery industry's great strides in the area of foreign trade are significant. Exports in 1993 grew by 16.5 percent over 1992 levels—to 15 million dozen pairs. That, Mr. President, is a lot of hosiery exports.

The hosiery industry makes a real difference in many small communities where the hosiery plant is often the main employer, providing good, stable jobs for its employees.

Madam President, National Hosiery Week is of special importance to me because North Carolina is the leading U.S. hosiery State. North Carolina is proud of its leadership of the hosiery industry and the quality of life that the industry has provided for so many of our citizens.

Madam President, I extend my sincere thanks and congratulations to the hosiery industry, and to its many thousands of employees, for their outstanding contribution to our State and Nation.

I ask unanimous consent that an editorial from the Hickory (NC) Daily Record, headed "Hosiery Industry Still Important in Unifour," be printed in the RECORD at the conclusion of my remarks.

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

[From the Hickory (NC) Daily Record, Aug. 7, 1994]

HOSIERY INDUSTRY STILL IMPORTANT IN UNIFOUR

National Hosiery Week begins Monday. The special week, which emphasizes the value of the hosiery industry, is significant to North Carolina as a whole and the Unifour in particular.

A recent press release explained the industry's importance to North Carolina. Slightly more than 52 percent of the 4.3 billion pairs of socks, sheer hosiery and tights that were made last year came from our state.

The Unifour has long been known for its hosiery plants, and has taken pride in the fact that many of the mills were started by local men using local money. Hickory got its first hosiery facility in 1906 when J.A. Cline and the Rev. W.P. Cline started a mill in the southeastern part of the city.

Eastern Catawba County had its first mill even earlier than that. J.A. Cline became interested in hosiery manufacturing because of his friend Dave Carpenter, who already was operating a hosiery mill in Newton.

The second Hickory hosiery facility apparently was Elliott Knitting Mills. Although written sources disagree on the date that the mill opened, it was up and running by at least 1910.

The plant started with 40 machines and 25 employees. By 1940, Elliott Knitting Mills had 900 workers and was producing 18 million pairs of hosiery for men, women and children.

The hosiery industry played a significant role in helping Hickory make it through the Great Depression, and was extremely vital to the area by 1940. The Record's silver anniversary edition of Sept. 14, 1940, reported that no less than a hundred million pairs of hose were manufactured by 39 knitting mills and finishing plants in the immediate area.

The area mills employed four thousand workers and had an estimated $3 million in payroll. It was noted at the time that the hosiery industry provided upwards of half of the city's income and about one-third of the county's income.

The Record observed then that "They (the hosiery manufacturers) are a modest group of gentlemen, shying away from publicity; but they agree that their payrolls (which aren't always easy to meet) are a vital force in the bloodstream of this section's trade."

Today, 54 years later, Unifour industry is more diversified. But the hosiery industry remains "a vital force in the bloodstream of this section's trade."

Hosiery makers today face challenges that were unknown in 1940. But the industry has adapted and retained its vitality despite intense worldwide competition and volatile fashion markets.

The industry is made up of forward-looking men and women who know that America can meet the challenges. And the Record is proud to salute the workers who make the hosiery industry such a vital part of the Unifour.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 4650, making appropriations for the Department of Defense, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 4650) making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

(1) Dole amendment No. 2479, to provide for the termination of the United States arms embargo of the Government of Bosnia and Herzegovina no later than November 15, 1994.

(2) Helms amendment No. 2480, to limit military assistance and military sales financing to the Government of Colombia until the President certifies that it is fully cooperating in counternarcotics efforts.

The PRESIDING OFFICER. Under the previous order, the Senator from Arkansas [Mr. BUMPERS] is recognized to offer an amendment on Milstar.

Mr. BUMPERS. Madam President, I ask unanimous consent that the pending amendments be laid aside and that the Senate immediately proceed to the committee amendment on page 37, line 7.

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

AMENDMENT NO. 2481 TO THE COMMITTEE AMENDMENT ON PAGE 37, LINE 7

(Purpose: To reduce the amount for acquisition of Milstar satellites)

Mr. BUMPERS. Madam President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS], for himself, Mr. CONRAD, Mr. LEAHY, Mr. FEINGOLD, and Mr. SIMON, proposes an amendment numbered 2481.

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

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

The amendment is as follows:

On page 37, line 7, in lieu of the matter proposed to be inserted, add the following: "$12,111,511,000, to remain available for obligation until September 30, 1996: *Provided*, That of the funds appropriated in this paragraph, none may be obligated or expended for parts or other components associated with the acquisition of Milstar satellites numbers 5 and 6: *Provided further*, That $61,595,000 shall be used to develop an advanced EHF military satellite communications system."

Mr. BUMPERS. Madam President, as I prepared for this debate this morning, I had a lot of reservations about whether it is really worth it or not, knowing from the outset that we will not prevail, knowing that perhaps there are no more than 50 Senators in town to listen to the debate, knowing that those who are in town are not watching the debate, and knowing that about the only

time we ever kill a military program around here is when the Pentagon undertakes it on their own.

The other day we waged a long debate on the space station. Many people know that I have tried unsuccessfully to kill the space station for several years. We had a chance to save almost $156 billion over the next 35 years and $74 billion just over the next 10 or 12 years. But nobody listened to the debate. I only got 36 votes to cut that much spending, despite the fact that virtually every scientist in the country is opposed to the space station, despite the fact that virtually every single scientist in the country said there is no medical research you can do on the space station that you cannot do on the ground, despite the fact that physicists said we will not be able to grow crystals any differently on the space station than we grow crystals on the ground.

But as I said many times, people walk through that door over there who have not listened to the debate and really do not much care about the merits of the debate as long as a part of the program is being built in their States. And so we go merrily along spending money needlessly—$74 billion on the space station—and wondering how we are going to finance health care, how we are going to get the deficit down.

In the past, in the fall of the year, I have offered a series of amendments to reduce spending. This year I am not going to offer an amendment to cut the CIA, even though I probably would get more votes for that than for almost any of these spending cuts because there are enough people who are suspicious of the CIA who will vote to cut its funding. But I will not prevail.

There was one really rather amazing thing—and I have been in the Senate 20 years—that was extremely gratifying to me after the space station debate. A Senator, a Republican, walked up to me in the well of the Chamber and said, "I have always voted for the space station, but I listened to the debate this year and I have concluded that there is no justification for the space station, and I'm going to vote with you."

I cannot tell you how gratified I was partly because he is a Senator I have immense respect for, but also because it is just so unusual for anybody to come onto the floor of the Senate with his mind not made up, or who does not walk down to the well and ask the managers, "What is your vote on this?" And that is the way they will vote. And people wonder why we keep spending money the way we do, why we cannot seem to get spending under control.

I want to pay a special compliment to the distinguished chairman of the Defense appropriations bill. I sit on that subcommittee. He has always been extremely accommodating, always listens, even when he does not agree with you. And some of you will recall that when the Defense authorization bill came up, I offered both this amendment and an amendment to kill the so-called Mark VI guidance system procurement. I pointed out that by killing the program now and saving $250 million that we would lose six-tenths of 1 percent of our capability on one missile in the years 2015 and 2016. Think of that, Madam President. A chance to save $250 million with a simple loss of six-tenths of 1 percent of readiness on one missile for 2 years, 19 years down the pike.

The distinguished Senator from Hawaii, the chairman of the subcommittee, said that he listened to my comments both in the committee hearings and on the floor of the Senate and decided I was right and took $258 million out of this bill. That is gratifying, too, Madam President.

I have said many times that when I was Governor of my State, I could sign my name and make something happen. In the U.S. Senate, you can go to the blackboard and sign your name a thousand times and nothing happens. When I came here, I had a very difficult time adjusting to the legislative process where you have to go through a subcommittee, a full committee, the floor, the conference committee and it could come unraveled at any stage of the game.

I think it is possible that the space station is gone. I do not know whether I will take it on again next year or not. The President and the Vice President both think it is wonderful. The contractors who are going to get the $74 billion think it is wonderful. The people who work in Florida and Texas and California and will have a job secured for the next 10 years think it is wonderful. Even a lot of the taxpayers who are picking up the bill probably think it is wonderful.

So, Madam President, here we are this morning to discuss a defense program called Milstar.

Milstar was originally conjured up in 1981, and it was designed to allow the Defense Department to communicate with their forces in the field during a 6-month nuclear war.

The Senator from Hawaii said, "Please do not call that a cold war relic; it makes me feel so old." But that is what it is, a cold war relic. And I do not mind cold war relics as long as they do not cost $30 billion. Unhappily, that is what this one costs.

So in 1981, the Defense Department said we are going to put eight satellites into space. We are going to put all this equipment on them so that the Soviet Union will not be able to jam them. And even if a nuclear war comes, we will still be able to communicate.

And so we started contracting and doing the engineering work, and so on. In February 1994, we put up the first satellite. Bear in mind, Madam President, we originally intended to put up eight satellites and locate them around the globe so that we could communicate with our forces no matter where they were.

Now, even before the Defense Department launched the first satellite in February of this year, they had already cut back from eight satellites to six, and that is the present plan. We will put up another one in May 1995. Those two are already bought and paid for. I am not suggesting we do anything with them; they are paid for. Each satellite is supposed to have a 7-year life expectancy. It is very doubtful that the first one, which we put up this year, will last 7 years because the minute it got up there its power system failed, and it is now on a backup power system. We hope that backup system will last the required 7 years.

These first two satellites are called Milstar I satellites. In 1999 and 2000, we will launch two more. Those are called Milstar II satellites. If my amendment fails, we will launch the fifth and sixth satellites in the year 2001 and 2002.

We have spent $12 billion so far on the system, and we will spend another $17 billion during the life of this communications system. Each satellite cost $1 billion. It cost about $300 million for the Titan rocket to boost it up there. So every time we do that, it cost about $1.3 billion, but by the turn of the century it is estimated that it could be as much as $1.6 billion to $1.8 billion for each one.

Now, this system, which was conjured up to enable the United States to communicate during a 6-month nuclear war, has already lost its rationale. Everybody knows that even if it were in place right now and the United States and Soviets had a 3,500-warhead exchange, there is not going to be anybody left with whom to communicate. They initially intended to make these satellites maneuverable so that they could move 250,000 miles out into space, so they could not be shot down. They no longer have that capability.

But these satellites are what we call low- and medium-data rate communicating systems. We have all kinds of systems to communicate right now, the most notable being what they call DSCS. That is an acronym for Defense Satellite Communications System. And the DSCS can handle thousands of communications simultaneously. These Milstar satellites can handle 192 low-rate communications and 32 medium-rate communications.

Now, the 192 phone calls that this can handle at one time—one satellite—are regular phone calls. Unhappily, the sound system is not too hot. These things speak Donald Duck. If you speak duck, you will have no problem understanding what is being said. If you do not speak duck, you must speak very slowly and distinctly to be heard. So we are not only talking about a system that is going to cost a fortune, we

are talking about a system that is not exactly Cadillac when it comes to sound quality. There is a lot more that could be said about the quality and what it lacks, but that really is not a part of the basic argument here. The argument is that we do not need it, and we ought to scrap it.

The second argument is that when the Pentagon did its Bottom-Up Review last year to analyze all of its procurements, all of its weapons systems, the Pentagon—not Senator BUMPERS, the Pentagon—appointed what they considered to be two of the biggest communications contractors in the country and two defense labs to review Milstar. Who were they? The Mitre Corporation, which chaired the Bottom-Up Review of Milstar, Lincoln Labs, Aerospace Corp., and Applied Physics Lab.

Madam President, do you want to know what is frustrating? Here is a system that is studied by the most brilliant people in this country on communications, and what did they say? They said to scrap that sucker now. And here is what they said. "Plan now for the transition to an advanced extremely high frequency system." And instead of making this advanced EHF system operable in the year 2006, spend some of this Milstar money on that and advance it to 2003—much cheaper, more advanced technologically. Do not deploy the last four of these six satellites. By doing that, you will save over $3.5 billion.

So what did the Defense Department do in their Bottom-Up Review after the so-called technical support group reviewed this 6-month cold war communications system? They just ignored it. They went right on contracting as though no study had ever been done.

I repeat, the technical support group said to cancel Milstar II, advance the extremely high frequency to the year 2003 instead of 2006, and save yourself $3.5 billion. The Defense Department said, "We ain't having any of that." And they go right on building this system just as they intended to.

What is this new extremely high frequency system? First of all, you can launch it on an Atlas missile, which is infinitely cheaper than a Titan. It is considered to be much more reliable than a Titan. And one of the reasons you only save $3.5 billion by doing what the Bottom-Up Review said to do is because they said spend the money on Milstar III, the extremely high frequency system, and advance it by 3 years.

Here are the most brilliant people in the country saying scrap this thing and go to the EHF system. Then that is followed by the General Accounting Office which released a report in April of this year, 4 months ago. Four months ago the General Accounting Office, on whom we rely for most of our information, studied this same system. Because it was a little later than the Bottom-Up Review, they said do not cancel the last four satellites as the Bottom-Up Review team had recommended, but cancel the last two. If you cancel the last two, you will save somewhere between $1.4 billion and $2.1 billion.

(Mr. LIEBERMAN assumed the chair.)

Mr. BUMPERS. Mr. President, $2 billion "ain't bean bag." When the General Accounting Office recommends saving $2 billion, we ought to listen. I have taken that position in my amendment, hoping against hope that I might find one or two more votes. I have taken the least dramatic alternative and said, let us just go along with the General Accounting Office and cut $1.5 billion to $2 billion. The General Accounting Office said that the Defense Department will have a slight risk in the year 2001 and 2002 prior to the deployment of the new system in 2003. They say there will be a slight risk in their communications ability during that 2 years.

But let me ask my colleagues this: If that is true, what kind of risk are we under right now when we have one crippled Milstar satellite in space to communicate with? Think about that. I want to repeat that because my native Arkansas common sense tells me that is the craziest thing I have ever heard. I am not criticizing GAO for this. They are simply saying the Defense Department will have to make a judgment. Shall we save $2 billion at the slight risk of not being able to communicate as well as we would like during that 2-year period? You ask yourself: What is our risk today, and what is our risk going to be until the year 2000? It is going to be, according to GAO, much greater than it will be during this 2-year period when you actually have four satellites up.

Mr. President, I do not know much else to say. I am not going to belabor the debate. I would like to give my colleagues the opportunity to vote to save money and not just talk about it before the chamber of commerce banquets back home. I used to hate it when people would say, "He talks one way in Washington and he talks another way at home." There is not a Member of the U.S. Senate that has not had that said about him or that he has Potomac fever, and all of those other accusations you go through every time you run for reelection. But in any event, there is enough truth in that statement to make it credible.

People go home, and say, "Well, I am for cutting entitlements." What are entitlements? They do not tell you. I will: Social Security, Medicare, Medicaid, food stamps, Federal pensions, and two or three others that represent about $800 billion of expenditures every year. They say, "Let us cut entitlements." You do not ever hear them say which of those entitlements they will cut and how much they are going to cut them. When we come here and we get specific and we say let us torpedo the space station, everybody jumps under their desk. It took 5 years to kill the superconducting super collider. I have been at the space station the same number of years, and it still is healthy, breathing, and alive.

You say, "Well, how about killing the Milstar program?" How about buying a few less D-5 missiles for our submarines? After all, the cold war is over. I could go on and on with all the things that I tried to cut. Everybody jumps under their desks. It is those nebulous entitlements that everybody is after, because you do not have to explain that. If you go home and say I cut the defense budget $2 billion, you face the prospect of your opponent saying you are soft on defense. I have always loved for my opponents to say that about me—and they all have. Then I can launch into about a half dozen programs that make no sense whatever but that cost billions.

Who in the U.S. Senate is soft on defense? Nobody. It is the height of arrogance for one Senator to suggest that another is soft on defense. How could anybody in this body be soft on defense when we spend twice as much money on defense as the rest of the world combined? Let me repeat that. We spend twice as much money on defense as the rest of the world combined.

Well, Mr. President, here is an opportunity for everybody to be able to point to something he voted to cut. I do want to say this: I take a little bit of kidding from my colleagues about coming out here in the fall of the year and going through this ritual of offering five or six or seven amendments to cut spending. I do not have to do the super collider anymore; it is gone. I do not have to do ASRM anymore, the big rocket motor for our shuttle which even NASA did not want; we finally killed that. And here we have this system which has $79 million in it for long lead items for 1995. Let me repeat that. If this amendment fails, the Defense Department is going to spend $79 million next year buying advance parts for satellites 5 and 6. I do not know what kind of comparison to make, except to say that once you start buying those long lead items, you are not going to kill the program. I am not sure I will be out here next fall fighting this battle once we undertake that $79 million for those advance items.

Mr. President, I am as absolutely certain as I am of my name that I am right about killing this program. If I had my way, I would do what the experts said. I would torpedo the last four satellites and start putting money into the extremely high frequency system and get it deployed, maybe—as some of the people on the team said—by the year 2000 rather than 2003. I would save the taxpayers of this country $3.5 billion and not jeopardize the security of

this country one scintilla. You cannot ask for a better deal than that.

Mr. President, I want to correct a statement I made a moment ago that was in error. I said the United States spends twice as much as the rest of the world on defense. Actually, we spend twice as much as the 10 most likely adversaries we will ever face. We spend twice as much as China, Russia, Ukraine, North Korea, Iraq, Iran—I forget who the other three or four are, but we spend twice as much money as all of those nations combined, and we spend as much as or more on defense than the entire rest of the world.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. INOUYE. 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. INOUYE. Mr. President, we are involved in a very important discussion, a very important debate.

So it pains me to note the absence of our colleagues. The discussions carried on by my dear friend from Arkansas should have been heard and considered by all. Someday when history is written, I am certain he will be looked upon as the great watchdog of the Federal budget. I believe he has done more than any one of us in bringing about sanity in our budget system and thereby saving our taxpayers from the misery of a burdensome tax.

Having said that, Mr. President, this is a discussion of reality. It is true that Milstar, a communications system, was conceived during the cold war. It was conceived during the period when all of us were frightful of the possibility of a nuclear holocaust.

We were concerned about the thousands upon thousands of warheads and launching systems. We were concerned about the insanity and the irrationality of this Evil Empire. It was a time of terror. It was a time of horror. So we needed a communications system that could withstand attempts on the part of our adversary to jam the system to make communications impossible.

Mr. President, from the earliest of mankind's history, we have been plagued with conflict. We have been plagued with wars. And any causal reading of the history of warfare will tell you that among the many important elements in warfare, three things are important: command, control, and communications.

It was so at the time of Alexander. Attila the Hun found that his communications was lacking, so he had to return to Mongolia. The same happened with Genghis Khan and Kublai Khan. The same happened with the Caesars. And throughout the ages, all the way to General Schwarzkopf, communications have been important.

It has been suggested that this system, since it was conceived during the time of the cold war, is a relic and, therefore, not necessary at this time.

Many of my fellow Americans have concluded that ever since the crumbling of the Berlin Wall, a new era is upon us; that we have peace upon us; that we can dismantle our defenses. I realize that my friend from Arkansas is not suggesting the dismantling of our defense infrastructure. But he is suggesting that we minimize our communications system.

I wish I could tell you that the era we opened 49 years ago, Mr. President, when we dropped the bomb on Hiroshima, has ended. That age is still upon us. As of this moment, the nations of the old Soviet Union, have in their possession at least 9,569 warheads and 2,041 platforms to launch these warheads. But unlike the cold war, these warheads are not under the command and control of one entity. It is now spread throughout the old republics. Belarus has some; the Ukraine has some; and on and on.

Though we were dealing with the Evil Empire, we knew who we were dealing with, and we knew that with adequate deterrence our adversary would not be so insane as to begin a holocaust to wipe themselves out. But today, we have a situation of uncertainty. We know for a fact that many other countries, other than the old Soviets, may have nuclear weapons. What about the Pakistanis, the Indians, the North Koreans, the Iranians, and the Iraqis?

Mr. President, the Soviet Union and the United States entered into a Strategic Arms Reduction Treaty which, incidentally, has not been ratified; but both sides are trying their best to live up to the provisions, and slowly we are reducing our forces.

In 1988, the Soviets had about 10,555 warheads and the most recent count indicates that the Soviets have at least 9,569, a reduction of about 1,000 warheads.

To assist the former Soviets in destroying these warheads and these platforms, we initiated a year ago a new program, the Nunn-Lugar program. In this bill, we are recommending the appropriation of $400 million for this program. We have previously appropriated $1.2 billion. With the passage of this bill, we will have appropriated $1.6 billion to help the old Soviets destroy their warheads; $1.6 billion to dismantle warheads, and as of this moment, they have dismantled only a bare fraction of their total arsenal.

Mr. President, what I am trying to suggest to my colleagues is that notwithstanding all the efforts we have made with taxpayer money, with insistence, with arguments, this world is still filled with warheads and delivery systems. To suggest that we do not need this communications system because it is a cold-war relic is not reality.

We may have ended the cold war, but now we are in the age of uncertainty. I wish I had the wisdom to suggest to my colleagues what we can anticipate in the Korean peninsula. I wish I could do the same and suggest to my colleagues the mental process that is going through Saddam Hussein. But none of us has that wisdom.

I always remind myself, Mr. President, that 8 months before the beginning of Desert Shield, 8 months before the war of the desert, we were prepared to retire General Schwarzkopf. In fact, he was on the retirement list.

We were in the process of dismantling the Central Command, the command that was in charge of Desert Storm, the commander and the command that successfully executed Desert Storm, 8 months before we were ready to dismantle it. Why? Because we were convinced that the Middle East was stable, that Saddam Hussein was one of our great friends. Some of my colleagues on this floor suggested that Saddam Hussein may have the secret to peace. But yet we had to send our precious sons and daughters—and many are not with us today.

Mr. President, I would like to believe that my responsibility as chairman of this committee is prevention. I would rather spend money and save lives than risk the possibility of losing lives by being able to tell my constituents, "Yes, we reduced the budget deficit by $500 million, but, sorry, a few had to die."

This may be a good time to remind ourselves the history of warfare in this Nation. Up until this moment, it has never failed. Whenever we have gone through a period of warfare and whenever that warfare ends, there is a sudden sense of euphoria that hits us. There is great joy among us. And what do we do? We immediately begin the process of dismantling our defenses.

It happened even with George Washington. At the height of our revolution, Gen. George Washington commanded 30,000 troops. When he became President, he requested the Congress, that funds be appropriated so that he could maintain a U.S. Army—not a large force, a small force—to guard our borders, to provide for security, provide for defenses.

Mr. President, there was a long debate in the Congress. Our predecessors in the U.S. Senate debated this issue and, when the dust settled, they provided funds for 80 men. That constituted the Continental Army of the United States of America—80 men; 25 at the headquarters in Pittsburgh and 55 at West Point. And history tells us a few years later the British came back and they burnt this building, they burnt the White House, and nearly set us back.

The same thing happened after World War I. On the eve of December 7, we had less than 300,000 troops ready for combat, and most of them were on the island of Oahu, my home island. Just by good fortune, the Japanese did not wipe us out. But, during the height of World War II, from less than half a million, our forces were in excess of 12 million—over 12 million men and women were in uniform. But when World War II ended, 49 years ago, there was this great euphoria once again. Peace was upon us, and so we began to dismantle our forces.

On June 25, 1950, we had less than 800,000 troops ready for combat, and most of them were occupation forces—occupying Germany and Japan.

And, Mr. President, I think all of us should recall the date June 25, 1950. That is when Kim Il-Song sent his forces of North Korea across the 38th parallel.

To suggest that we were unprepared would be an understatement. We sent men who hardly knew how to handle a rifle, who had less than 3 weeks of training on shooting, who were not properly equipped to fight the hordes of North Koreans. And now we are told that the first 10,000 casualties could have been avoided.

Mr. President, Milstar is expensive, but in this age of uncertainty, I hope that if the horror of war should come upon us, we would be prepared with a communications system where our commanders can communicate with the men on the field. Yes, it is expensive and this committee recommends full funding, knowledgeable of the great expense.

My final thought. Less than 1 percent of us, less than 1 percent of the population of the United States, have stepped forward taking the oath and said, "We are willing to stand in harm's way for the rest of you"—less than 1 percent. They are the men and women who have said to us, "We are willing to take up this strange lifestyle" where wives do not see their husbands for 6 months or a year; where sons and daughters do not have the pleasure of playing with their parents because they are in Bosnia, they are in Somalia, they are in Rwanda; and they may be in Haiti.

I say, Mr. President, the least we can do for these men and women who are willing to stand in harm's way for us is to provide them with the finest military capabilities so that we can at least give them a sense of hope that, even in the worst conflict, we will do our best to see that they get back to their loved ones. That is the issue before us.

So, Mr. President, I hope that this body will reject the amendment of my dear friend from Arkansas.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alaska [Mr. STEVENS].

Mr. STEVENS. Mr. President, this amendment of the Senator from Arkansas is not just about Milstar. I think that is clear from what the Senator from Hawaii said.

The Senator from Arkansas is correct when he says that the Milstar satellite was designed for a mission that it will fulfill. But it is expensive and it has a very difficult history. There is no question about that.

I think the Senate is faced with a dilemma now in what is the best choice for our country.

I might say to my friend from Arkansas, this year he has additional support. Other Members of the Senate have indicated to me they are going to question, as he does, whether this continued production of Milstar is a good deal for the taxpayer.

There is no question these programs take longer to develop than we anticipate. They are costing more than we anticipate. But I am sorry to say to my friend from Arkansas, what is not in dispute is the fact that the military, on whom we must rely to give us the best estimate of our needs, says that it needs this secure, high-speed, unjammable system of communications.

Let me read some of the statements that have been made by military leaders just this year. On May 31, Admiral Boorda, who is Chief of Naval Operations, said this:

> A full constellation of Milstar II satellites is * * * crucial to the success of smaller joint task forces operating forward against uncertain adversaries.
>
> Navy opposes proposals to restructure the Milstar II satellite program which would delay satisfaction of these fundamental requirements.

On April 15 of this year, Gen. Binford Peay, then-Vice Chief of Staff, said:

> The Army's commitment to the Milstar program is important to every soldier including the Army Chief of Staff.
>
> Milstar is that essential element of assured satellite communications to support critical information transfer.

And then, just on August 2, the Secretary of Defense, Secretary Perry said:

> We need Milstar II Satellites 5 and 6 to meet the combat support needs of the Commander-in-Chief and the Joint Chiefs of Staff.

I say to my friend from Arkansas, I understand what he is saying. We must encourage the Department of Defense to look at alternatives to Milstar. But until we can be assured that there is an alternative that can meet the Milstar schedule, we have no alternative but to provide the funds this year for the initial phases of satellites 5 and 6.

I think the Senator could modify his amendment, perhaps. We might have another evaluation—I know we have had those before, I am not suggesting it—but I do think it is important to keep the Pentagon leadership and the Congress advised about any Milstar alternatives that may be viable.

But until there are such alternatives, until we are certain that we have an alternative, based upon the advice that we have received from the Secretary of Defense, the Joint Chiefs, and the two military commanders who must rely to the greatest extent on this system, I must oppose the Senator from Arkansas.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska [Mr. EXON].

Mr. EXON. Mr. President, I rise in opposition to the amendment offered by the Senator from Arkansas. I think the record will show that this Senator and the Senator from Arkansas have stood side by side over the years on many, many issues—on the same side, cutting defense expenditures. However we must part company on this one with honest differences of opinion.

The amendment offered by the Senator from Arkansas was originally offered in somewhat different form on another matter. I believe it was the defense authorization bill, not more than 2 weeks previously. At that time I spoke out against the amendment that was withdrawn and not brought to a vote. It was clear at that time that the Senator from Arkansas was going to come up with another version of that amendment on the appropriations bill. Of course that is his right and he has made a very good statement.

Some of the things—many of the things the Senator from Arkansas has said draws the agreement of the Senator from Nebraska. And my subcommittee is the committee of jurisdiction in the Armed Services Committee on, among other things, the Milstar program.

We must review where we are going on this; be devoid of emotionalism as much as we can on this issue. While I suspect many who heard the excellent presentation by the Senator from Arkansas would say, "Why not? Why not go along?" There are several reasons, assuming that we could assure ourselves that for the next 20 years we would not be involved in a regional conflict of any kind. When I speak of a regional conflict I speak of ones that would be not dissimilar to the engagement that we had in the Persian Gulf. But I think few Members of the Senate or the House of Representatives would want to make that kind of a gamble. When I talk of a regional conflict of course I am talking about front-line battles. The Senator from Arkansas, although not making a particular point of it, continues to argue for his amendment to basically gut the Milstar program, at least in the outyears, with the argument that we can do something better and cheaper if we would just put the money into it. That is the "if"; that is the problem that I see in going along with the recommendations of the Senator from Arkansas.

I cannot be assured we are not going to be in a regional conflict. Therefore,

I listened very carefully to people in the military in whom I have great confidence. I refer of course to the Chairman of the Joint Chiefs of Staff, General Shalikashvili, who told me without equivocation that the Milstar program, as envisioned and recommended by the administration, is an absolute must. I refer also to Admiral Childs, who is the head of our STRATCOM facilities in Omaha, NE. STRATCOM would be very much involved in any kind of—not only advanced planning but the execution of a conflict.

I emphasize once again the Senator from Arkansas keeps referring to the Milstar of yesteryear, not the Milstar of today. The Milstar of today is a far cry from what was envisioned during the cold war, when Milstar was indeed a communications system based upon the doomsday scenario of a nuclear confrontation between the Soviet Union and the United States.

Certainly we would all agree that with recent positive developments, we have come a long way from the brinkmanship that both the United States and the Soviet Union were practicing at that time. But I would simply point out, and I want all Senators to understand, and listen carefully to the words of the Senator from Hawaii, the Senator from Alaska, Senator NUNN, the chairman of the Armed Services Committee and others, who continue to point out, as has the Chairman of our Joint Chiefs, the head of our STRATCOM planning session for future wars, and others who continue to point out that STRATCOM believes that the redo of the Milstar program would make it one that would be primarily functional from the standpoint of direct communications, command and control, if you will, on the battle fronts of tomorrow should we be engaged in a regional conflict.

To put it another way, the Milstar has been reconfigured. Its cost has been reduced. But it would give communications, without equivocation, to the commanders in the field in case of a conflict—the people up front in the battle line.

As Senator NUNN observed during the debate on this subject on the budget resolution, much of the criticism directed at the Milstar communication satellite system is 4 years out of date. That system does not exist anymore.

The Armed Services Committee made the same criticisms 4 years ago that are being made by the Senator from Arkansas today in somewhat different form.

If those criticisms were still valid, Mr. President, then we would not be on the floor today in opposition to the amendment by the Senator from Arkansas, and we would not be repeating them over and over and over again to try to terminate the program.

But that was 4 years ago, and the Senate Armed Services Committee voted to terminate the Milstar program for three reasons. The committee concluded that the design of the satellite had been inappropriately focused on prolonged nuclear war-fighting requirements. The Department of Defense was planning to spend billions of dollars on an unjustified classified payload. The system would have provided little support for our tactical conventional forces, a program that is absolutely essential, which I alluded to a few moments ago. And the program was simply too expensive. These are all things that the Armed Services Committee said 4 years ago.

As a result of the committee's actions, Secretary Cheney fundamentally restructured the Milstar program. He cut the plan constellation size by 50 percent, eliminated excessive nuclear war-fighting capabilities, terminated procurement of excessively survivable and expensive ground terminals, started development of cheaper, tactical terminals, and added a new payload for much higher data-rate communications in place of the terminated classified payload. These measures dramatically improved the tactical forces while reducing total program cost by 25 percent.

Secretary Cheney did a good job.

The Bottom-Up Review conducted another comprehensive examination of the Milstar program. The Bottom-Up Review examined whether Milstar was still required, whether it was affordable, and whether an advanced version could be developed in time to allow the DOD to do without all or some of the restructured Milstar satellites.

Again I emphasize, Mr. President, that not only is the restructured program strongly supported by the Chairman of the Joint Chiefs, by our commander at STRATCOM, but by the Secretary of Defense, William Perry, whose credentials on such matters cannot be questioned.

The Bottom-Up Review then concluded that the capabilities that the restructured Milstar system would provide are absolutely essential, despite the end of the cold war. That review also concluded that Milstar, although expensive, was affordable and should be continued. The bottom line here, Mr. President, is what is it worth to us in millions or billions of dollars to provide the assurance that better communications command and control are improved in the case of another gulf-type conflict.

I think we dare not run the risk of scuttling this program or cutting it back dramatically, as recommended by the Senator from Arkansas, given that concern for the future. I suspect, because I have a great deal of confidence in my friend and colleague from Arkansas, that maybe he has studied this in great detail. The Senator from Arkansas may be fully correct. Maybe the risk that we are being asked to take if we adopt the amendment offered by the Senator from Arkansas is a risk worth taking. I do not agree, from the hearings we held on this matter in the Armed Services Committee and the advice—the valuable advice and counsel—that this Senator has received from those at the uppermost, topmost positions of command and authority over the national security of the United States of America and the security of our people on the front line in battle, in the case of another regional conflict.

Finally, the Bottom-Up Review concluded that it was possible to develop a smaller and cheaper version of Milstar using new technology and that this advanced satellite could replace many of the Milstar satellites planned for the future. As a result, plans to procure five future restructured Milstar satellites, called Milstar II satellites, will be eliminated in favor of five advanced Milstar satellites known as Milstar III satellites. These Milstar III satellites would be first launched in the year 2006.

Altogether, the actions of the Senate Armed Services Committee and the subsequent actions of Secretaries Cheney and Perry resulted in the cost of the Milstar program being reduced from over $45 billion in fiscal year 1991 plans to less than $30 billion in fiscal year 1995 plans, while the benefit of the system to the tactical forces has increased dramatically.

It is, therefore, puzzling to hear critics label Milstar as a "cold war relic." In view of several budget problems facing the Department of Defense today, I do not believe that Secretary Perry and Deputy Secretary Deutch would have agreed to continue the Milstar program if they did not think it was important and very relevant to the needs of our forces in the post-cold-war security environment, especially those forces that are up front in battle.

Senator BUMPERS asserts that the review group tasked to support the Bottom-Up Review of Milstar argued that the advanced Milstar III satellite could be developed by 2003 or even by the year 2000, 3 to 6 years ahead of the current DOD schedule. Senator BUMPERS argues that if this claim is valid, DOD would need to procure all four of the planned Milstar II satellites.

First, the review group was not unanimous in recommending that an advanced Milstar could be developed, produced and launched within 5 years or even 8 years. Half of the group said it could not be done. Those who claimed it could be accelerated said that the conclusions that they had been reaching were suspect. They said that if difficulties were encountered, capabilities would have to be sacrificed.

Let me repeat that, Mr. President: They said that if difficulties were encountered, capabilities would have to be sacrificed and that cost savings would not be that certain.

Second, this technical advisory group was composed of representatives from the Mitre Corp. and MIT Lincoln Labs, not Government officials, Mitre and Lincoln Labs are advanced technology development organizations that are understandably optimistic about how fast new technology can be developed. I do not doubt the sincerity of these scientists. I do know from many years of experience that, for whatever reason, it usually takes more time and more money to bring new technology to fruition than even the Government thinks it will. Scientists and engineers in the private sector and think tanks are frustrated by these delays and overruns, as are all of us, but saying that it shouldn't take so long doesn't mean that it won't

DOD started the Milstar Program in 1981. Even though DOD knew it would be a complex undertaking, DOD assured Congress that it could be developed in less than 7 years. The first satellite was finally launched in 1994, 13 years after the program started and almost 7 years behind schedule.

Third, we must look at what is required technically to develop the advanced Milstar III satellite. The plan is to shrink the satellite so that it can be launched on a space booster smaller than the Titan IV, which would save a couple of hundred million dollars for each satellite. But to achieve this, DOD must shrink the weight of the entire satellite by more than a factor of two. It must reduce the weight of the communications payload by more than a factor of three. And it must reduce the total volume of the satellite by almost a factor of four to enable it to be launched on a medium-sized space booster. Defense Department officials do not believe that this can be done in 5 years, or even 8 years.

I would also point out to my friend from Arkansas that I am puzzled to find him on this side of the argument. Normally, the Senator from Arkansas is skeptical of claims from DOD and industry about how easily a new technology can be developed. I usually count on him to be our doubting Thomas, but I find he has deserted me.

The real choice is between sacrificing or postponing capabilities to support tactical forces, on the one hand, and saving money, on the other. To claim that we can save money in the near-term without sacrificing anything requires a major bet on high-risk technology development. Budget reductions may force DOD and Congress to sacrifice more capabilities in the years to come, and in this and other programs. In coming years, DOD may also find that its current assessment of the risk of accelerating the Milstar follow-on is in error.

Secretary Perry has informed the Armed Services Committee that the Department intends to continue to evaluate the potential to accelerate the follow-on. In a letter to the committee on May 4, 1994, Secretary Perry stated that:

> If it is possible to transition to an advanced satellite sooner, save more money, and continue providing essential military capability with acceptable risk—we will recommend such a program to Congress.

The Armed Services Committee Report includes a requirement for the Secretary of Defense to formally examine this question again. However, at this time, there is no basis for terminating the last two Milstar II satellites.

In summary, Mr. President, this amendment would cause DOD to attempt the rapid development of new technology, which would be very risky, and to delay an important capability for our tactical forces. This amendment was based on a cautious and caveated recommendation from only some members of an industry advisory group. The Secretary and Deputy Secretary of Defense rejected this recommendation as too risky. Now the Senate is being asked to endorse it. I think this would be very unwise. I urge my colleagues to reject this amendment.

I hope that, after careful consideration, we will vote down the amendment offered by the Senator from Arkansas.

The PRESIDING OFFICER. Who seeks recognition? The Senator from Arkansas [Mr. BUMPERS].

Mr. BUMPERS. Mr. President, outside of cutting the number of B-2 bombers we would buy from about 132 down to 20, I cannot remember in my 20 years in the Senate when we ever cut anything in defense. I am sure there have been a few little cuts and nicks here and there. But outside of the very dramatic cuts in the production of the B-2 bomber, I just cannot remember the Defense Department not getting precisely what they wanted.

I pleaded personally and in the subcommittee hearings with the Secretary of Defense, Bill Perry, to please accept either the Bottom-Up Review recommendation or accept the GAO recommendation on Milstar because if you do not kill the program, the U.S. Senate will never kill it.

If the Defense Department came over and said we really need 12 satellite instead of six, and instead of $30 billion we need $60 billion, we could not wait to jump on board. On a rare occasion, the Defense Department has said something is redundant or we do not need it.

The Senator from Nebraska—the senior Senator from Nebraska, who was elected Governor of his State the same year I was elected Governor of my State—and I became good friends back in the early 1970's when we shared those common problems that Governors share. But the former Governor of Nebraska said a moment ago that I had said I thought the risk was worth taking.

Not only do I feel that way, the General Accounting Office said, essentially, without saying it precisely that the risk is worth taking. But let me ask my colleagues, what is the risk at this moment? We have one lonely satellite, crippled, operating on a backup power system since May of this year. We have one up there now and will put another one up next year. What is our risk at this moment, and what is our risk going to be between now and the year 2000?

I will tell you what it is. It is greater than the 2-year risk under my amendment.

Why is it that the risk for the year 2001, 2002 is so great, and the Russians are going to launch the missiles, and we will not be able to communicate in those 2 years, and between now and the year 1999 we do not have an even greater risk of not being able to communicate? We can save a couple of billion dollars in the year 2001 and 2002, with the risk actually less than it is right now or for the next 5 years.

It is even better than that. If the first two satellites, called Milstar I, last 1 year or 2 years beyond their 7-year life expectancy, you have no risk.

The first one was launched this year, February 1994. The second one will be launched in May 1995. If those two satellites happen to make it to the year 2004 and 2005, there is no risk. But I must say, what a piece of logic to say that the risk is not worth taking when you have been under this risk for 40 years and will continue to be under the risk until the year 1999. That is a piece of logic that totally eludes me, Mr. President.

(Mr. ROBB assumed the chair.)

Mr. BUMPERS. Mr. President, I misspoke myself in my earlier statement when I said we had killed the superconducting super collider. We did not do it. The House did it. The super collider continued to get a nice majority vote in the Senate. It was the House, with a massive turnover of new Members who had promised their people they were going to cut spending and felt obligated to fulfill that promise. That is why the superconducting super collider was killed. That is why ASRM, the rocket motor, was killed. We did not do it. We passed it. We voted for it. It was the House that said enough is enough.

Over the weekend, Mr. President, there were two things that happened. One was a story on downsizing our forces. We have cut manpower. We seriously tinkered with the idea of not giving the armed services a raise in pay. As an old, ex-gyrene I can tell you those pay increases are important.

They talked about less leave time for people on ships in the Navy, less sailing time for our ships. We have a barebones budget, they said, and we are going to have to give up a lot.

Do you know who lost his job because he criticized this system? An Air Force

colonel. All the Air Force colonel was doing was saying the Air Force—not just him, but the generals in the Air Force—did not want the Milstar system. He did last until the water got hot. I am surprised the Pentagon did not try to take the eagle off his shoulders. They do not suffer those kinds of views gladly over at the Pentagon. The Secretary of Defense said, "I don't want to hear another peep out of you people. Do not say that publicly anymore."

Oh, there is a way of getting your way around here if you are in a position to get your way. If you are Secretary of Defense, you tell the Air Force not to mention killing Milstar again. We are going to build it.

But over the weekend there was a big story about all the things we are going to have to give up. The General Accounting Office came out with a study last Thursday that said the Defense Department has underestimated their costs by $150 billion over the next 5 years. And I invite my good friend, the manager and ranking member, to tell me where that $150 billion is coming from.

Here is a golden opportunity to pick up $2 billion of it. I have not heard one single peep out of the Pentagon or anybody on the Senate floor about the GAO report. Some people say the GAO is wrong. That is what we always say about people we disagree with—they are just wrong. And yet we spend hundreds of millions of dollars a year on the General Accounting Office to give us information like they have given us on this. And what did they say about this? They said kill the sucker. So what do we say? They are wrong.

I have never known the General Accouting Office to be right if a majority of the Senate said they were wrong.

I can remember last spring, in 1993, when we were grappling with how we were going to cut the deficit.

Les Aspin was Secretary of Defense. He came before our subcommittee. I said, "Mr. Secretary, I understand that you are going to be $20 billion short of reaching the goal of cuts the President has set out for you." He said, "Yes; that is true."

I talked to the President about it. "Where are you going to find this $20 billion?" He said, "Aspin says he can find it." So here is the Secretary in front of me. "Mr. Secretary, where are you going to find this $20 billion?" He listed two or three items. But he said, "We don't think this is going to be a problem. We can find that $20 billion, and we can go ahead and cut the deficit the way we have been planning to."

A year and 3 months later, the General Accounting Office comes out with a report that says it is not $20 billion; it is $150 billion. When I saw that, I thought my efforts to cut procurement of the D–5 missile, my efforts to torpedo something the General Accounting Office and the Bottom-Up Review both say ought to be torpedoed, were enhanced; surely, my chances are enhanced.

Surely there are other Senators who wonder where we are going to find the $150 billion GAO says we have to find within the next 5 years. Where better could we find it than a relic started in 1981 to enable us to communicate during a 6-month nuclear war with the Soviet Union? The Soviet Union does not exist, and if it did, and we had a nuclear war, there is not going to be anybody left to communicate with.

I am not opposed to an antijamming system, a system the Pentagon says they need. What I am opposed to is going all out to build a system that everybody that has a grain of sense about this thing says ought not to be built. We should advance Milstar III to the year 2003 and save ourselves a couple of billion dollars and take no risk.

We are not talking about capability. We are talking about outrageous redundancy. We have a communications system up there right now that has antijamming capability, admittedly not as great as it is supposed to. But over the years of the cold war, we developed a mentality we cannot let go: The Russians are still going to come up the Potomac River—even though they cannot feed their people, even though they are pleading with us to give them the money to dismantle their nuclear weapons—they are still going to come up the Potomac River and get us. That is the excuse for a $250 billion to $260 billion defense budget this year.

Last year, the U.S. Senate debated the President's so-called omnibus budget reconciliation bill. He said, "We are going to cut spending $250 billion, and we are going to raise taxes $250 billion," both about as popular as leprosy.

Everybody jumped under their desk and said: The President expects me to vote for a $250 billion tax increase. You say, well, it is only on the wealthiest 1.2 percent of the people in the country, and we have to do something major about the deficit. Here was a chance for the U.S. Senate to vote to cut $500 billion off the deficit over the next 5 years. The point was made then that in January of last year, 1993, the prediction was that the deficit of October 1, 1994, would be $305 billion. Senators stood up and said: We cannot continue this. Of course, the richest people in America do not want to pay more taxes. Of course, these people who get the Government largess of $250 billion do not want to give it up.

Cutting spending is almost as unpopular, Mr. President, as raising taxes. Senator after Senator on that side of the aisle stood up and said: You are going to create a depression; millions of people are going to be thrown out of work. And the deficit is going to soar, not be cut.

They were wrong, dead wrong. Today, we have a dynamic growth rate in our economy, a 6-percent unemployment rate. If they had not changed the method or calculating the rate, it would be 5.5 percent. Inflation is as low as it ever gets. More jobs were created in the last 15 months than in the preceding 4 years all combined. And listen to this: The deficit now, instead of $305 billion on September 30, is estimated to be $200 billion, $105 billion less. Never has the Senate stood taller than it did when it approved the budget reconciliation bill, though the Vice President had to vote to break a tie. There were 50 brave souls here who were willing to go home and tell people, "Yes, I voted for the budget bill because this country is going down the tube if we do not do something about the deficit."

So why are not those people who were predicting the apocalypse, why is not all of America, dancing in the streets? When Ronald Reagan was President, there was a story about the deficit on the front page of every paper in America every week. Today we have the sharpest drop in the deficit by far in the history of the world, and what do you talk about? You talk about Whitewater. Why are people not allowed to dance in the streets and enjoy the fruits of a dynamic economy and a deficit going down like a rock in an unprecedented way?

Now, everybody is looking at health care. That is a terrible idea, they say. Even though you spent $200 billion on health care for the elderly, we have 11 million children in this country, the most vulnerable of all, on which we do not spend a penny. No; you cannot provide them health care. It costs too much.

Let us talk about health care. Let us talk about Whitewater. Do not give the people a chance to relish something good that has happened in this Nation.

I can remember when "60 Minutes" had it all to themselves on Sunday night. They were the only news magazine on the air. Now there are about nine copycats. You can turn on almost any network two or three times a week, and you can get a news magazine program telling some kind of a terrible story that makes you sit on the edge of your seat. God knows, there is enough wrong in this country and there are enough problems in crime to keep you on the edge of your seat.

Then in addition to all those news magazines, you have Oprah, Donahue, Rivera, Sally Jessy Raphael, Robertson, Falwell, and Limbaugh. How in the world can the people ever get a breath? How can they ever go to bed at night without thinking about all that they have been told during the day about how this country is going you know where?

All I am asking the Senate to do is—not what I believe, not follow my advice—but what the General Accounting Office said we ought to be doing. More than that, Mr. President, I made the

point earlier that the four consulting firms and corporations in this country that know more about satellite communications than anyone else in the world said do not do what the GAO said, do not just reduce the program, but torpedo the whole thing now and save $3.5 billion.

I took the less draconian of the two measures, following the General Accounting Office recommendation because they have such great credibility. I say to my colleagues that they lose nothing.

All they have done is save the poor taxpayers of this country about $2 billion, and they do not risk anything. Drop that cold war rhetoric for just a minute and do something sane, reasonable, rational, and fiscally sound.

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

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. BUMPERS. Mr. President, I also wish to ask unanimous consent that this vote occur immediately after final passage tomorrow morning, I believe, of the HHS appropriations bill.

Mr. STEVENS. Mr. President, reserving the right to object, I shall have to object at the present time. I have to confer with my friend on scheduling that. I will do that tomorrow morning.

Mr. BUMPERS. Mr. President, I will confer with the Senator on that.

Mr. STEVENS. I would like to confer with the leadership of the Senate.

Mr. BUMPERS. Mr. President, I would just like to state my cosponsors are Senators CONRAD, LEAHY, FEINGOLD, KOHL, SIMON, and WELLSTONE.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. INOUYE. 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. INOUYE. Mr. President, I have five amendments and I will send them to the desk one at a time. All of these amendments have been studied by the managers of the bill and we have no objections to the passage of these amendments.

AMENDMENT NO. 2482 TO EXCEPTED COMMITTEE AMENDMENT BEGINNING ON PAGE 141, LINE 22

(Purpose: To require a study on the receipt of food stamps by members of the Armed Forces)

Mr. INOUYE. Mr. President, I send to the desk an amendment on behalf of Senator BOXER, Senator STEVENS, and Senator INOUYE and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the pending amendments are set aside in order to consider the five amendments to be proposed by the Senator from Hawaii.

The clerk will report the first amendment.

The assistant legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mrs. BOXER, for herself, Mr. STEVENS, and Mr. INOUYE, proposes an amendment numbered 2482 to excepted committee amendment beginning on page 141, line 22.

Mr. INOUYE. 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 142, between lines 7 and 8, insert the following:

SEC. 8121. (a) STUDY.—The Secretary of Defense shall conduct a study of the receipt of benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) by the members of the Armed Forces. The study shall include the following elements:

(1) The number of members of the Armed Forces who are eligible to receive benefits under that Act.

(2) The number of such members who receive benefits under that Act.

(3) The location by State and region of the members referred to in paragraphs (1) and (2).

(4) An estimate of the cost of raising the rate of basic pay of members of the Armed Forces to a rate at which such members would no longer be eligible to receive benefits under that Act.

(b) REPORT.—The Secretary shall submit to Congress a report on the study required under subsection (b) not later than 180 days after the date of the enactment of this Act.

Mrs. BOXER. Mr. President, this amendment requires the Secretary of Defense to conduct a study on the subject of food stamp use in the military. This study will give the American people and Members of Congress the information they need to make important decisions about the pay rates of Armed Forces personnel.

In the past year, a number of highly respected publications, from the New York Times to Congressional Quarterly, have reported that 17,000 members of the Armed Forces currently receive food stamps. This troubling statistic is based on a draft 1992 study conducted jointly by the Department of Defense and the Department of Agriculture.

That study concluded that military pay is adequate, despite the number of Armed Forces personnel receiving food stamps. It found that most service members receiving food stamps would not be eligible if their earnings were more accurately calculated. I find this conclusion troubling. However, it must be recognized that this study was not approved through the DOD chain of command, and therefore, its conclusion cannot be considered an official Departmental view.

No one joins the Armed Forces to get rich. But I believe that the men and women who volunteer to serve—men and women who are willing to give their lives to defend our nation—ought to earn enough to feed their families.

Mr. President, military life is hard. The stresses caused by family separation and career instability are extreme. Adding tremendous financial pressure can overwhelm even the most loving family. It is not hard to imagine how morale could be negatively impacted by family strain. And when morale begins to degrade, readiness may follow suit.

This amendment requires the Secretary of Defense to study this issue and report to Congress within 6 months. Receiving this report in a timely manner will allow Congress to make appropriate adjustments—if any—to military pay rates in the fiscal year 1996 DOD authorization and appropriations bills.

I am grateful to the chairman for accepting this amendment and I look forward to working with him to ensure quality of life for our Nation's military personnel.

Mr. INOUYE. Mr. President, as I indicated, this amendment is agreed to by the managers of the bill.

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

The amendment (No. 2482) was agreed to.

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

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

Mr. LEAHY. 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. LEAHY. Mr. President, I ask unanimous consent to proceed for 7 minutes as in morning business.

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

The Senator is recognized for up to 7 minutes as if in morning business.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. LEAHY. I thank the Chair.

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

UNANIMOUS-CONSENT AGREEMENT

Mr. LEAHY. Mr. President, under the authority granted to the majority leader and following consultation with the Republican leader, I now ask unanimous consent the Senate proceed to the conference report accompanying H.R. 4426, the foreign operations appropriations bill.

Mr. STEVENS. Reserving the right to object, we have one Senator who wishes to speak on the defense bill prior to going on this. Could we reserve

the opportunity for Senator THURMOND to speak before we take this up?

Mr. LEAHY. Mr. President, I change my unanimous consent request to have H.R. 4426 come up after the Senator from South Carolina has been recognized for not to exceed 5 minutes, and then when it comes up, the floor would revert to me.

Mr. STEVENS. No objection. I thank the Senator for his graciousness.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from South Carolina is recognized for 5 minutes.

Mr. THURMOND. Mr. President, I oppose this amendment to terminate Milstar. The Senator from Arkansas has brought this issue forward once again, and once again all the commanders, all the Joint Chiefs, all the senior people in DOD disagree with him. We have to have secure, survivable, antijam communications. Anyone who thinks we can live with 1970's-era satellite communications is living in the wrong age. Anyone will be able to shut us off, jam us out. DOD didn't design a system that costs billions just for fun; they did this because today, North Korea or Iraq could jam our most critical battlefield communications. We need to fix this.

The Senator thinks he has a cheaper way to do this with an advanced EHF satellite. May be he is right. He is right that advanced EHF will be cheaper—but not in the year 2000. Not in the year 2003. Mr. President, advanced EHF will not even be available until 2006. The Senator from Arkansas wants to rush this technology. He wants us to take the risk that, in 6 years, DOD can reduce the payload weight from 4,400 pounds to 1,500 pounds—a 66-percent cut. Mr. President, that would be a problem with an ordinary communication satellite, which is just a transponder, like a mirror in the sky for radio waves. Maybe the Air Force could reduce the weight of such a satellite by 66 percent; it has never been done before, but just maybe it could be done. There would be a lot of risk, and probably cost overruns, but maybe it could be done—but only for an ordinary communications satellite. Mr. President, the DOD satellite is much, much different. Instead of a simple transponder, the EHF follow-on has to have a whole computer-operated switchboard in the sky. It has to do a huge amount of computing for on-board routing and antijamming protection. It has to control a large number of separate beams, and it has to calculate just where to point them at all times. No satellite has ever tried to do this much computing on board. This would be a questionable program that tries to do things with electronics that have never been done before. The Senator from Arkansas wants the Air Force to design a totally new kind of communication satellite, and he wants them to start right now. Mr. President, some Members of this body call for fly-before-buy. Well, this is buy-before-fly. In fact, it is more than buy-before-fly: it is buy-before-design.

Mr. President, I wish to speak now about risk, the risk of failure and the risk of cost overruns. We know that if a program involves a great deal of risk, there is a chance of cost overruns. That was the case on the B-1B defensive avionics, for instance. That also was a program that tried to do things with electronics that had never been done before. Mr. President, it did not work: It cost us billions and it did not work—all because of risk. We went too fast with the B-1B defensive electronics, and now the Senator from Arkansas wants us to go too fast on the EHF follow-on. He wants the Air Force to start a program that has to achieve weight reductions of 66 percent and has to do it 3 years faster than planned. Mr. President, that means risk, and risk means overruns. The most credible study ever done shows that the cost risk is liable to be 200 percent. There is over $6 billion yet to go on Milstar; we cannot risk a 200-percent overrun.

BUMPERS MILSTAR AMENDMENT

Mr. CONRAD. Mr. President, I want to speak today as a cosponsor and strong supporter of Senator BUMPERS' amendment to cut back the Milstar Satellite Program. This amendment will result in billions of dollars in savings over the next 5 years, without endangering our military capabilities. In fact, the amendment will actually speed up the deployment of a more capable and less expensive successor to Milstar.

The Milstar satellite is a $30 billion program that was intended for a different world. It is a dinosaur of the cold war—big, slow, and cumbersome. Milstar is designed to survive a 6-month nuclear war, but it is packed so full of protective equipment that it cannot deliver enough of the tactical, conventional support that is needed now that the cold war is over.

Many military experts, both inside and outside of the Pentagon, have determined Milstar should be terminated in favor of a cheaper and more capable system. The GAO, Rand, and others have raised serious questions about the program. However, this amendment does not terminate Milstar. Instead, it would reduce the number of Milstar satellites from six to four while at the same time speeding up the development of a follow-on system. This approach will provide our military with secure communications and improve our capabilities, while at the same time saving an estimated $1.4 to $2.1 billion over the next 5 years.

Mr. President, Milstar was a secret program until very recently, so many people may not be familiar with it. However, with over $20 billion still to be spent, we cannot allow this project to continue unnoticed.

There is another aspect to the Milstar Program that I would ask my colleagues to consider. It is tremendously expensive and risky just to get a Milstar satellite into space. Milstar is so heavy that it can only be launched by our most powerful rocket, the $400 million Titan IV-Centaur. The Titan IV is by far our most expensive and least reliable launch vehicle. Titan launches are frequently delayed for months or years because of problems, and, just last year, a Titan IV exploded soon after launch. Can you imagine what the reaction will be if a Titan exploded with a billion dollar Milstar aboard? Mr. President, I do not want to experience that, and I am sure my colleagues do not want to either.

To add even more expense to the Milstar Program, I am informed that the cost of the Titan is projected to increase dramatically by the end of a decade. A follow-on system to Milstar would be lighter and could be launched on cheaper and more reliable rockets.

For all this tremendous expenditure, Milstar satellites are still only projected to last for about 7 years each. Thus, whether we build four or six satellites, we will have to replace them with a new system. I think we should make this replacement sooner, rather than later. We can do this if we cut the last two Milstar satellites.

Mr. President, there has been a great deal of debate recently about budget pressures and their impact upon our military capabilities. We are straining to maintain a strong, capable military within very tight spending constraints. There is no better way to prudently reduce some of these budget pressures than by reducing the Milstar Program. The Bumpers amendment will ensure a capable military while saving billions of dollars. I urge my colleagues to support this amendment.

Mrs. FEINSTEIN. Mr. President, I rise today in support of the Milstar program and in opposition to the Bumpers amendment.

As many of my colleagues know, Milstar is a military satellite communications system designed to provide secure, jamresistent communications to U.S. troops anywhere in the world, in any type of conflict. Unique attributes of Milstar include:

Capabilities that are virtually immune to enemy jamming;

Direct communications with a low probability of interception or detection, which is extremely important for special operations forces;

Small receiving terminals which can deploy and move simultaneously with frontline forces, so our troops on the ground can always communicate with commanders around the world;

Virtually worldwide coverage that does not depend on vulnerable ground stations for communication links; and

Joint-service use by the Army, Navy, Air Force, and Marines, which is becoming more and more important in the post-cold-war world.

These capabilities of Milstar are so important to our military that the program is strongly supported by the President and on-down the chain-of-command, including Defense Secretary William Perry, the Joint Chiefs of Staff, and our regional commanders in chief.

The importance of Milstar was recently reaffirmed in a conversation I had with Admiral Chiles, head of U.S. Strategic Command. He said that the U.S. military needs Milstar; the program is vital to U.S. national security and will provide vital communications needs for the Army, Navy, Air Force, and Marines.

Far from being a relic of the cold war, the Milstar program has been redesigned to meet the critical military needs of the post-cold war world. Originally designed to survive a protracted strategic nuclear war with the Soviet Union, Milstar has been reconfigured to meet the tactical and conventional threats of today and tomorrow. As a result of Congressionally mandated redesigns, the Defense Department has reduced Milstar costs by more than $15 billion since 1991.

Let me quote Defense Secretary William Perry:

> Some people consider Milstar a cold war relic. We have totally, beginning already with the Bush administration and continuing under this administration, completely reconfigured that system so that many of the factors which made it so expensive—which is the ability to withstand nuclear blasts and so on—those features no longer exist in Milstar. What does exist in Milstar is the ability to connect our tactical units worldwide with high quality, high resolution, digital data, so they can pass demands back and forth, they can pass targeting data, they can pass intelligence information, and it does it in such a way which is highly resistant to interference, such as jamming.

Milstar will be used in many tactical environments. The whole point of producing the 1,200 remote, highly mobile Milstar terminals is so our troops in the field can communicate directly with other forces and commanders anywhere in the world—quickly, directly, and effectively.

Under a conventional war scenario that the Department of Defense ran in the Middle East—a scenario similar to the Persian Gulf war—more than 70 percent of all tactical military communications would use Milstar satellites. So, this is not a relic of the cold war and does indeed have important uses in today's world.

While most people agree that secure, antijam, worldwide communications are vital, there is some disagreement about how to achieve this goal, hence the Bumpers amendment to terminate satellites five and six.

But this complex issue has already been reviewed and carefully studied by our military experts. In addition, the Defense Department's Bottom-Up Review carefully studied the issue of military communications satellites, with the "focus * * * on identifying and evaluating lower-cost alternatives to Milstar."

As the Bottom-Up Review found, the current Milstar Program achieves the "needed military communications capability in the near term while potentially reducing the long-term costs associated with sustaining this capability."

Could Milstar be terminated or replaced with something else and reduce costs while maintaining capabilities? The answer is no. The Bottom-Up Review studied all options and concluded that six Milstar satellites should be built, then transition to a lower-cost, lower-weight advanced EHF [extremely high frequency] satellite that would be ready for launch in the year 2006. This new follow-on satellite is so complex to build that it will take years for the technology to mature. A lower cost Milstar simply does not exist now.

If the Milstar Program is terminated now, or even if only the fifth and sixth satellites are terminated, an unacceptable gap in capabilities will exist. The risk associated with trying to develop and deploy the Advanced EHF satellite before 2006 are extremely high, and any cost savings may not materialize. In fact, the Air Force estimates that trying to accelerate the Advanced EHF satellite system will cost $1.39 billion, $120 million more than the $1.27 billion savings estimated from canceling Milstar satellites five and six.

In addition, cancellation of this program would result in the loss of 8,000 direct jobs nationwide. More than half of these job losses would come from California—a State that has already been adversely affected by defense downsizing with the loss of 250,000 defense-related jobs in just the last few years. These jobs represent the defense industrial base that will be counted on to develop and build the follow-on advanced EHF satellite that is currently planned to replace Milstar.

According to Secretary Perry and the Joint Chiefs of Staff—who have already reviewed the program and made substantial cost reductions—the treat to national security by terminating the Milstar Program would be too high. Milstar is an important program that will serve our military communications needs into the next century.

I strongly support the administration's request for Milstar and urge the Senate to defeat this amendment.

I ask unanimous consent that a letter from Secretary Perry to Chairman INOUYE discussing this issue be printed in the RECORD

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

THE SECRETARY OF DEFENSE,
Washington, DC, August 3, 1994.

Hon. DANIEL K. INOUYE,
Chairman, Subcommittee on Defense, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: In anticipation of possible amendments to the FY 1995 Appropriations Bill, we are providing the following information on the Milstar program.

The Department of Defense opposes any potential amendments that would terminate Milstar II satellites #5 and #6. Milstar is a critically important program that supports the combat potential of current and future military forces. Milstar provides command and control and information transfer capabilities essential to a smaller fighting force.

The Milstar system is planned to provide operational forces—especially highly mobile tactical units—secure, survivable, flexible communications on a worldwide basis. The system operates in a previously unused portion of the radio spectrum—Extremely High Frequency (EHF). This attribute plus other features, like advanced signal processing and crosslinks, provide unique mission capabilities. Milstar supports fundamental requirements to provide integrated connectivity for theater and tactical elements through a modernized, jam-resistant communications network. Milstar is designed to satisfy requirements essential to the military needs of a CONUS-based, power-projection force.

Our current investment strategy—two Milstar I satellites, four Milstar II satellites, followed by a transition to an advanced EHF satellite not later than FY 2006—was selected because it best met military requirements and represented the best means of providing essential capability while reducing overall program cost. All other options were higher risk and deferred providing essential operational capability.

Transition to an advanced EHF system is an integral part of our investment strategy. However, its development represents a technical challenge. During the Bottom Up Review, the Technical Support Group identified the lack of maturity in packaging microwave and digital electronics as a risk area in downsizing the satellite payload so it could be launched on a medium launch vehicle (MLV).

Our FY 1995 budget includes a request for $22.1 million to begin a focused technology effort to ensure technologies mature sufficiently to allow transition to a smaller payload. We need this investment to make an informed decision on the risks and timing of a transition to this new concept. We will continue to search for the best approaches to an advanced EHF system. When we are able to transition to a follow-on system with acceptable risk, we will present that proposal to Congress. The Department is committed to fielding cost-effective, affordable protected communications capabilities.

The Joint Chiefs of Staff have assured me they firmly support the requirements for assured, protected communications. To cancel Milstar II satellites #5 and #6 would save money only by deferring necessary capability and accepting additional risk to our defense posture for the next decade—risk which could erode deterrence or translate into increased loss of life in a potential future conflict.

The Department strongly recommends that the Milstar II satellites #5 and #6 not be terminated. A four satellite constellation is a fundamental element in the Department of Defense mix of military and commercial satellite communications.

Sincerely,

WILLIAM J. PERRY.

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS ACT, 1995—CONFERENCE REPORT

Mr. LEAHY. Mr. President, I submit a report of the committee of conference on H.R. 4426 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The assistant legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4426) making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1995, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

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

(The conference report is printed in the House proceedings of the RECORD of August 1, 1994.)

The PRESIDING OFFICER. Under the previous order, the Senator from Vermont is recognized for up to 15 minutes.

Mr. LEAHY. Mr. President, I am pleased to present the conference report on H.R. 4426, the foreign operations, export financing, and related programs appropriations bill for fiscal year 1995.

The Senate-House conference on this legislation finished at about 3 a.m. on Friday, July 29. It was about 1 a.m. when we took up the $50 million in emergency supplemental relief for Rwandan refugees, and 2 a.m. when we finally got to the Jordan debt issues.

One month ago, the Senate passed the foreign operations bill by a vote of 84 to 9. The conference report passed the House last week 341-85, the largest majority for a foreign aid conference report in recent history. Except for the Jordan and Rwanda supplementals, the funding levels in the conference report are very close to those in the bill we passed. In fact, although this is an appropriations bill, the funding issues in conference were relatively few. Most of the controversial issues involved legislation, which in many instances had little or nothing to do with this bill.

This bill is a reduction of $664 million below the fiscal year 1994 foreign aid appropriation, and $340 million below the President's request for fiscal year 1995. It continues a trend which began 3 years ago of declining foreign aid budgets. I do not believe that foreign aid should be exempted from the budget cuts everyone else is having to make. At the same time, there should be no mistake—if this trend continues we risk serious harm to our Nation's national interests.

We simply cannot continue to pursue United States interests in promoting free markets and democracy especially in the former Soviet Union, supporting peace in the Middle East, stabilizing population growth, protecting the environment and combating global health epidemics like AIDS—all the things that are funded in this bill, and at the same time continue to cut funding for these programs.

We will continue to see catastrophes like Rwanda, or Somalia, if we do not do our part to support sustainable development in these countries that is the best prevention for such disasters.

Foreign aid is often accused of being a giveaway that we cannot afford. I could not disagree more. Our foreign aid program, which amounts to less than 1 percent of the Federal budget, pays for itself many times over, both in generating exports for American businesses and solving problems that threaten our national security. It also reflects the generosity of the American people to help people in need.

This bill contains $50 million in emergency supplemental funds for refugee and disaster assistance for Rwanda. We received the President's request for these funds late on the night of conference, and the conferees passed it within a few hours. The urgency of this request was obvious to everyone. Without these funds, the Rwanda crisis alone would deplete our annual emergency refugee assistance fund for the entire world.

There has been the suggestion that this supplemental was unnecessary, that there were adequate funds in the bill already to finance American relief operations in Rwanda.

If that were true, we would have done so. As it is, this bill, not counting the emergency supplemental for Rwanda, contains $802 million in bilateral assistance to sub-Saharan Africa. That is about $1 per person, for the poorest region in the world. It is also about the same amount that we have provided to Africa in each of the past 4 years, despite the highest population growth rates in the world, a devastating AIDS epidemic, and significant new demands in South Africa. The President plans to provide about $125 million in fiscal year 1995 grant funds to South Africa, almost half of which was not included in the budget request. So it must be taken from other needy African countries.

I would also point out that, while the funds in this bill for Africa are to support long-term development programs, the Rwanda supplemental is for fast-disbursing emergency relief. These supplemental funds will be used to prevent depletion of the $50 million emergency refugee and migration account. That account is all we have to meet refugee emergencies throughout the world.

Perhaps those who have objected to this supplemental would propose to shift some of our contribution to the International Development Association, which provides low-interest loans to support economic development in the poorest countries. A majority of IDA funds go to sub-Saharan Africa.

The United States is already $310 million in arrears in our payments to IDA, payments that were pledged by the Bush administration. This bill cuts another $15 million from our pledge, even though every $1 we contribute to IDA generates $5 in business for American companies who bid on IDA-financed contracts. When this bill was debated here 2 weeks ago, an amendment to cut funding for IDA was defeated 59 to 38.

Mr. President, there was agreement among the conferees that our highest priority is to fund, as close to the President's request as possible, the assistance program for the New Independent States of the former Soviet Union. There is no greater challenge than assisting Russia and the other NIS countries during this difficult transition to democracy and free markets. This bill provided $850 million for the NIS, and recommends that, of this amount, $150 million should be made available for Ukraine, $75 million for Armenia, and $50 million for Georgia. This is considerably more than the administration requested for these countries.

The House made no mention of Ukraine, Armenia, or Georgia. I believe strongly that we should support these countries, but to write a blank check. Some have complained that we are giving too much to Russia and that we should have earmarked funds for these other countries. I disagree.

Russia is the largest recipient of NIS aid for several good reasons. First, it has a larger population than all of the other NIS countries put together.

Second, Russia possesses the overwhelming majority of nuclear weapons in the NIS.

Third, Russia plays a leadership role in the NIS and where it leads, others are likely to follow.

And fourth, the Russian Government, in contrast to some of the other NIS countries, is pursuing ambitious programs of market economic reform and democratization that provide fertile ground for effective use of United States aid.

Equally important, but rarely mentioned, is that on a per capita basis we have given seven times as much aid to Armenia than Russia, and over twice as much to Georgia than Russia. Ukraine is not far behind, yet that country has yet to demonstrate a commitment to market reform. It is not in the U.S. interest to give large amounts of aid to governments that are clinging to communism. If Russia flags in its reform efforts, I would expect to see our aid to Russia decline. If the new Ukrainian Government makes a break from its predecessor and begins to implement real economic reforms, I will

be the first to urge the President to support those reforms vigorously.

Finally, I would add that the final resolution of each of these funding issues in the conference was made only after consultation and agreement between the Senate Republican and Democratic conferees.

I was pleased that the conferees recommended up to $30 million for programs to combat organized crime in the NIS which has direct consequences for the United States. This was an amendment offered by Senator D'AMATO, Senator MCCONNELL, and myself, and will involve the FBI and other U.S. law enforcement agencies. The Senate had recommended up to $15 million for the FBI.

The conferees also recommended that $15 million should be made available for family planning programs in the NIS. This was Senator HATFIELD's amendment and would be used to reduce the rate of abortion in the NIS, where women have on average six to eight abortions in their lifetimes.

I was pleased that the conferees provided $42 million above the President's request for development assistance. This will help AID fund activities like child survival and other humanitarian programs, which have been priorities of the Congress for many years. Last year, many of these programs were cut deeply, and these additional funds are intended to enable AID to fund them at higher levels in 1995. In order to give AID the flexibility to respond to changing circumstances, and in recognition of the many demands on a limited budget, the conferees did not earmark these and other development assistance programs. However, we fully expect AID to consult with the Appropriations Committees in advance of any decision not to fund these programs at the recommended levels.

Mr. President, we were all moved by the speeches of Prime Minister Rabin and King Hussein at last week's joint session of Congress. The declaration ending the state of war between Jordan and Israel is dramatic proof of the momentum for peace in the Middle East. Peace in that dangerous region will not come easily, and this bill strongly supports the Middle East peace process in several ways. It contains the traditional earmarks for Israel and Egypt. It also contains $99 million in supplemental funds to forgive a portion of Jordan's debt to the Agency for International Development.

I talked with King Hussein, Prime Minister Rabin, and President Clinton. I know all three of them agree on this. After listening to them, I agree with them, too, but it is only a portion of the entire debt owed, and the joint statement of managers says that great importance will be given, as we look at future requests for debt relief, to the progress of peace in the Middle East.

The conferees require that the authority to forgive Jordan's debt may be exercised only in amounts that are appropriated in advance. And the bill recommends $20 million for programs to help create jobs in the West Bank and Gaza, where unemployment is rampant. The Palestinians need to see that peace with Israel will quickly lead to improvements in their standard of living.

We also have close to $1 billion for export promotion programs, something I have worked on for well over a decade because I have seen it create thousands of jobs in the United States.

Many people made invaluable contributions to getting this conference report to this point. I want to thank the distinguished full committee chairman, the President pro tempore, for his leadership and support during this process. I also want to thank the chairman and ranking member of the Budget Committee, Senator SASSER and Senator DOMENICI, for their advice and support for handling some difficult problems.

I want to thank the ranking member of the subcommittee, Senator MCCONNELL, who has been a strong advocate of an effective foreign assistance program. His role in this conference report was particularly important in the recommendations concerning funding for the NIS, which has been a special concern of his. We may disagree on the need for earmarks, but we share the same goals.

On a personal note, for a number of years in my capacity, first as vice chairman of the Senate Intelligence Committee and then as a member of the Appropriations Committee and then as chairman of this subcommittee, I was helped and aided by Eric Newsom, a long-time staff member of the Senate and now a senior official with the State Department. His position was filled when he left by Bill Witting, formerly the Consul General of the United States in Calgary, Canada. Bill has been absolutely essential in bringing this legislation here. He came in shortly before it started and learned very quickly in—I was going to say 24-hour days—I think they were 30-hour days, as we tried to piece together all the conflicting demands that go into such a bill.

But I think that he would agree with me that it would have been impossible had it not been for the assistance, first, of Tim Rieser, a lawyer who has been associated with this legislation for years, a man who has done so much for refugee assistance, landmine legislation, Third World issues, and has learned the intricacies of the foreign aid bill, budget dollars, programs in a way that I have not seen matched by anybody else in my experience here. Tim's work was also essential.

Aiding them was a man who I think has probably not gone to bed before midnight for the last 4 months, Fred Kenney, a Vermonter who came here and who has somehow managed to keep track of every single piece of this bill, know exactly where they were, and has helped us all the way through.

I mention these three because without them, there is no way this bill could have been finished in the record time that it has, no way we could have handled the complexity, nor could we have taken care of the two emergency situations, one because of the late developments in the Middle East and the other because of the crisis in Rwanda.

We were also very fortunate to have Neil McGaraghan and Elizabeth Murtha assisting the subcommittee this year.

I also want to thank the minority clerk, Jim Bond, who has been with the Appropriations Committee for 22 years. Jim's reputation as a stalwart defender of the committee, and of the foreign assistance program, benefits us all. Juanita Rilling, also of the minority staff, and Senator MCCONNELL'S staff member Robin Cleveland, put a great deal of effort into shaping the bill. They were also ably assisted by Michele Hasenstaub.

I want to thank the representatives of the administration who participated throughout this process. Their contributions were also invaluable. They helped us to avoid many mistakes or misjudgments, and gave us countless pieces of advice. We appreciated all of it, even if we did not always take it.

I want to give special thanks to Wendy Sherman, for her superb work as Assistant Secretary of State for Legislative Affairs. Both President Clinton and Secretary Christopher were extremely well-served by Assistant Secretary Sherman.

AID Administrator Brian Atwood's hand in this process was also constantly felt. Mr. Atwood has distinguished himself by bringing a new sense of mission and dedication to AID. AID has made real progress in refocusing its mission on sustainable economic development, and Brian Atwood deserves credit for that.

Bob Lester and Carol Schwab, counsels from AID and the State Department, again very generously provided their legal expertise and indispensable historical memory. These two lawyers were there from the beginning to the bitter end, day and night, to ensure that what we did was properly written and safe from legal challenge.

I also want to thank Will Davis, of the Bureau of Legislative Affairs at State, Marianne O'Sullivan, of the AID Bureau of Legislative Affairs, George Tyler and Robert Baker of Treasury, Michael Friend of the Defense Security Assistance Agency and many others who helped get this bill done in record time. I cannot recall a year when we passed the foreign operations bill before the August recess.

Our conference went into the wee hours of the morning last Friday. I

want to compliment Chairman OBEY, who was suffering from pneumonia that day, and the ranking member, Mr. LIVINGSTON, on the House side, and their colleagues, for pushing through and finishing the conference despite many obstacles. There were several times when I had my doubts that we would finish.

In the end, we produced what I believe is a bill we can be proud of, with funding for the NIS, the Middle East, Rwandan refugees, and so many of the other humanitarian programs that the American people support.

Mr. MCCONNELL. Mr. President, I rise today with very mixed feelings about supporting this conference report. Although I will vote for final passage, I think my colleagues may be interested in the circumstances leading up to a decision by all the Republicans on the subcommittee not to sign the conference report.

During July, when the subcommittee and full committee considered the bill, there were press reports that the administration would offer Jordan debt relief and military assistance in return for signing an agreement with Israel. Although I asked for information on any aid commitment, the administration could not or would not offer any.

On Wednesday, July 27, Dennis Ross briefed the Congress on the terms of the Israeli-Jordanian agreement and suggested the outlines of an aid package. Thursday morning, July 28, language was suggested by the administration for inclusion in the foreign operations bill. We received letters from both the Secretary of State and the President supporting whatever action the conference committee might take, but we never actually received an official administration budget request. Apparently, while the administration supported peace, it was not at the price of appearing to break spending caps.

Frankly, leaving the actual action up to Congress falls just this side of cowardice as far as this Senator is concerned. It is my view that the administration did not want to be held politically accountable for breaking the caps to supply foreign aid. They said it was essential to securing peace yet did not want to pay a domestic political price.

So on Thursday afternoon the conference began with Presidential encouragement but virtually no actual budget request, no formal consultation, and no debate in the Senate or House on the merits of providing Jordan with debt relief or military aid.

Many of my colleagues had legitimate concerns and serious questions about how and what the administration was planning. With repeated allegations that Jordan has violated the U.N. sanctions against Iraq, many wondered why we would provide military equipment which might be transferred to Baghdad. Others pointed out that there is no actual peace agreement in place with Israel. I was repeatedly asked does Jordan expect to be compensated for every step it takes along the road to peace? Are we engaged in a pay-as-you-go plan? What kind of open-ended commitment of U.S. resources have been made without a peace agreement?

As questions emerged during the day on Jordan, the members of the conference were presented with a second unannounced request. Late in the evening, my recollection is around 11 p.m. we were handed a piece of paper requesting $50 million in emergency refugee and disaster aid for Rwanda.

Given the conditions in Rwanda, the conferees were put in the position of supporting the funding or being accused of thwarting vital relief efforts. Unfortunately, given the lack of consultation and information at the late hour, the conferees could not establish if there was some way to fund the request without resorting to an emergency designation, thereby once again, breaking budget ceilings.

Mr. President, members of the subcommittee take the consultation process seriously and I think it is unfortunate that on two matters of significant national interest, the administration basically blind-sided the Congress. To express our collective and strong opposition to this sloppy, inappropriate and irresponsible approach to consultation and funding requests, no Republican signed the conference report.

In addition to objections about the administration's failure to adequately consult on these important matters, I want to draw my colleagues attention to a number of concerns I have about specific provisions in the bill. First, my colleagues should understand that on every major, controversial issue including many on which we held recorded votes, the Senate did not prevail in conference.

Let me begin with the Senate's 89-8 vote on Russian troop withdrawal from the Baltics. It was clear that our vote produced an immediate breakthrough on the stalled negotiations between Estonia and Russia. Nonetheless, the administration working closely with the majority, on a party line vote, managed to have the provision stripped. Apparently, it was offensive to the Russians.

Similarly, binding earmarks for Armenian and Ukraine were diluted in spite of widespread bipartisan support in the Senate.

The Senate voted 100-0 to fund FBI and local police investigative training programs out of the belief that narcotics trafficking, counterfeiting, and prospects of nuclear terrorism in the NIS posed a direct threat here at home. In conference the provision was watered down.

The Senate's strong support of an amendment permitting the Administration to provide assistance to Poland, Hungary, and the Czech Republic to move them along the road to NATO admission was stripped from the bill. Keep in mind this authority was permissive, not mandatory, and it was still removed from the bill.

At every turn, on every continent, and most every issue the administration and the majority diluted or defeated language which the Senate had supported.

On a number of these, in particular the funding levels for Armenia and Ukraine, I intend to make sure the administration follows through and observes congressional intent. Let me note that since conference, many members, including the Republican leader, have expressed reservations on the bill language on Armenia. I want to clarify that a majority of the conferees view the $75 million made available for Armenia as a floor—not a ceiling. With Armenian President Ter-Petrossian due to arrive this week, I think he should hear directly from Congress, if not the administration, that we intend for Armenia to be eligible for and receive at least as much aid in fiscal year 1995 as this past year.

A majority of the Senate conferees also agree that the funding could and should be drawn from the NIS account in the foreign operations bill. As we proceed with notifications on the obligation of fiscal year 1995 funds, I plan to make sure this commitment is upheld.

Mr. President, I am similarly committed to seeing adequate funding for Ukraine. Last year, the administration strongly opposed an earmark of $300 million for Ukraine out of the $2.5 billion package and then turned around and announced that amount during President Kravchuk's visit. Unfortunately, policy by press release has been just that—all talk and no action. In 1992, 1993, and 1994, Ukraine has actually only been provided with a little over $40 million compared with Russia's balance of $1.6 billion. If we were going to make a positive contribution to economic and political reform in Ukraine, we must step up our commitment.

Mr. President, in spite of these concerns, I feel obligated to vote for the final conference report. The bill does have a number of very important funding provisions including our support for the Camp David countries, the overall level of aid to the NIS, and strong promotion for our export agencies.

It was not an easy process to complete action on this bill this year, but I think we have done the best we could given conflicting priorities as well as limited resources and limited flexibility in conference on the issue of earmarking.

Having said that, I want to extend my appreciation to the chairman—I have enjoyed working with him this year—to the majority staff, Tim

Rieser, Bill Witting, and Fred Kenney, and particularly on our side, Juanita Rilling, Jim Bond, who is really a veteran of this process on our side, and my long-time foreign policy advisor, Robin Cleveland, who always does a spectacular job.

Let me say in conclusion, Mr. President, that some of this is going to have to change. The failure to consult on Jordan and Rwanda, the failure to sustain the Senate's position on earmarks to Ukraine, Armenia, and Georgia, conditioning aid to Russia on an August 31 troop withdrawal, and permission to help Poland, Hungary, and the Czech Republic achieve entry into NATO, all of these items which the Senate felt strongly about were added unanimously in committee or added by large votes on the Senate floor and were lost in conference.

Next year, things are going to have to be different. When the Senate speaks overwhelmingly on an issue, I hope that our view in conference will be to sustain, if at all possible, the Senate position.

So, Mr. President, having said that, I yield the floor.

Mr. MURKOWSKI. Mr. President, on July 15, this body unanimously approved an amendment I offered on behalf of myself and the distinguished minority leader, Senator DOLE, to the foreign operations appropriations bill. The amendment barred United States aid to North Korea until President Clinton certified to Congress that three conditions were met:

First, that North Korea does not possess nuclear weapons. If North Korea possesses a nuclear weapon or weapons already, as the CIA believes, then the weapon(s) must be destroyed.

Second, that North Korea has halted its nuclear weapons program. The program must be halted, not simply frozen. This means full compliance with the terms of the Nuclear Proliferation Treaty and the January 30, 1992, full-scope safeguards agreement between the International Atomic Energy and North Korea.

Third, that North Korea has not exported weapons-grade plutonium to other countries on missiles or by other methods.

The amendment was adopted 95–0 on a rollcall vote, representing, I think, the widespread feeling in this body that United States taxpayer dollars should not be used to subsidize this rogue regime that remains a threat to regional and global security until the President can certify that North Korea is no longer a nuclear threat. Not one person spoke against my amendment.

I was dismayed, therefore, to learn that the final conference report does not contain the North Korea language. I am told that the House conferees, under pressure from the Clinton administration, objected to including the North Korea amendment in the final package.

Why did the administration oppose the amendment? Is the United States prepared to offer North Korea economic assistance at the high-level negotiations ongoing in Geneva without ensuring that North Korea will abandon its nuclear intentions? Comments made by North Korean and American officials indicate that economic concessions are on the table.

What types of concessions might the administration be considering? It has been widely reported that North Korea is demanding light-water-based nuclear reactors [LWR's] to replace the outmoded graphite-moderated reactors that they currently possess. I do not doubt that the United States negotiators view this technology upgrade as a significant carrot to offer North Korea. My concern is that the United States will give this carrot away without gaining tangible concessions from North Korea on its nuclear program. I am also concerned that the long-term nature of this project has not been sufficiently thought through by our negotiators. I ask for unanimous consent that a Washington Post op ed by Victor Gilinsky, a former member of the Nuclear Regulatory Commission, entitled "No Quick Fix on Korea," be included in the RECORD. I believe that Mr. Gilinsky exposes some of the fallacies in believing that LWR's will solve the nuclear issue. As Mr. Gilinsky observes:

> In the end, what is wrong with the LWR proposal is that it presumes a level of goodwill on North Korea's part that, were it present, would obviate the need for the proposal. If the North Koreans are interested in electricity, there are much cheaper, better and safer ways to provide it. If they insist on a prestige nuclear project, we can be sure the deal is, in fact, too good to be true. There are no neat technological fixes to the present impasse. What is needed is change in North Korea.

The administration's written position paper on the Murkowski-Dole amendment listed six examples of possible assistance to North Korea that would be precluded by the language of the amendment. I would remind the administration that this amendment would not preclude any of these examples of assistance. If North Korea lived up to the conditions on nuclear concessions.

After watching the administration negotiate with the North Koreans over the last year, I continue to believe that economic concessions for anything short of nuclear concessions would be a mistake. Rewarding North Korea for empty words and promises brings us no closer to a resolution of the nuclear issue. For example, the United States agreed to resume high-level negotiations with North Korea after former leader Kim Il-song "promised" former President Carter that the spent fuel rods at its Yongbyon reactor would not be reprocessed.

But this promise was merely empty words. The fuel rods cannot not be processed for 2 months whether we negotiate or not because the rods are too hot with radioactive material. The promise that meant something was the promise the North Koreans did not keep—the promise to not move the fuel rods into the pond in the first place.

I would also like to remind my colleagues of the ominous announcement in Seoul by Kang Myong Do, a defector identified as the son-in-law of North Korea's Prime Minister. Kang indicated first, that Pyongyang has developed five nuclear warheads, and second, that North Korea is purposely delaying international inspection of its nuclear sites by stalling talks with the United States and South Korea. The accuracy of defector's claims are disputed by the State Department, but the mere fact that our intelligence cannot readily confirm nor dispute his allegations illustrates how dangerous the North Korean nuclear situation has become.

North Korea created the current impasse by its consistent refusal to abide by the terms and conditions of the Nuclear Non-Proliferation Treaty and North Korea can end the stalemate. The new leader, Kim Jong-Il, has an historic opportunity to begin a new era for his people by announcing that North Korea is prepared to come clean on its past and present nuclear activities. While Kim Il-song might have felt he would lose face by revealing hidden activities, the son is not bound by the deeds of his father.

Allowing IAEA [International Atomic Energy Agency] inspectors full and unhindered access to the two suspected and seven declared nuclear sites would distinguish this regime from the rogue tactics of the last. This come down approach was taken in 1991 by South Africa's former President F.W. de Klerk when his country opened up its program to reveal past nuclear activities. We should expect no less from North Korea.

And what should the American people and Congress expect from the Clinton administration during these negotiations? We should expect that the administration will use its leverage as the sole superpower to refrain from rewarding North Korea with taxpayer dollars until the President can certify that the nuclear threat on the Korean peninsula is eliminated. Economic concessions should be made only for good deeds, not just good words. Unfortunately, the administration's opposition to my amendment leads me to believe that the administration is betting, once again, that rewards given now will lead to good behavior in the future. Every other time the administration has made such a bet, it has lost. This time, North Korean concessions should come first.

I think Congress would be irresponsible to write the President a blank check for any other approach. Therefore, I plan to offer another version of

my North Korea amendment in the near future. I hope I can count on my colleagues both on the floor and in Congress to support this approach in the future.

Finally, Mr. President, I want to thank my colleague, MITCH MCCONNELL, ranking Republican on the Foreign Appropriations Committee, for his strong support of my amendment at the conference.

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

NO QUICK FIX ON KOREA

(By Victor Gilinsky)

The idea has gotten about that there is a neat technical fix to the threat posed by North Korea's homemade nuclear reactors. This involves replacing their reactors, which are fueled with natural uranium and geared to producing plutonium, with ones like ours, which are more "proliferation resistant." It was explained in the headline of a recent Post story: "U.S. to Dangle Prospect of Reactor at N. Korea; Deal Would Allow Nuclear Plant for Electricity" [front page, July 7]. Jimmy Carter is said to have supported this idea in his talks in North Korea.

It was actually the North Koreans who came up with the offer to switch technologies. During U.S.-North Korean talks a year ago, they said they would rather have U.S.-style power reactors (called light-water reactors, or LWRs) than the outmoded ones they possess. Because the two reactors they are building would soon multiply their weapon potential many times, this offer by the North Koreans seemed almost too good to be true.

In a joint communique of July 19, 1993, the United States agreed what if the "nuclear issue" could be resolved finally, then it was "prepared to support the introduction of LWRs and to explore with the [North Koreans] ways in which LWRs could be obtained." A year later, the idea seems to be very much alive. The Post story cited above quotes a "senior U.S. official" as saying "the attitude is, if that's what they want, that's what we'll give them."

We had better stop and think.

Sure, it would be great if we could switch their nuclear plants into less threatening ones with a snap of our fingers. But the reality of such an exchange is more tangled than it might appear, and the attempt would likely do more harm than good.

To begin with, for the United States to provide technology and assist with financing (North Korea is without funds or credit), the president would have to override our strict statutory standards for nuclear exports. He would have to make favorable findings about North Korea that, in effect, would make us accomplices to its violations of Nonproliferation Treaty inspection rules.

By thus buying off an international troublemaker, we would be giving the wrong idea to others similarly inclined (as well as to those who have played by the rules). The undermining of international nuclear export rules would not be lessened if we sent U.S. technology through another country with weaker export rules (South Korea has been mentioned), or (this is the latest proposal) if we paid the Russians to export their version of LWRs to the North Koreans.

In an era when we are extolling the virtues of the marketplace, it is also more than a little inconsistent to indulge the technological vanities of dictators for uneconomic prestige projects. A nuclear power plant of even modest size needs an infrastructure of people and equipment and a sizable and secure electrical grid that—from everything one hears—is lacking in the North. To develop these, to train large numbers of North Koreans and to build a plant would take most of a decade. Do we really want to do this?

If North Korea is willing to trade its outmoded nuclear plants for their modern electrical equivalent, then coal-fired plants make much more sense. And more than a new generation of nuclear plants, the North Koreans need to improve the efficiency of the way they transmit and use electricity. Such changes would be relatively cheap and would produce results much faster, perhaps within a year. Whether North Korea seeks genuine improvements or prefers an uneconomic prestige nuclear project is a test of its goodwill and judgment.

It will no doubt be argued that, given the nature of the North Korean regime, a prestige project from the West is exactly what is needed to get it off its dangerous course toward nuclear weapons. Moreover, the multiyear duration of the project—and its dependence on enriched uranium fuel, which North Korea would have to import from one of the advanced countries—would allow us to remain in control. The same factors would seem to give the North Koreans the incentive to hold up their end of the bargain.

Let us not, however, deceive ourselves. Barring a miraculous change in the regime (in which case the deal would be unnecessary), the North Koreans are not likely to give up their plutonium production potential during the 10-year construction of replacement reactors. And they will likely want a sufficient stockpile of enriched uranium fuel so they will not be at our mercy when those reactors do operate.

Instead of being under our control, the project is likely to develop strong constituencies and to take on a life of its own. We should not imagine that we would be able to turn it off if the North Koreans did not keep their promises. If history is any guide, we would be the hostages, not the North Koreans.

In the end, what is wrong with the LWR proposal is that it presumes a level of goodwill on North Korea's part that, were it present, would obviate the need for the proposal. If the North Koreans are interested in electricity, there are much cheaper, better and safer ways to provide it. If they insist on a prestige nuclear project, we can be sure the deal is, in fact, too good to be true. There are no neat technological fixes to the present impasse. What is needed is change in North Korea.

Mr. DOMENICI. Mr. President, I want to place in the RECORD my reservations about the conference report on H.R. 4426, the foreign operations, export financing, and related programs appropriations bill for fiscal year 1995.

This bill provides new budget authority of $13.7 billion and new outlays of $5.6 billion to finance America's foreign aid, international disaster and refugee, and export financing programs during fiscal year 1995. It also includes $99 million in supplemental appropriations for the country of Jordan and $50 million for a small part of the American efforts to alleviate the humanitarian crisis in Central Africa.

My first reservation about this bill is the unnecessary use of the emergency exemption from our budgetary ceilings for the $50 million supplemental for Rwanda. That is unnecessary.

A much larger $170 million supplemental for United States military participation in humanitarian activities around Rwanda was not declared to be an emergency item. It will be counted against the very tight overall Appropriations Committee outlay ceiling for 1995.

I commended Chairmen BYRD and INOUYE for absorbing the cost of the larger Rwanda supplemental during the markup of the Defense appropriations bill. I fail to understand why the managers of the Foreign Operations Subcommittee took the emergency route.

In fact I fail to understand why this bill includes a symbolic supplemental for Rwanda, when the bill already includes more than $2 billion for Africa during the year beginning October 1, 1995. The bulk of our effort in Rwanda will come from the Departments of Defense and Agriculture that are funded in other bills. AID's Africa funding can easily accommodate $50 million for Rwanda.

My second reservation about this bill is that it violates several budget rules.

As Chairman BYRD informed the full Appropriations Committee at the markup of this bill, the measure before us exceeds the subcommittee's section 602(b) allocation by $72 million in outlays. A section of the bill, section 562, amends the Budget Enforcement Act to exempt the Israel loan guarantee program from being scored against the discretionary caps.

As this provision was not reported by the Committee on the Budget, as required, it is subject to a point of order in the Senate. If enacted, section 562 would have the effect of reducing the outlay impact of the bill by $73 million, bringing the bill within its allocation.

Finally, Mr. President, there are substantive grounds for every Senator to oppose the conference agreement.

The House insisted on dropping language prohibiting any aid for North Korea until the President certified that North Korea had ended its nuclear weapons development program.

The House insisted on dropping Senate earmarks ensuring that Armenia, Ukraine, and Georgia would share in the massive American aid program that has mostly gone to Russia up to now.

The House insisted on dropping an amendment, sponsored by this Senator and the Republican leader, that the Senate adopted by an 18 vote margin, that would have allowed the President to transfer limited amounts from the massive AID program for Russia to the vital Nunn-Lugar cooperative threat reduction program.

The Nunn-Lugar program to reduce the danger from nuclear and chemical weapons systems is so short of funds that it verges on failure, yet the administration and the House decided

that high school exchange programs and high priced consultants are more vital to United States-Russian relations than weapons of mass destruction that Russia and Ukraine cannot afford to dismantle alone.

Mr. President, this was an acceptable bill when it left the Senate, but I cannot support the conference agreement that is before us now.

The PRESIDING OFFICER (Mr. BREAUX). The Senator from Kentucky has 35 seconds remaining. The Senator from Vermont has 4 minutes 15 seconds.

Mr. LEAHY. Mr. President, I want to note several things. One, I would not want to leave the impression—while the Senator from Kentucky is on the floor—I would not want to leave the impression that somehow the majority was getting the paper, the request, or the language on either Rwanda or Jordan earlier than the minority.

I recall as each of those requests was handed to me, he was sitting beside me, and I held it so he could read it, literally, as I was reading it. The staff received it at the same time.

On the question of the $15 million for the FBI in Russia—and I was one of the cosponsors of that amendment—the impression is that somehow it was taken out.

It was not. We put in up to $30 million for the FBI, the DEA, and others. The Senate bill contained up to $15 million for the FBI. So we increased the amount and made it very clear to the administration, as I have, that we expect that amount to be available.

We include funding for the Ukraine. But there is also a concern, raised legitimately by the other body, that the administration is negotiating with the Ukraine to move ahead with the economic reforms that they have not moved forward on. We do not want to send a signal that they are going to get the money whether they reform or not. It is money that has to go through the normal notification process. And, if it is not being used the way we want it to, we also have an almost weekly and monthly club over the administration in that regard.

I reserve the remainder of my time.

Mr. MCCONNELL. Mr. President, I believe I have a few seconds left. I do not want to continue the debate, but I believe Chairman LEAHY misunderstood what I said with regard to crime fighting. We both were blind sided, both the majority and the minority. My point about crime fighting is it was made permissible, not mandatory.

I think, in looking to next year, maybe what we need to do is take some of these amendments back in disagreement with the House and see how the full House feels about such issues as earmarks for Ukraine and Armenia. I am fully prepared to do that next year, and maybe that would be therapeutic for the conferees on both sides.

I thank the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Texas has 5 minutes.

Mr. GRAMM. Mr. President, I just have a few things I want to say before we finish this bill.

First of all, I am sorry our dear colleague from Kentucky has left. I have had an opportunity to serve on committees with a lot of Members of the Senate. But I have rarely seen anybody take his or her responsibility in a leadership position on a subcommittee of jurisdiction as seriously as the distinguished Senator from Kentucky, Senator MCCONNELL. Senator MCCONNELL is a clear leader on these issues. We have attempted to develop a bill that reflects the interest of the American people in promoting capitalism and democracy in the states that were former members of the Soviet Union. We have tried to move away from a foreign policy where we would rush into every problem with a handful of money trying to buy friends and influence—we often found ourselves in a position similar to a little rich kid in the middle of a slum with a cake, and everybody wanting a piece of the cake. Whether it was divided up and given away or whether it was taken away, the cake was always too small relative to the demands upon it.

What we have done in this bill—I attribute much of our success in moving in this direction to Senator MCCONNELL and to our distinguished chairman—is to try to move toward the use of American foreign policy and using American assistance to promote the things that we believe in and the things that we know work—democracy and capitalism, the recipe not just the cake. We are trying to move away from funding programs and policies that we know do not work. I think that is an important activity that we have undertaken in this bill.

Finally, I would like to say that there has been a big issue about earmarking. When funds are provided for assistance to try to help other parts of the world make a transition to democracy and capitalism, should Congress earmark funds? I believe in this case we have areas of clear interest in Ukraine, in the parts of Eastern Europe that were liberated because we won the cold war, and in places like Armenia where you have a small, isolated, landlocked Christian country in the middle of a Moslem world engaged in a conflict for its survival, embargoed by its neighbors. It is very important, it seems to me, to see that we guarantee that assistance, that we decide to target money that will be spent anyway, that it goes to help countries like Armenia that have committed to democracy, that have implemented democracy, that are engaged in privatization, that are trying to basically take the American model and apply it in a small, isolated, landlocked nation with very few natural resources. It seems to me that is the kind of country that needs and deserves our support.

I think it is very important to repeat something that Senator MCCONNELL said; that is, the earmarking of $75 million for Armenia is a floor and not a ceiling. We expect that instruction to be adhered to by the State Department. These funds are vitally important.

I want to commend the chairman and our distinguished ranking member for their leadership on what was a very tough conference on an appropriations bill. A conference where clearly there existed big differences between the House and the Senate. I think we are fast reaching the point where we are going to have to come back in disagreement and let Members of the House vote as to whether they agree with their conferees or whether they agree with us. My guess is they will agree with us. We only have to do that once to settle these issues.

I yield the remainder of my time.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. Under the rule, the Senator from North Carolina, [Mr. HELMS] has 10 minutes under his control. He is recognized.

Mr. HELMS. I thank the Chair.

Mr. President, it was in the early morning of Friday, July 29, that an interesting thing happened to the taxpayers' money. On Friday, July 29, the conferees of the House and the Senate were working on this conference report which we have before us, the pending business.

This conference report calls for the spending of $13.7 billion for appropriations for foreign operations, export financing, and related programs, for the fiscal year ending September 30, 1995. That is a pretty enormous sum of the taxpayers' money—in effect, $13.7 billion in checks on which the taxpayers, present and future, will have to make good. I say "future" because all of this is piling debt on top of debt that the young people such as those sitting on either side of the dais at this moment will have to pay.

One of those taxpayer-financed checks slipped through almost unnoticed, sort of like a ship passing in the night. It was scored as a cost of $99 million.

In any event, the Foreign Operations appropriation conferees canceled more than $200 million in debt owed to the United States by the country of Jordan. On top of that, the conferees authorized the cancellation of the remainder of Jordan's entire $700 million debt to the United States and approved on top of everything else the gift of lethal military equipment to Jordan. I do not have even an estimate of what that is going to cost the taxpayers. I daresay that not one out of 1,000 Americans know that this gift was made to the country of Jordan.

There was not one syllable of debate on these giveaways, not one word spoken. The House did not recede to the Senate in this conference. The Senate did not recede to the House. It was just one of those deals made on the old buddy system. I am going to explain a little bit more as I go along. Nobody was looking. So there went $99 million as it was scored, but the appropriations conferees in fact canceled more than $200 million in debt.

Here is what happened. President Clinton had made an offer to the King of Jordan that the King, as the saying goes, could not refuse; as a matter of fact, he was not about to refuse it. He grabbed the money and ran.

President Clinton volunteered King Hussein of Jordan a payoff if the King would meet with Israel's Prime Minister Rabin. King Hussein, and I like him; I met with him many times, and his American-born wife is a delightful lady, but King Hussein, being of sound mind, did not look this gift horse in the mouth. He took the American taxpayers' money.

Now, Mr. President, it is a given that Prime Minister Rabin and King Hussein have shown great courage, and I can understand the desire to recognize Jordan's rapprochement with Israel in a tangible way. I can understand in a general way—but I can never support—the writing off that $200 million in U.S. taxpayer funds in the dark of the night without any discussion of it on this Senate floor or on the floor of the House of Representatives.

What prompted the cancellation of the entire $700 million Jordanian debt to the United States? Before anybody gets carried away with joy, all those checkbook diplomats need to be reminded that King Hussein has not even signed a peace treaty with Israel, not yet. He may in the future, but he has not done it yet. They went down to the White House and had a ceremony, and President Clinton was standing between Hussein and Rabin. They shook hands and they went home. And the taxpayers were all the poorer for it. Nice show. I hope it turns out fine, but it has not turned out fine yet.

After the euphoria of the joint session of Congress for Prime Minister Rabin and King Hussein, and after that heady moment when the Senate-House conferees made quick disposition of $700 million in debt to the American taxpayers', plus millions more in free lethal weaponry for the country of Jordan, a few wet blanket observations may be in order just to set the record straight.

Why did Jordan desperately need its debts canceled? Why is Jordan's economy in shambles? Was it because King Hussein decided to stand with Iraq—remember that? When Hussein stood with Iraq, not with the United States in that Persian Gulf war? Yes, sir. He was standing there with Iraq when Iraq invaded Kuwait.

In any event, millions of dollars of the American taxpayers' money are going to a country that supported Saddam Hussein in the Persian Gulf war, a country that no doubt shipped United States weapons to Iraqi soldiers, soldiers who killed some Americans. Remember that. Millions are going to a Nation that used its resources to assist Saddam in obtaining weapons of mass destruction. For all we know, Jordan may still be assisting Saddam in that quest. Nobody tells us about that.

In the last month, there has been credible reporting that Jordan is becoming a center for the rearmament of Iraq. I have not heard a syllable about that on this floor. Is it true? Who knows? But the Congress was not willing to take the time to investigate before handing out that money. And the administration did not bother to provide any credible evidence one way or another. And that is what I am griping about.

What we do know is that every penny of foreign aid the United States has given Jordan in the past 3 fiscal years has required a waiver because Jordan still is not in compliance with U.N. sanctions on Iraq. No doubt about that.

Yet, Jordan ends its state of war with Israel, and we forget all about Iraq. Does no one else see anything wrong with this overall picture?

Mr. President, such was the rush to fulfill every jot and tittle of the President's promise to Jordan, a promise made without any consultation with Congress. If there had been consultation, I think I would have known something about it because I am the ranking member on the Foreign Relations Committee. No consultation and the Appropriations Committee members took action that at least risks a point of order on this bill. I wonder if it is not correct to say that authorizing on an appropriations bill is subject to a point of order?

Of course it is. We say that all the time around here. It just depends who is doing the authorizing and the legislation.

The cancellation of Jordan's entire debt to the United States is authorized in this conference report, as is the provision of lethal excess defense materiel to Jordan a gift of the United States taxpayers.

I ask unanimous consent for 1 additional minute, Mr. President.

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

Mr. HELMS. Finally, Mr. President, let us not forget something very clear and very simple. The peace process is not over. Camp David costs the United States more than $5 billion every year; $3 billion for Israel, $2.1 billion for Egypt. Hundreds of millions of dollars have been pledged to the Palestinians, and now hundreds of millions to Jordan.

Members of Congress are not giving away their own money. They are giving away money from the taxpayers, who are not even informed of actions like this.

The President was not using his own resources when the commitment to Jordan was made to forgive the debt.

Again, I say it is the American people's money, and it would not be surprising if someday, somewhere along the line, the American people begin to ask, can we afford peace in the Middle East?

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

Mr. LEAHY. Mr. President, I still have time on the bill.

Will the Senator withhold the request for a quorum?

Mr. HELMS. Certainly.

The PRESIDING OFFICER. The Senator yields the floor.

The Senator from Vermont has 2 minutes and 10 seconds.

Mr. LEAHY. Mr. President, I ask unanimous consent for 1 extra minute to balance the time yielded to the Senator.

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

Mr. LEAHY. Mr. President, anyone can debate whether we should be spending money in the Middle East out of our foreign aid bill to help bring about peace in the Middle East. But I would dispute the statement made by the Senator from North Carolina that somehow aid was given to Jordan and nobody knew about it. This was discussed by Prime Minister Rabin, by King Hussein, by President Clinton, and by Members of Congress, whose statements were made on the floor. It was in every newspaper that I read at that time. And when it was passed, it was in every newspaper. It was discussed in the House when the conference report came back up, and it has been discussed here.

We do have a stake and a commitment in bringing about a lasting peace in the Middle East. We have secured the existence of Israel from the time that State was founded. It has been a commitment of Republican and Democratic Presidents and Republican and Democratic controlled Congresses since the time of President Harry Truman in the forties when Israel came into existence.

It is a commitment of mine, and it is a commitment of most Members of this body.

This is a step, one initial step, and both Democrats and Republicans agree that it would help promote the peace process in the Middle East. Certainly the Prime Minister of Israel and others in the Israeli Government felt it would help increase their security, and certainly the King of Jordan thought that it would help him in the steps he had to take, steps that have been seen just in the last few days of opening access, of improving travel, and in the exchange of people between the two countries.

So, frankly, Mr. President, while I would have been glad to have had more advance notice, as we all would have, before the bill came up, so we could have debated it, I am willing to bet that there would have been an overwhelming vote in favor had it come to a vote on this floor.

But in one way, it will come to a vote tomorrow, and anybody who disagrees with it or disagrees with the aid to Israel or disagrees with the aid to other countries can vote against the conference report.

Mr. President, the Senator from Texas [Mr. GRAMM] said that we should spend more money in the former Soviet Union in those countries that promote democracy and a market economy. I am glad he and I agree on that. He can probably understand why we are a bit hesitant to give a blank check to the Ukraine until we see exactly what they are going to do.

Mr. President, I ask unanimous consent that the vote on the adoption of the conference report on H.R. 4426 occur without any intervening action or debate upon the disposition of H.R. 4606, the Labor-HHS appropriations bill.

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

Mr. LEAHY. Mr. President, if I have any remaining time, I yield it back.

Mr. HELMS. Mr. President, the Senator from Vermont [Mr. LEAHY] has described an agreement that, we are told, was made around midnight during the all-night foreign operations conference regarding one of my amendments to the foreign operations appropriations bill.

By a vote of 94–0, the Senate agreed to require that the President of the United States certify to the Congress that Colombia is indeed investigating corruption allegations against senior officials and is continuing its counternarcotics cooperation.

Mr. President, the Senate is entitled to know both context of the agreement and what the agreement was that Senator LEAHY has mentioned. The Senator is correct in noting that some House conferees objected to the amendment, particularly the provision asking that Congress be given assurances that the corruption allegations emerging from Colombia are in fact being seriously investigated.

The House-Senate conferees modification would have gutted the Senate provision. The modification would have required a report by the Secretary of State on Colombian human rights, operations against the drug cartels, and eradication efforts.

The real issue—corruption—was not addressed, Mr. President. Apparently, someone did not want to require assurances that narcotics corruption is being investigated by the Colombians. Having nothing is preferable to having the provision gutted and rendered meaningless.

What is the alleged agreement to which Senator LEAHY referred? It was simple and related solely to the foreign operations conference. I would not object to dropping the Colombia language provision on the foreign operations conference report in exchange for acceptance of another of my amendments which requires certification that Russia is in compliance with their biological and chemical weapons agreements.

According to the Senator from Vermont, dropping the Colombia amendment in conference forbids my right—or any other Senator's right—to raise the issue again on another bill. That is absurd. How did the Senator from Vermont or his staff reach the conclusion that any Senator must forfeit his right to offer a similar amendment on the same subject to a different piece of legislation? It simply is not so.

The Senator from Vermont is perhaps discontented that there was some sort of breach of faith. I do not know what he is talking about—there were no assurances whatsoever that this matter would not be revisited. No such demands were made, nor would I—or my staff—ever consent to such a demand.

If anything, I should be the one expressing my dissatisfaction with what happened in the conference. The Senator from Vermont apparently assumes, because the foreign operations conferees decided to drop a 94–0 Senate-passed provision, that this issue should never be revisited.

I suggest the Senator from Vermont read the amendment I offered yesterday. The amendment is different in several respects. It is based on a letter I received from Colombia's President-elect Samper after the Senate first voted on my provision, and it was prompted by recent corruption allegations against the head of the Colombian National Police.

Mr. President, as I said earlier, the real issue here is not the foreign operations conference report or the DOD appropriations bill. The issue is corruption in Colombia.

If Senator LEAHY wishes to reverse his position on this amendment, he is certainly free to do so. I bear him no ill-will for changing his position—that is his prerogative. But I cannot countenance his implying that I acted in bad faith—nor can I accept his curious interpretation of the Senate rules.

Mr. HARKIN. Mr. President, I would like to take this opportunity to commend the Clinton administration for helping to foster peace in the Middle East. Every Member of this Congress, Democrats and Republicans alike, were moved by the signing of the Declaration of Principles by Yitzhak Rabin and Yasser Arafat at their historic meeting on the White House lawn on September 13.

Leading Arab-Americans and American Jews met at the old Executive Office building in the hours following that signing. Vice President GORE attended that session and urged that these two communities agree to work together to further the peace process. The Vice-President's concept led to the formation of a new organization called Builders for Peace.

The co-presidents of Builders for Peace are former Congressman Mel Levine and Dr. James Zogby, the president of the Arab-American Institute. Its boards are composed of leaders from these two communities which had been hostile for so many years who are now willing to work together on behalf of peace.

Builders for Peace is designed to assist Americans to invest in the newly autonomous territories to assist in job creation and support for the peace process among the people who matter the most—the people who actually live in the region.

The new organization is a good example of how private sector-government cooperation can contribute to the cause of peace. Its success will go a long way toward assuring the overall success of the peace process.

At this point, I would request that Congress express its support for this important nongovernmental approach to economic development as a meaningful contribution to the Middle East peace process.

RECESS UNTIL 2:15 P.M. TODAY

The PRESIDING OFFICER. Under the previous order, the Senate will now stand in recess until the hour of 2:15 p.m.

Thereupon, at 12:35 p.m., the Senate recessed until 2:15 p.m.; whereupon, the Senate was called to order by the Presiding Officer [Mr. KERRY].

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

The Senate continued with the consideration of the bill.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I——

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey has the floor.

Mr. BRADLEY. I am prepared to yield.

Mr. STEVENS. Mr. President, I ask unanimous-consent amendment No. 2466 be withdrawn.

The PRESIDING OFFICER. Is there objection?

Mr. BRADLEY. Mr. President, I reserve the right to object.

I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, I am going to send an amendment to the

desk, momentarily, that will reform the appropriations and budget process.

I have been trying, along with a number of Senators, to reduce taxpayer funding wasted on unnecessary programs and to reduce the budget deficit. Last year, over 20 separate specific cut proposals were voted on in the Senate and only 3 were passed—3 out of 20 separate spending cut proposals. Clearly, any attempt to cut programs on the Senate floor is a long shot—20 were offered and only 3 passed.

The prospects are obviously discouraging. Unfortunately, the Senate's own rules work against any attempt to cut spending. My amendment targets these rules and substantial procedural obstacles faced by any legislator who dares to cut appropriations and to cut specific Federal spending.

Every time one of us offers a cut, we face the charge that these amendments do not lead necessarily to any cut in the budget deficit. Less than a week ago, these exact points were made to discourage Senators from supporting an amendment to the HUD–VA appropriations bill. Instead of criticizing the cuts on a substantive basis, opponents simply reminded Senators that these budget cutters are just tilting at windmills.

The problem is that this argument is valid. The rules governing the budget and appropriations process, in fact, make it nearly impossible to cut a program and to reduce Federal spending. In reality, any attempt to do so would almost certainly require a three-fifths supermajority to succeed, and the cuts, even if agreed to by the Senate, can be easily reversed in conference. The amendment I am offering would create three key spending reforms, which I will describe in detail.

The amendment, first, creates real opportunities to establish or redirect spending priorities; second, guarantees Members an ability to cut spending with a majority vote; and third, constrains the appropriations conference to retain spending cuts agreed to in both Houses of Congress.

Consider how we allocate spending in this body. After Congress approves a budget, the appropriations committees are allowed to determine discretionary spending within the budget resolution targets. While we debate functional categories during consideration of the budget, the fact is that these categories, with the possible exception of defense, are almost entirely irrelevant to the appropriations process. Constrained only by an overall discretionary spending cap, the Appropriations Committee distributes spending authority to its 13 subcommittees.

Based on virtually no guidelines, tens of billions of dollars are allocated to the subcommittees. The rest of Congress never knows how this was done or how their constituents' money can be spent until they have been handed the results by the Appropriations Committee.

We need to return this power to the voters by allowing all of their representatives to determine how to distribute the money within the budget targets and subcommittee jurisdictions.

That means nothing more than requiring a vote by each House on how much money each subcommittee should get. This is the first element of the amendment that I am offering.

Unfortunately, this step alone does not solve the problem. When the appropriations bills come to the floor, there are different complex rules, but the same problem: The ability to cut spending is greatly limited.

Here is how it works on the House and Senate floors: If you offer an amendment to cut a specific spending item, such as, let us say, Lawrence Welk's childhood home, and it is adopted, you succeed in an amendment that reduces spending for the purpose of purchasing Lawrence Welk's home. However, the category that the money came from remains intact and the money you saved can be spent somewhere else in that category. If you want to avoid the trap that I just described, you also have to get approval to cut the overall allocation and lock in that cut.

These allocations and caps are very important in Congress. We have rules that say you need 60, not 50, votes to reduce these privileged entities, the spending caps. You can raise taxes with 50 votes, but to cut spending, you need 60 votes.

The second part of my amendment would straighten this out. If you have the support of a majority, you can then cut spending. You do not need 60. You can cut spending with 50 votes.

But there is one last problem. Even if the House and Senate agree on similar program and allocation cuts, the conference committee that creates the final bill is virtually free to reinsert whatever funding might have been cut. This could not happen under the terms of the third part of my amendment.

These problems are real. And I know firsthand. It happened last year in a spending cut amendment that I offered. After the Senate agreed to cut $22 million from the high temperature gas reactor the conference committee scaled that reduction down to $10 million, half a loaf but still $10 million in deficit reduction. Right? Wrong. The energy and water appropriations bill, which cut funding for the high-temperature gas reactor by $10 million, actually increased in size during the conference, gaining an extra $20 million out of thin air.

So here we had a Senate bill that cut the high-temperature gas reactor by $20 million, the conference committee agreed to cut it $10 million and then the overall appropriation went up $20 million.

Let me make an analogy of the difficulty between cutting spending under the present system as if that applied to basketball.

Imagine, for example, you make a free throw. In other words, you cut a specific program. But it does not count. Unless you go back to the 3-point line and make the shot from there, too; that is, cut the allocation or cap with 60 votes. But it does not count again unless you go back to the half court line and sink a shot from there; and that is, keep the cuts in a conference report, all of that in order to get credit for a single free throw or single specific spending reduction.

Mr. President, we have created this maze, and we can straighten it out. We have to turn the process around so that it is as easy to cut spending in the future as it is to protect spending now.

We need a new system which would be created by the adoption of the reforms that I am suggesting. Again, there are three key elements to the proposal. First, we need to give Congress the right to debate and set priorities for discretionary spending. These are the most fundamental decisions, and they are out of reach of most in Congress. I propose we put these decisions before Congress for approval or modification by majority vote.

The bill would require a separate resolution to allocate spending among appropriations subcommittees. Both Houses would have to agree beforehand on how much could be spent by each House's subcommittee.

Second, we need to change the rules that prevent cuts in the appropriations spending from being actual budget cuts. These obstacles, which were put in place to hinder an increase in spending, represent bad policy when the goal is deficit reduction. The legislation that I have introduced would allow cuts in programs and cuts in spending. There would be several options. First, follow the present status quo. Cut the money for a specific program but allow it to go back to the Appropriations Subcommittee for reallocation elsewhere. Second, cut the program and cut the current year's allocation, thereby reducing the budget deficit. Third, cut a program, cut the current budget, and force a reduction in future budgets. All of these approaches would require only a majority vote, not the current supermajority of 60 votes.

Third, real accountability is needed in conference committee where expensive deals are often cut. Even when the House and Senate each cut programs, the compromise may turn out to be that no program is cut. The amendment I offer would change Senate rules to prohibit an appropriations conference committee from reporting a bill that cut spending less than either the House or Senate language. Even if the House and Senate cuts are in different programs, the conference will

have to reduce spending by at a minimum the smaller of the two amounts.

In other words, if the House agrees to $100 million in cuts in a particular appropriations bill, and the Senate agrees to $200 million on the same bill, the conference would be constrained to produce a report with at least $100 million in cuts included.

Are these budget reforms the answer to the deficit crisis? No, clearly not. Entitlement and tax expenditure outlays are both growing rapidly and neither can be addressed by changing congressional procedures. Even as we tighten controls on discretionary spending, we must move forward to confront the huge growth in the other two-thirds of the budget.

Americans are right when they think that we are truly inspired when it comes to spending. We need to bring the same zeal to cutting spending. We need basic reforms which assure that spending cuts are spending cuts, not just reason for another press release.

Mr. President, I know this amendment is not exactly germane to the defense appropriations bill. However, the Budget Committee does not appear to be moving this legislation this Congress, and I believe it is critical that these procedures be revised prior to the next budget cycle. We cannot continue as we have been. We have to create a better balance between those who seek to cut spending and those who wish to retain spending. It is really that simple. To create that balance is the purpose of the amendment.

Mr. President, if I could have the attention of other Members in the Chamber, this is a very critical amendment. When we did the budget bill last summer, in August, everybody stood on the floor and made big speeches, saying, "I believe we ought to cut spending. I believe we need to cut Federal spending." Then after we passed that budget resolution, we had appropriations bills that came before the Senate. Appropriations bills are where the spending actually takes place, in discretionary spending. That is where the money goes from the taxpayer to the project or purpose designated by the Congress, the appropriations process. There were 20 separate amendments on that appropriations process last year to cut spending. Only three of them succeeded. Only 3 of the 20 actually passed. But the catch is that even on those three, when they passed, they did not cut spending.

Now, I know that is hard for the American people to understand. Here is a Senator in the Chamber of the Senate. He stands up and says: I offer an amendment to cut spending for Lawrence Welk's home, for some boondoggle in Massachusetts or Arkansas or New Jersey, or wherever. I offer an amendment to cut spending for that purpose.

The amendment passes—51 votes. Is spending actually cut? No. Why not? Because the rule says that you do not actually cut spending unless you cut the overall budget cap. But to cut the overall budget cap requires 60 votes—not 50 votes, 60 votes—which means that if I offer an amendment to cut spending for what I think is a pork barrel project, I need 60 votes to actually reduce what the Federal Government spends by that amount.

Now, if I wanted to raise taxes, I would only need 50 votes. If I wanted to raise taxes, I could stand up and do an amendment; 50 votes is all I need to raise taxes. But if I wanted to cut spending on an appropriations bill, I would need 60 votes.

I say it is about time we end that and we allow someone to stand up in the Senate Chamber during an appropriations bill, identify what he or she believes is excessive spending, propose an amendment to cut that spending, and successfully cut the spending if 51 votes is achieved.

Now, that is a modest but important reform. But then we have another situation. Let us say a proposal gets to conference. The subcommittee can come out of conference with a higher overall budget number than when it went into conference. In my view, that should not be permitted. Why do we want to have a system where I can cut a proposal over here and the House can cut the same bill by the same amount, and then we come out of conference with more than either House originally included? It is incredible, but that happens. It happened to me last year. We ought to be able to say, if you are going to cut spending, you actually cannot spend more in conference than either the House or the Senate spent. That is common sense. And yet that is not permitted.

Mr. President, of course, then the question is, well, how do you prevent the shifting of priorities—the decision taken to decrease spending for children and increase spending for defense or the decision to increase spending for transportation but decrease spending for the Congress.

Right now, all of those decisions are not made by the Senate. They are made by the Appropriations Committee, which has the authority to allocate under the overall budget cap for discretionary spending among its various committees. So the Appropriations Committee makes decisions which, rightfully, all of us have been sent to Congress to make.

Now, people say, well, you always have the budget debate. That is right; we have a budget resolution. But there, of course, you do not cut spending programs. In the budget resolution, you only cut the overall cap, not the specific spending program. So the only way around this is to say in addition to a budget resolution and before the appropriations process actually works, there should be a subcommittee resolution for appropriations in which the whole Congress decides what it wants to spend for the Transportation Subcommittee, for the Defense Appropriations Subcommittee, for the Health Appropriations Subcommittee. Now, within that particular category or area under the jurisdiction of that subcommittee there is wide discretion. But let us stop shifting priorities within the Appropriations Committee. Let us shift priorities within the Senate as a whole.

So, Mr. President, that is the amendment I would be offering at the appropriate time. I have not offered the amendment at this time because I would like to hear from the distinguished manager or another interested party about this amendment.

So I would be prepared to yield the floor.

Mr. INOUYE addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. Mr. President, I have been advised that the distinguished chairman of the Appropriations Committee wishes to be heard on this amendment. I suggest the absence of a quorum.

Mr. BREAUX. Mr. President, will the Senator withhold.

The PRESIDING OFFICER. Will the Senator withhold.

Mr. INOUYE. I withhold.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. BREAUX. Will the Chair state the pending business before the Senate.

The PRESIDING OFFICER. The pending question is the committee amendment to the pending bill, H.R. 4650.

AMENDMENT NO. 2483

Mr. BREAUX. Mr. President, if there is no objection to the distinguished managers of the bill, I ask unanimous consent that the pending amendments be set aside and that I be allowed to send an amendment to the desk and ask for its consideration.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Louisiana [Mr. BREAUX] proposes an amendment numbered 2483.

Mr. BREAUX. 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 41 on line 9 after "(1744)" insert: ": *Provided further*, That the Secretary of Defense shall provide a recommendation for additional funding from the Department of Defense to finance shipbuilding loan guarantees under Title XI of the Merchant Marine Act of 1936 (46 App. U.S.C. 1271)"

Mr. BREAUX. Mr. President, I thank my colleagues and the distinguished managers of the bill. We have discussed

my suggested amendment, and I would start by commending both the distinguished Senator from Alaska and the distinguished Senator from Hawaii. In the defense appropriations report that is presented to this body there is the language on page 349 dealing with maritime reform and the committee in its wisdom states that:

The submission of the administration's initiative to revitalize our national merchant marine and domestic shipbuilding industry is now pending before the committee of jurisdiction. The committee believes that the Department of Defense has a central stake in the viability of our national maritime industry and should be a participant in this initiative. The committee hopes that action on the maritime reform initiative will be completed this year and that the Department of Defense role will be further defined.

Mr. President, I would say that my suggested amendment is an effort to try to give some sense of direction to the Department of Defense about this very important endeavor. It is clear as we talk about how we spend money for our national defense that it is appropriate that this country have the ships to carry the men and the women into areas of conflict around the world in which we find ourselves engaged. We need the ships and the maritime industry in order to deliver the supplies, the equipment, and the food that is necessary to maintain a strong fighting force for this country.

In addition, Mr. President, it is very clear that we should also have a very strong shipbuilding base in this country with shipbuilding installations around the country that can turn out the necessary vessels which will carry the men, the manpower—men and women—as well as supplies to meet our national defense concerns. So I think what is clear is that the Defense Appropriations Subcommittee is on the right track as we see the cut back in military installations.

I saw in the paper this morning, in the Washington Post, the potential prospect—I say "potential" only—of the Navy moving to close Norfolk Naval Shipyard, a major installation for building naval vessels in this country. If we move in that direction, it is therefore even more important that the civilian shipyard capability be strengthened.

The bottom line is that my own personal recommendation is that the Department of Defense contribute to the maritime industry which is so important to their success. My amendment merely says that the Secretary of Defense shall recommend additional funding from the Department of Defense to finance shipbuilding loan guarantees under title XI of the Merchant Marine Act. This is an appropriate, a proper, and I think a very wise way for the Defense Department to be involved in helping the U.S. maritime industry.

I point out that just this past week the administration approved approximately $1 billion in title XI loan guarantees—loan guarantees—to build vessels in private U.S. shipyards. These vessels that are built for U.S. companies would be on call by our national defense, by our military, in times of a national emergency. Many of these vessels are the type of vessels that the Navy would need in times of national emergency: transportation vessels, vessels that can carry containers; vessels that have tanker capability that could carry fuel, and supplies for our military needs.

So it is very important that the Department of Defense have a strong shipbuilding capability in this country to meet the needs of the future, for the Navy and for the rest of the national defense. It is important as well that we have vessels built in America that we can call on in times of national emergency.

So what this amendment does is merely to recommend to the Department of Defense—and actually require them—to make recommendations as to how we can obtain additional funding for the title XI program.

I commend both the Senator from Alaska, Senator STEVENS, and the distinguished chairman of the subcommittee, Senator INOUYE, for their good work, strong support, and for recognizing that a strong maritime industry is critical to a strong national defense.

Mr. INOUYE. Mr. President, the managers of this bill wish to commend the distinguished Senator from Louisiana for his leadership, and for his creative and innovative approach to this crisis that we face today.

Like the Senator from Louisiana, we are very much concerned about the ability of our shipyards to survive the current drawdown and downturn in shipbuilding.

I think we should remind our colleagues that this bill contains funds for just four Navy combatant ships. This is the first time in the past five decades where the Congress of the United States is appropriating funds for only four ships.

The amendment offered by the Senator from Louisiana offers a very creative approach to our industrial base problem. As he has stated, while it may be difficult to find the funds to meet his proposal, I am supportive of his overall approach.

I recommend the adoption of this amendment. We have no objection to the amendment.

The PRESIDING OFFICER. Is there further debate?

Mr. STEVENS. Mr. President, I join the distinguished Senator from Hawaii in commending our friend from Louisiana. I, too, support the amendment.

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

The amendment (No. 2483) was agreed to.

AMENDMENTS NOS. 2484, 2485, AND 2486 EN BLOC

Mr. INOUYE. Mr. President, I ask that the committee amendment be set aside. We would like to take up three amendments that have been cleared by the managers and leadership of the Senate.

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

Mr. INOUYE. Mr. President, the first amendment is by the Senator from Nevada [Mr. REID] to provide funding for the common automatic recovery system; the second is by Senator PRESSLER to require quarterly reports on DOD costs incurred in implementing Security Council resolutions and U.S. foreign policy resolutions; and the third is by Senator GLENN to provide up to $10.5 million for procurement of equipment for the Joint Training, Analysis and Simulation Center for the U.S. Atlantic Command.

All three measures have been cleared by the leadership. I ask unanimous consent that they be agreed to en bloc.

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

The amendments (Nos. 2484, 2485, and 2486) were agreed to.

The amendments were agreed to as follows:

AMENDMENT NO. 2484

Mr. INOUYE offered an amendment No. 2484 for Mr. REID.

The amendment is as follows:

(Purpose: To provide funding for the common automatic recovery system)

On page 34, line 2, strike out the period at the end and insert in lieu thereof ": *Provided*, That of the amount appropriated in this paragraph, $7,000,000 shall be made available only for the procurement of the Common Automatic Recovery System for the Pioneer Unmanned Aerial Vehicle System.".

Mr. REID. Mr. President, I rise today to ask the Senate to provide funding to use the common automatic recovery system—commonly referred to as CARS—in the Pioneer unmanned aerial vehicle system—commonly known as the Pioneer UAV system. I would like to first explain what a UAV is, then I will explain what CARS is and why it is a wise investment.

Unmanned aerial vehicles [UAV's] are used by the military to gather intelligence behind enemy lines during combat. A UAV can be launched from a runway on land or a ship off the coast of hostile territory. The UAV then flies over enemy held areas to gather information. Because it is unmanned, there is no risk of losing a pilot to the enemy. After collecting information, the UAV returns to friendly territory and is recovered by either landing on a short runway or being flown into a net on the back of a ship. UAV's were successfully used during Operation Desert Shield/Storm.

The currently deployed Pioneer UAV's are recovered by a ground or

ship based pilot who uses a remote control to guide the UAV into the recovery runway or net. This process is particularly difficult when trying to recover a UAV into a net on the back of a ship in heavy seas. In addition, pilots cannot recover UAV's at night or in bad weather. Even with extensive pilot training, damage has been very high, including total losses at sea, during UAV recovery operations.

Because of the high rate of damage and operational limitations at night and in bad weather, the Congress previously directed the research be done on improved methods of recovering UAV's. As a result, the Common Automatic Recovery System [CARS] was developed. This system will automatically control the UAV during its final approach to the recovery runway or net. It eliminates the need for extensive pilot training for recovery operations. CARS can be used at night and in bad weather, thus greatly increasing the capabilities of the UAV system and, at the same time, drastically reducing the risk of damage to the UAV's.

The Department of Defense is planning to incorporate CARS into all UAV systems that are now under development. However, they do not plan to retrofit it into the Pioneer UAV System that is currently in use. Instead, they will continue to experience unnecessary damage losses and be operationally limited by weather and darkness. I find this to be unacceptable.

A modest investment in retrofitting CARS into the Pioneer UAV System will pay for itself in about a year, particularly if used on ship-based UAV's. Therefore, I have offered this amendment to require that DOD make this investment.

AMENDMENT NO. 2485

Mr. INOUYE offered an amendment No. 2485 for Mr. PRESSLER.

The amendment is as follows:

(Purpose: To require quarterly reports on Department of Defense costs incurred in implementing Security Council resolutions and United States foreign policy resolutions)

On page 142, between lines 7 and 8, insert the following new section:

SEC. 8121. (a) The Secretary of Defense shall submit, on a quarterly basis, a report to the appropriate congressional committees setting forth all costs (including incremental costs) incurred by the Department of Defense during the preceding quarter in implementing or supporting resolutions of the United Nations Security Council, including any such resolution calling for international sanctions, international peacekeeping operations, and humanitarian missions undertaken by the Department of Defense. The quarterly report shall include an aggregate of all such Department of Defense costs by operation or mission.

(b) The Secretary of Defense shall detail in the quarterly reports all efforts made to seek credit against past United Nations expenditures and all efforts made to seek compensation from the United Nations for costs incurred by the Department of Defense in implementing and supporting United Nations activities.

(c) As used in this section, the term "appropriate congressional committees" means—

(1) the Committees on Appropriations of the House of Representatives and the Senate;

(2) the Committees on Armed Services of the House of Representatives and the Senate; and

(3) the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives.

AMENDMENT NO. 2486

Mr. INOUYE offered an amendment No. 2486 for Mr. GLENN.

The amendment is as follows:

(Purpose: To provide up to $10.5 million for procurement of equipment for the Joint Training, Analysis and Simulation Center for the United States Atlantic Command)

On page 29, line 15, before the period, insert: ": *Provided*, That of the funds appropriated in this paragraph, up to $10,500,000 may be used for the procurement of command, control, communications, and computer equipment for a Joint Training, Analysis and Simulation Center for the United States Atlantic Command."

Mr. INOUYE. Mr. President, I move to reconsider the vote by which the amendments were agreed to en bloc.

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

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. INOUYE. 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. INOUYE. Mr. President, I ask that the pending amendment be set aside temporarily.

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

AMENDMENT NO. 2487

(Purpose: To allocate funding to the Integrated Product and Process Development Program)

Mr. INOUYE. Mr. President, I send to the desk an amendment by Senator HARKIN and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. HARKIN, proposes an amendment numbered 2487.

The amendment is as follows:

On page 39, line 2, to add after the word "section", the following: "*Provided further*, that, of the funds made available under this heading, $5.6 million shall be available for the Integrated Product and Process Development Program".

Mr. INOUYE. Mr. President, this amendment is to allocate funds to go to the Integrated Product and Process Development Program. It has been studied and approved by the managers of this bill.

We have no objection.

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

If there is no further debate, the question is on agreeing to the amendment.

So the amendment (No. 2487) was agreed to.

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

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

The motion to lay on the table was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

AMENDMENT NO. 2488 TO THE COMMITTEE AMENDMENT ON PAGE 2

(Purpose: To express the sense of the Senate regarding the congressional timetable for considering health care reform)

Mr. HELMS. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The Senator is advised the pending amendment is the committee amendment to the bill.

Mr. HELMS. This is an amendment to that committee amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS] proposes an amendment numbered 2488 to the committee amendment on page 2.

The amendment is as follows:

At the appropriate place, add the following:

SEC. . RESPONSIBLE HEALTH CARE REFORM.

(a) FINDINGS.—The Senate finds that—

(1) health care reform proposals to be considered in August 1994 in the Senate and the House of Representatives will significantly affect the health care received by each and every American;

(2) such health care reform proposals impose many new and increased taxes which will be borne by all working Americans;

(3) all health care reform proposal that require employers to purchase and pay for health insurance for their employees will result in hundreds of thousands of Americans losing their jobs;

(4) most Americans oppose having the Federal Government force everyone to buy a standard package of health insurance coverage that is the same for everyone, regardless of age, gender, or religion;

(5) an overwhelming majority of Americans believe that Congress should change only those parts of the health care system that do not work and avoid getting the Federal Government more involved in health care than it already is;

(6) an overwhelming majority of Americans have stated their belief that health care

reforms being considered by Congress will lead to health care rationing;

(7) by a wide margin, the American people prefer that rather than rush to enact a health reform bill in 1994, Congress should take time to debate this issue and do it right, even if the means putting off passing bill until next year;

(8) despite the wishes of the American people, the congressional leadership has imposed arbitrary deadlines on the consideration of health care reform by both Houses of Congress;

(9) in our democracy, the American people should have maximum input into the manner in which health care is reformed; and

(10) the mid-term congressional elections will provide the American people with a means to express their voices on the shape that health care reform should take.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that major health care reform to too important to enact in a rushed fashion, and Congress should take whatever time is necessary to do it right by deferring action until next year to give Congress and the American people ample time to obtain, read, and consider all alternatives and make wise choices, unless the Senate has had the full opportunity to debate and amend the proposal after the Congressional Budget Office estimates have been made available.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, this is the identical amendment that I offered to the Labor-HHS bill except for the addition which we tried to offer to the amendment on the Labor-HHS bill before, and there was an objection to it.

So in order to get the additional modification in, I am offering it on this bill and tomorrow, when the Labor-HHS vote occurs, or the vote on my amendment, I intend to move to table my own amendment so that this amendment can be considered by the Senate.

I shall move to table my same amendment, virtually, on Labor-HHS, and urge all Senators to vote to table it and let this pending amendment be the amendment in question.

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. HELMS. I thank the Chair and I yield the floor.

The PRESIDING OFFICER. The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, is the bill open for amendment?

The PRESIDING OFFICER. With consent to set aside the pending amendment, the bill will be open for amendment.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the pending amendment be set aside in order to call up an amendment.

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

AMENDMENT NO. 2489

(Purpose: To reduce the amount for procurement of Trident II missiles)

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

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The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS], for himself, Mr. CONRAD, Mr. FEINGOLD, Mr. KOHL, Mr. HARKIN, and Mr. DORGAN, proposes an amendment numbered 2489.

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

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

The amendment is as follows:

In lieu of the matter proposed to be inserted at line 8 on page 25, add the following: "$1,418,470,000, to remain available for obligation until September 30, 1997: *Provided*, That of the funds appropriated in this paragraph, none may be obligated or expended on the Trident II Missile program."

Mr. BUMPERS. Mr. President, it should not take long to debate this amendment, but I want my colleagues to know that we are talking about $2.2 billion. That is roughly how much I was proposing to save this morning on Milstar. So I have done my civic duty today by giving the Senate an opportunity to cut $4 billion in unnecessary spending.

The thing that makes this rather poignant in my own mind is that we are getting ready to take up health care this very evening, probably the most defining moment in the history of the Congress, the most complex legislation I have ever seen in my 20 years in the Senate.

We would like to do more, except the cost of doing more is prohibitive. I would love to see universal coverage. I would love to see every man, woman, and child in the country get a good night's sleep in the knowledge that if anything happens to them physically, they have adequate health care to take care of themselves.

Mr. President, I was covered by Blue Cross/Blue Shield in 1964. I was a country lawyer. You are at this very moment being addressed by the entire South Franklin County Bar Association. I was the only lawyer in a little town of 100 people.

Suddenly, we have a cataclysm in our household, and I wind up taking my daughter from this little country town in Arkansas to Boston Children's Hospital, which will always be to me the finest children's facility in America, and I do not denigrate the others because I know they are wonderful. But my daughter is now 32 years old—she was 4 then—a cum laude graduate of Georgetown Law School.

But we spent 6 weeks in Boston. The health care policy I had covered virtually everything. I had just won a $83,000 verdict, the biggest verdict ever rendered in my home county, and had just settled that lawsuit and we had to take off to Boston with my daughter.

Now she is going to get mad at me when she hears I told this story.

All the time I was there, I bet you my wife Betty and I had 10 conversations about what happens to the poor people.

We were not affluent. If I had not just gotten a $20,000 fee, I do not know what I would have done. I would have robbed a bank if I had to. Fortunately, I did not have to.

But we were there 6 weeks. The cost of staying there was pretty exorbitant by our standards. I never will forget when they told me that my daughter's room would be $44 a day. I almost fainted. Fifteen dollars a day is the highest price I had ever heard of in Arkansas.

And then I lost all that practice, being in Boston for 6 weeks.

But, as I was about to say, Betty and I had innumerable conversations about what poor people do when their children have this kind of condition. I will tell you what they do. They watch them die.

And now, we are getting ready to take up a bill—and a lot of people do not want any kind of reform.

On Saturday morning, I was riding in a parade—15,000 people on both sides of the street—and the only thing I heard was from about three different people along the route, saying, "Senator, vote no on health care. No universal coverage. No health care reform." That seemed strange to me.

Considering the experience I have had, I know that 85 percent of the people in this country are covered. I assume that a good big portion of them are well covered.

But, as I said, earlier this morning in another debate, we spent $200 billion a year on Medicare to make sure that our elderly, over 65 years of age, are taken care of. We have 11 million children in this country of working parents who work where there is no health insurance. The most vulnerable among us, the 11 million children, have no coverage. Senator MITCHELL's bill tries to address that.

He also says no pregnant woman should go unattended. What is so bad about that? What is this country so upset about on this? Are those not highly laudable, humane provisions that all of us should champion?

Well, the reason we cannot do more, Mr. President, is because we do not have the money. And one of the reasons we do not have the money is because we keep spending money on things like this.

Completely aside from health care, I am not suggesting that you take the $2 billion or $4 billion I am trying to save and transfer it over to health care; I am saying go ahead and leave it in defense.

They say they are destitute down at the Pentagon. They say they are going to have to cut the sailing days of our ships, they are going to have to cut the number of leave days of our sailors,

and they are going to have to cut this and that.

The chairman of the subcommittee, my good friend from Hawaii, the manager of this bill, says this is a barebones bill. There are only 17 or 18 combat aircraft in it and no tanks.

One of the reasons is because we keep spending money like this. What is this? This is the D–5 Trident II missile.

Let me give just a short lesson on what we are talking about. Many years ago, we decided we would build 18 Trident submarines. Each submarine would have 24 tubes to accommodate 24 missiles. Each missile would carry 8 warheads.

Now, Mr. President, as of this moment, 14 of those Trident submarines have been delivered to the Navy. The other four will be delivered between now and 1997. We will take delivery on the 18th Trident submarine in 1997. It is a magnificent submarine—without peer.

Further, Mr. President, of those 18 submarines, 8 of them are in the Pacific Ocean, called our Pacific Submarine Fleet. The other six on which we have taken delivery are in the Atlantic. The remaining four, which are going to be delivered over the next 4 years, will also go into the Atlantic Fleet. So we will have 8 Trident submarines in the Pacific and 10 in the Atlantic.

Mr. President, under the START I Treaty that we executed with the Soviet Union, we are permitted almost 3,500 submarine launched warheads. Actually, the 18 submarines, each carrying 24 missiles with 8 warheads, 192 warheads per submarine, comes out to about 3,450 warheads.

But, under the START II Treaty, that gets halved. We are only permitted a total of 1,750 warheads on submarines, or half the capacity we have on these 18 Trident submarines.

This is a separate debate and I will not belabor it. But instead of halving the number of warheads on each missile from 8 to 4 in order to reach the 1,750 level, I would prefer to put 12 missiles on each submarine and leave 8 warheads and get the 1,750 and save all the costs; namely, 12 missiles per submarine. But I lost that debate.

The President of the United States took issue with my proposal to simply put 12 missiles on each submarine, fill the others with concrete or something, and save ourselves about $7 billion. That is what we should have done. History will record that old Senator BUMPERS was right when he proposed that on the floor of the U.S. Senate. But that debate is over.

The debate now is thusly: The Navy first said they wanted about 600 D–5 missiles. Then they wanted 428. Bear in mind, one thing I forgot to mention, these eight submarines in the Pacific have what are called C–4 missiles. They are good missiles, they have a long range, they are almost as accurate as the D–5. And the Atlantic Fleet of 10 submarines will carry the D–5 missile, which has a little longer range and is more accurate and also has what they call a hard target kill capability. In other words, it can bust a silo and a command center that has been hardened.

We have 400 W–88 warheads and the rest of them are what we call W–76, which is what all of our Pacific Fleet carries and what a good big portion of the Atlantic Fleet will carry, something—that is another debate.

But what I am saying is the Navy originally wanted over 400 D–5 missiles. I do not know what on Earth they were going to do with 400 but that is what they wanted. They wanted to flight test six missiles a year. Those suckers are expensive. The Air Force, which is in charge of the Minuteman missile in this country, the Minuteman III—the Air Force says they feel perfectly comfortable testing three missiles a year. But the Navy said they wanted to test six a year. That is blowing up a lot. A lot of missiles. There is a saying, "that is an awful lot of sugar for a dime." Well, this is a little bit of sugar for a lot of money. So then the Navy decided they could get by on 389. And now they think they can get by on 347. They keep coming my way.

But this amendment would allow them 319 missiles. It would stop the production of the D–5 at 319 and save $2.23 billion between now and the turn of the century, the year 2000.

I can just hear some people around here saying what are you talking about? Torpedoing the D–5 line? We are going to be short a few missiles sometime between now and the next 17 years. Some of those 10 submarines, all of which carry 24 missiles—some of those 10 may have only 23.

Let me tell you what my amendment would do. If we adopted this amendment to stop the D–5 procurement right now at 319, between now and the year 2011 we will be able to fill 96.6 percent of the tubes on our Atlantic Fleet submarines and save $2.23 billion. You give up less than one missile per submarine during 3 years.

Is that a risk worth taking over the next 17 years? Look at this chart right here. Over the next 35 years, the worst-case scenario would be that in the year 2018 we would have a shortfall of 132 warheads. That is 33 missiles. That means each submarine instead of carrying 24 missiles would carry 20. You think about that. All of us in this body—most of us will be dead and buried by then. We will only have 3,364 warheads. Is that not enough to ruin your whole afternoon? If we were to fire those 3,364, what do you think will be left of this planet? Nothing. Let me repeat, for a 4-percent reduction in readiness you save $2.2 billion. And this still allows the Navy to test four missiles a year.

In all fairness, they make a pretty good case for flight testing four because in the submarine fleet you fire from different places at different targets and it is important, I suppose, to do those four tests. Mr. President, look at this. There it is, the total requirements in 1998, 4 years from now: 320 missiles and we will have delivered 319. We will be short one missile. And you save $2.3 billion.

I could rant and rave all day long about how foolish it is to continue buying these missiles. Cold war rhetoric is still with us. People still think if we have a submarine out there with 23 missiles instead of 24, that is going to be the deciding factor in the nuclear war with the Russians. Here the Russians are, trying to get the United States to give them the money to dismantle their missiles and we continue to build them as though the cold war is going at full blast.

I want you to look at this. Let us assume for argument purposes just a moment that we had a 33-missile shortfall or 132-warhead shortfall and we were left with only 3,364 warheads. Under START II, we are allowed 1,750 on our submarine fleet and roughly 1,750 in our Minutemans and bombers. So with my amendment we are going to be down to 3,364 warheads. What does that do?

Look at this hypothetical list of targets: 500 on Russian silos, bases and command centers; 300 on industrial centers, which destroys 70 percent of their industrial base. Every Russian city with over 50,000 people, 579 warheads on those cities; 1,000 warheads on China; North Korea targets and anything else you want. And you still have about 1,200 warheads left over. We have destroyed the planet—certainly we have destroyed everybody that is a potential enemy; we still have 1,200 warheads left over. And yet my amendment will fail because people will say if we have a submarine with space for 24 missiles you ought to fill it up.

Let me belabor one more point I made this morning. I have not had an answer to it. I will repeat. Last weekend there was a story in the Post on military downsizing.

The Pentagon was talking about how terrible it is, how awful it is going to be to get by on $250 billion. Bear in mind that the Defense Department gets more than all the other domestic discretionary spending combined. Health care, education, transportation—everything—all of those programs that are called domestic discretionary spending—national parks, you name it, dozens of them—the Pentagon gets more than all of those put together. Education is a disaster in this country right now. Crime is out of control. We cannot pass health care because we cannot afford it. We just go merrily along doing the same thing we have always done. And I come over here every

August and September and beat my head against that wall trying to cut some spending.

But in addition to that article on downsizing, the General Accounting Office comes out last Thursday and says the Pentagon has understated the cost of what they want to do by $150 billion over the next 5 years. I am trying my best to help them find that $150 billion, and they will not let me.

Mr. President, I invite my 99 colleagues, and particularly those who are going to vote no on this, to come to the floor of the Senate and tell us their solutions to finding that $150 billion.

Les Aspin said last year they had understated the Pentagon's needs by $20 billion, but he felt sure he was going to find it. And one of the places Secretary Aspin said they were going to find it is to not give a cost-of-living increase to the military. That is going to save a lot of money, he said.

Do you know how long it took the U.S. Senate to reverse that and provide that cost-of-living to our military people and our retirees? It took just long enough for the Senator from Virginia [Mr. WARNER] to offer the amendment; that is how long it took to reverse that decision. So that is gone. That leaves Les Aspin, and now Secretary Perry still trying to find not $20 billion but $150 billion.

I tell you what I will do. I not ought make this offer. I was going to say I will stand on my head on the dome of this Capitol for every dollar that is cut out of this bill. We do not ever cut anything here. We come over here and shout to the rooftops trying to make sense, save a little money, trying to help the Defense Department come up with what they have to come up with, and them kicking, screaming and fighting every step of the way.

So, Mr. President, I know what the votes will be when they are finally counted. As I said, I have come over here every fall and fought these battles, and won a couple pretty good ones. We did not win in the Senate. The House killed a couple of them. We have never killed anything in the Senate in the 20 years I have been here. But I have a pretty good time, it keeps me up to speed on what the Pentagon is up to and how they are spending the money.

One of the amendments I offered last year and the year before was to cut $1 billion out of the intelligence budget. I made up my mind this year, I am not going to take that one on. The press says that $28 billion is spent on intelligence in the country. You would think the KGB was going to be in the Senate Chamber sitting in one of these seats if we cut a dollar of that budget. God knows they almost made it—that guy Ames.

The more you learn about Ames over at the CIA, the more you realize how inefficient the CIA is. That is the most bizarre chapter I ever read, and I am telling you what I have read in the papers and not what I have heard in classified briefings.

Warning after warning. This guy is driving a Mercedes, or a Porsche, bought a $500,000 home and paid cash for it. They ought to have checked him out back in 1987, and they finally checked him out in 1993. Meanwhile, he has compromised about half the secrets of the CIA.

I thought, well, I am just tired of beating my head against the wall on that one, and this morning I pick up the paper and they are building a $310 million building out at Dulles Airport that nobody seems to know about. The chairman of the Intelligence Committee said he had never been told about it. Members of the committee say, "I've never been told about it." There are two or three Senators brave enough to stand up and say, "I think they did mention that to me one time." But it is only $310 million—what is that?—and a health care bill that requires billions.

So, Mr. President, I have expended most of my thoughts and most of my energy on this. I yield the floor.

Mr. INOUYE addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii is recognized.

Mr. INOUYE. Mr. President, I have listened to my friend from Arkansas, and I agree with the Senator that we have enough warheads in our arsenals to destroy this planet 10 times over. We do not disagree on that.

And so I can understand the anguish and the questions in the minds of my fellow Americans when they ask the question: Why is it that this country must maintain an arsenal when the Berlin Wall has crumbled? It crumbled 5 years ago. The Soviet Union is no more. Why should we maintain a force of this magnitude?

Mr. President, I think a brief review of the history of that period might help us.

A year before the walls came tumbling down, the Soviets had 10,555 warheads and 2,684 platforms or delivery vehicles—10,555. The latest count is 9,569, a reduction of about 1,000. And as my colleagues are well aware, we have already by previous funding spent the sum of $1.2 billion to assist the Soviets, the former Soviets, to dismantle warheads. In this bill, we have an additional $400 million for that purpose—a total sum of $1.6 billion—$1.6 billion—and for that amount the Russians have dismantled about 100 warheads.

I think all of us should realize that all of these missiles, 9,569 warheads, are operational at this moment. They are not dismantled. Some may have been retargeted. They may not be aimed at Washington, DC, or New York City, or Los Angeles, or San Francisco. But it is a simple matter to target them again. Just a flick of the computer will do that.

We have two treaties, START I and START II, but neither treaty has been ratified.

We were all pleased when the walls came tumbling down. We were all pleased when the Soviet Union found itself crumbling. But then we began to ask ourselves the question: Will the new arrangement be stable? We should have asked the question: How stable is the Government of the new Russia? Will Mr. Boris Yeltsin be around a year from now? Or, for that matter, will he be around 6 months from now?

The Russian security apparatus is so unstable that we, the people of the United States, must spend funds to send our FBI there to assist them to deal with crime.

Mr. President, I wish I could tell myself and my colleagues that Mr. Yeltsin will succeed in bringing about democracy; that Mr. Yeltsin will be in charge a year from now. But all of us who have taken time to follow the press reports know very well that what is happening in Russia today is rather frightening. I am certain most of us recall the bombardment of the Parliament building. It was quite a sight to see—Russians shooting at Russians. We saw the Vice President of Russia being arrested. What happens to the 9,569 warheads? Mr. Yeltsin tells us today they are not targeted to the United States. What if we have a new leader there?

I wish I could come before my colleagues and say, "This year, we are cutting defense by half, and we are going to use that money to help the poor, to help our educational system." But then, if we had done that 10 years ago, I am certain all of us will agree that the walls would not have crumbled; that the geopolitical situation would be different today. Somehow, mankind with all its wisdom is not smart enough to know. We have not found the secret to prevent confrontation, as much as we want to. Every major religion tells us the secret to success. We have the Ten Commandments. Yet, if we ask ourselves: Do we live up to the terms of the Ten Commandments? If we are honest with our ourselves, we will have to say possibly every Wednesday; one day out of seven we may do that.

Mr. President, the millennium has not arrived. Someday, I hope it will. When the time comes, I would be standing next to my friend from Arkansas, not to do away with two or three missiles, but to do away with all the missiles. But today is not that day.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. BRADLEY. Mr. President, I ask unanimous consent that we lay aside the pending amendment so that I might offer an amendment.

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

AMENDMENT NO. 2490

(Purpose: To amend the Congressional Budget Act of 1974 to require that the allocations of budget authority and budget outlays made by the Committee on Appropriations of each House be agreed to by joint resolution and to permit amendments that reduce appropriations to also reduce the relevant allocation and the discretionary spending limits)

Mr. BRADLEY. 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 New Jersey [Mr. BRADLEY] proposes an amendment numbered 2490.

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

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

The amendment is as follows:

At the end of the bill, add the following:

TITLE ___—APPROPRIATIONS PROCESS ACCOUNTABILITY ACT

SECTION ___1. SHORT TITLE.

This title may be cited as the "Appropriations Process Accountability Act".

SEC. ___2. JOINT RESOLUTION ALLOCATING APPROPRIATED SPENDING.

(a) COMMITTEE APPROPRIATIONS RESOLUTION.—Section 302(b) of the Congressional Budget Act of 1974 is amended to read as follows:

"(b) COMMITTEE SUBALLOCATIONS.—

"(1) COMMITTEES ON APPROPRIATIONS.—(A) As soon as practical after a concurrent resolution on the budget is agreed to, the Committee on Appropriations of each House shall, after consulting with Committee on Appropriations of the other House, report to its House an original joint resolution on appropriations allocations (referred to in the paragraph as the 'joint resolution') that contains the following:

"(i) A subdivision among its subcommittees of the allocation of budget outlays and new budget authority allocated to it in the joint explanatory statement accompanying the conference report on such concurrent resolution.

"(ii) A subdivision of the amount with respect to each such subcommittee between controllable amounts and all other amounts.

The joint resolution shall be placed on the calendar pending disposition of such joint resolution in accordance with this subsection.

"(B)(i) Except as provided in clause (ii), the provisions of section 305 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of joint resolutions reported under this paragraph and conference reports thereon.

"(ii)(I) Debate in the Senate on any joint resolution reported under this paragraph, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

"(II) The Committee on Appropriations shall manage the joint resolution.

"(C) The allocations of the Committees on Appropriations shall not take effect until the joint resolution is enacted into law.

"(2) OTHER COMMITTEES.—As soon as practicable after a concurrent resolution on the budget is agreed to every committee of the House and Senate (other than the Committees on Appropriations) to which an allocation was made in such joint explanatory statement shall, after consulting with the committee or committees of the other House to which all or part of its allocation was made—

"(A) subdivide such allocation among its subcommittees or among programs over which it has jurisdiction; and

"(B) further subdivide the amount with respect to each subcommittee or program between controllable amounts and all other amounts.

Each such committee shall promptly report to its House the subdivisions made by it pursuant to this paragraph.".

(b) POINT OF ORDER.—Section 302(c) of the Congressional Budget Act of 1974 is amended by striking "such committee makes the allocation or subdivisions required by" and inserting "such committee makes the allocation or subdivisions in accordance with".

(c) ALTERATION OF ALLOCATIONS.—Section 302(e) of the Congressional Budget Act of 1974 is amended to read as follows:

"(e) ALTERATION OF ALLOCATIONS.—

"(1) Any alteration of allocations made under paragraph (1) of subsection (b) proposed by the Committee on Appropriations of either House shall be subject to approval as required by such paragraph.

"(2) At any time after a committee reports the allocations required to be made under subsection (b)(2), such committee may report to its House an alteration of such allocations. Any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.".

SEC. ___3. AMENDMENTS TO APPROPRIATIONS BILL.

Section 302 of the Congressional Budget Act of 1974 is amended by—

(1) redesignating subsection (g) as subsection (h); and

(2) inserting after subsection (f) the following:

"(g) AMENDMENTS TO APPROPRIATIONS ACT REDUCING ALLOCATIONS.—

"(1) FLOOR AMENDMENTS.—Notwithstanding any other provision of this Act, an amendment to an appropriations bill shall be in order if—

"(A) such amendment reduces an amount of budget authority provided in the bill and reduces the relevant subcommittee allocation made pursuant to subsection (b)(1) and the discretionary spending limits under section 601(a)(2) for the fiscal year covered by the bill; or

"(B) such amendment reduces an amount of budget authority provided in the bill and reduces the relevant subcommittee allocation made pursuant to subsection (b)(1) and the discretionary spending limits under section 601(a)(2) for the fiscal year covered by the bill and the 4 succeeding fiscal years.

"(2) CONFERENCE REPORTS.—(A) It shall not be in order to consider a conference report on an appropriations bill that contains a provision reducing subcommittee allocations and discretionary spending included in both the bill as passed by the Senate and the House of Representatives if such provision provides reductions in such allocations and spending that are less than those provided in the bill as passed by the Senate or the House of Representatives.

"(B) It shall not be in order in the Senate or the House of Representatives to consider a conference report on an appropriations bill that does not include a reduction in subcommittee allocations and discretionary spending in compliance with subparagraph (A) contained in the bill as passed by the Senate and the House of Representatives.".

SEC. ___4. SECTION 602(b) ALLOCATIONS.

Section 602(b)(1) of the Congressional Budget Act of 1974 is amended to read as follows:

(1) SUBALLOCATIONS BY APPROPRIATIONS COMMITTEES.—The Committee on Appropriations of each House shall make allocations under subsection (a)(1)(A) or (a)(2) in accordance with section 302(b)(1).".

Mr. BUMPERS. Mr. President I wonder if the Senator from New Jersey will yield for just a moment?

I was just wondering, does the Senator from Hawaii have any additional debate on my amendment? If I may just take 30 seconds, we will finish the debate on my amendment and we will proceed with the other amendment.

I just want to say that we have been told many times we are going to have years of warning if there is any change in the strategic balance. So I do not think you lose anything, even in the worst-case scenario.

And the other thing is I might say this saves $2.23 billion. If we were to take that $2.23 billion and use it to dismantle all those warheads in the Soviet Union, which they have asked us to do, we would be a lot safer.

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

The PRESIDING OFFICER. Is there a sufficient second?

There does not appear to be a sufficient second.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the vote on this amendment occur immediately after the first Bumpers amendment tomorrow.

I do not think there is anything in between those two; is there, Mr. President?

So I ask unanimous consent the vote on this one immediately follow the vote on the Milstar amendment.

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

Mr. BUMPERS. Will the Senator yield for 10 seconds?

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

The PRESIDING OFFICER. Is there objection to the Senator being in order to ask for the yeas and nays? If not, without objection, it is so ordered.

Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. BUMPERS. I thank the Senator for his courtesy.

Mr. BRADLEY. Mr. President, the amendment that is before the Senate is the amendment that I described earlier today in my remarks on the floor.

The intent of the amendment is to make it easier to cut discretionary spending and to change three provisions in the process to enable it to be

easier to cut spending. Under the current procedure, if you are to cut a specific spending program, such as to cut Milstar or such as to cut a water project, or such as to cut anything, and you offer that amendment in the appropriations process and you get 53 votes, you do not actually cut spending. You need 60 votes to cut spending. You have simply eliminated the spending for that particular project, and that amount of money goes back to the subcommittee, which then can allocate it to some other spending under its overall discretionary budget cap.

(Mr. BUMPERS assumed the chair.)

Mr. BRADLEY. So what I would do, first, in this amendment is to allow someone to stand on the floor during the appropriations process, offer an amendment to cut spending, to cut a specific spending program, and be required to get only 50 votes in order to not only eliminate or cut the particular program, but reduce spending by the same amount.

It only takes 50 votes to raise taxes. I think it should only take 50 votes to cut spending. The first part of this amendment assures that result. The second part of the amendment deals with the situation that has occurred from time to time where the Senate will cut a particular program by, say, $100 million and the House will cut that same program by, say, $50 million. And we will come back with no spending cut whatsoever in the program. Or we will come back with the overall spending in the subcommittee increased.

In other words, you could have the Senate vote to cut a particular program by $100 million, and the House vote to cut that program by $50 million in which case you would say the House and Senate both voted to cut spending by a minimum of $50 million because both of them agreed to cut spending in that program by $50 million. But the subcommittee reports back that the subcommittee has increased spending; not decreased but has increased.

So the amendment that I offer says simply that a conference cannot report a spending item that is greater than the amount that was in either the House or the Senate.

The third provision in this amendment is really a process provision. How do you achieve this? And the only way to achieve it—and I have tried to think if there were other ways to do so—but the only way to do that is to establish a process where the whole Congress determines what will be the appropriation subcommittee caps.

So that the whole Senate, not just the Appropriations Committee, decides what shall be spent in the Transportation Subcommittee, or the Agriculture Subcommittee. As it is now within the overall appropriation discretionary budget cap, there can be allocations. That will be made only in the Appropriations Committee, not on the floor of the Senate. I would require them to be made on the floor of the Senate, that Congresswide resolution that would State spending levels by subcommittee across the Congress, and then to go to the normal appropriations process.

For all three of these I have the purpose of making it easier for us to actually cut spending. We have given a lot of speeches about reduced spending. But somehow or another the spending does not go down as much as we would like. This would make it easier for any Senator to stand on the floor of the Senate during the consideration of an appropriations bill, not unlike the distinguished Senator from Arkansas, and offer an amendment. If he got 51 votes, the spending is cut. If he cut it by $50 million and the House cut it by $100 million, you would have to at least cut spending in that appropriations by $50 million, and to do so by setting an overall subcommittee cap on spending at the subcommittee level of the Appropriations Committee, and doing it Senatewide.

That is the amendment that I have offered.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER (Mr. BUMPERS). The Senator from West Virginia.

Mr. BYRD. Mr. President, I thank the Chair.

Mr. President, the amendment by Mr. BRADLEY is a well-intentioned amendment. He has spoken to me previously about it. We discussed it later by telephone. I thank him for the courtesy in calling my attention to the amendment somewhat in advance of his offering it. But as well-intentioned as the amendment is, it would, if enacted, create total chaos in the annual appropriations process. Furthermore, if this amendment were enacted the American people would hear a great sucking sound. This is not Ross Perot talking. That will be the sound of the power of the purse being siphoned from the Congress to the White House.

The amendment in section 2(b)(1) would require the enactment of a joint resolution on appropriations allocations. In other words, this amendment would require that the annual 602(b) allocations among appropriations subcommittees be enacted into law. In so doing, the amendment would require a Presidential signature, and this would enable the President to veto any joint resolution that he did not like. If he did not like a particular allocation then made to a particular subcommittee, then he could exercise his veto. In other words, after Congress has completed action on each year's budget resolution, which does not require a Presidential signature, and thereby has set the congressional budget priorities in place—after all that has been done and the Senate and the House has spent hours and hours in deliberating on—this amendment would thereafter require a joint resolution to be signed into law before any appropriations bill could be considered in the House or Senate.

The amendment attempts to expedite consideration of the joint resolution in the Senate by limiting debate on it, and all amendments thereto and debatable motions and appeals in connection therewith to not more than 20 hours.

Mr. President, I have just about had my bellyful of these fast-track agreements that we put into law. I think that the Senate did a very unwise thing last year in voting for fast track on GATT. I voted against fast track. I sense that we are going to get into somewhat of a habit of putting fast-track language in various and sundry controversial, comprehensive and difficult, and far-reaching legislative measures.

This amendment would limit all of these things: The motions, debatable motions, amendments, and appeals to not more than 20 hours. But there is no mention of conferences on these joint resolutions; not in this one. There is no mention of conferences. What happens if the conferees cannot agree on the differences in subcommittee allocation? Everything would be put on hold. No appropriations bills could be taken up in either House until the joint resolution is enacted into law. Yet, there is nothing in the amendment, however, which would require conferences on these joint resolutions to be completed.

So what do we do in the meantime? What happens if the conference cannot be completed? Do we shut down the Government? Probably not. What would probably occur would be the enactment of a governmentwide continuing resolution. This would be the likely outcome of this amendment—the return to Government by continuing resolution.

This year in this particular session the Appropriations Committee in the Senate had before it all of the appropriations bills. They came over from the House early. And the two leaders have arranged for the consideration of these bills. They have helped to expedite action on the bills.

If this amendment were to become law, we would not see that kind of deliberate, careful, prompt action on the appropriations bills that we are experiencing here in the Senate this year. In another scenario, let us assume that congressional action on the joint resolution goes quickly and smoothly—the joint resolution setting Appropriations Subcommittee allocations then goes to the President for his signature. But, the President does not like the allocations. He wants more money for his priorities and less for congressional priorities. One President may, for example, feel that the VA-HUD Subcommittee's allocation is too low to

fund the space station. Another President might feel that the Defense Subcommittee's allocation was too low. In any case, for whatever reasons that suit him, any President under this amendment would have veto power over these annual subcommittee allocations of appropriations. Surely Senators are not willing to hand over such power to this President or to any President—any President, not just this President.

The very impetus of the Congressional Budget and Impoundment Control Act of 1974, which this amendment seeks to change, was to provide a way for congressional priorities to be set and followed through annual concurrent budget resolutions. President Nixon, at that time, was engaged in the practice of impounding appropriated funds that did not meet his priorities. Congress responded by enacting the Congressional Budget Act to provide for the necessary expertise and tools to set annual congressional budgetary priorities.

During the Reagan years, the debate over annual appropriations bills was not over the level of appropriations spending, but over executive versus congressional spending priorities. One of the few successful overrides of a Reagan veto was on the fiscal year 1982 supplemental appropriations bill. That bill appropriated less—less—than President Reagan requested, but did not meet his priorities. So he vetoed the bill and, as I said, the Senate overrode his veto by a vote of 60 to 30.

Mr. President, this amendment is also misguided if its purpose is to reduce the deficit. With all due respect to the Senator from New Jersey, and I have great respect for Mr. BRADLEY, this is not the way to go about considering budget cuts. The time for that debate is in connection with the annual budget resolutions. I voted against the amendment by Senators EXON and GRASSLEY to this year's budget resolution because I felt that it cut too deeply into discretionary appropriations over the next 5 years. Despite my opposition, the Exon-Grassley amendment was adopted by the Senate. In conference, the Exon-Grassley cuts were compromised with the House. But, the result was a cut in outlays totaling $13 billion over the next 5 fiscal years below what was agreed to last summer in OBRA 93.

So I say to all Senators you need not worry about whether you have cut discretionary spending. I am here to tell you that you have cut discretionary spending. I told you that when we passed the budget resolution. You have cut discretionary spending. You set a level above which the Appropriations Committee will not go. You have frozen discretionary spending. So you have cut. You can go back home now after this resolution is adopted, and you can tell your folks and you can look them in the eye, and look in a mirror and look yourself in the eye and say: "Oh boy, we cut discretionary spending. We have done it." Dizzy Dean says, "You can brag if you've done it." You can brag. You have done it. You have cut.

So where we have not cut, as Senator BRADLEY also says, is in entitlements and mandatory spending.

As this chart shows, the chart to my left, as this chart shows discretionary spending totaled $543.4 billion in fiscal year 1994. For fiscal year 1995 it goes down, down, Newton's law of gravitation. He did not create the law. He discovered the law of gravitation. And this follows Newton's law of gravitation. It goes down. For fiscal year 1995, it goes down to $540.6 billion. Over the 6-year period 1994 to 1999, we are capped by the budget resolution to levels that will allow only $6 billion above 1994 to spend over the entire 6 years, $6 billion over all those years. We are allowed to spend and appropriate in the Appropriations Committees and in the two Houses with respect to appropriations we are allowed only $6 billion above 1994. By contrast mandatory spending on Social Security, Medicare, Medicaid, Federal retirement and other programs, veterans' pensions, veterans' compensation, child nutrition, food stamps, which are all on automatic pilot, will grow by a total of $824 billion above what would be spent if we froze those programs over the next 6 years. So we have frozen discretionary spending to a level of $6 billion over the next 6 years, but we have not frozen mandatory entitlement spending over the next 6 years. It grows by $824 billion.

Finally, I will briefly mention one other area of Federal spending that escapes annual scrutiny and by all accounts is growing without any limitations. That is the area of tax expenditures. Senator BRADLEY recognized that, and he would take action to do something about it.

The General Accounting Office issued a report in June 1994 entitled "Tax Policy—Tax Expenditures Deserve More Scrutiny." In that report, on page 34, GAO estimates that aggregate tax expenditures for 1993 were about $402 billion, or 31 percent as large as the Federal Government's total direct outlays for both mandatory and discretionary spending.

On page 3 of the report GAO has this to say:

> Tax expenditures can be a valid means for achieving certain federal objectives. However, studies by GAO and others have raised concerns about the effectiveness, efficiency, or equity of some tax expenditures. Substantial revenues are forgone through tax expenditures but they do not overtly compete in the annual budget process, and most are not subject to reauthorization. As a result, policymakers have few opportunities to make explicit comparisons or trade-offs between tax expenditures and federal spending programs. The growing revenues forgone through tax expenditures reduce the resources available to fund other programs or reduce the deficit and force tax rates to be higher to obtain a given amount of revenue.

Perhaps the expertise of the distinguished Senator from New Jersey in matters of tax expenditures and mandatory spending would prove more fruitful in improving the congressional process as it relates to controlling these areas of the budget.

As for the pending amendment, I urge all Senators to join in rejecting the amendment.

The Senate has acted. The House has acted. The budget resolution was enacted. We all worked hard, and we took difficult action when we reached our decisions in connection with that resolution. We made cuts in discretionary spending. We applied a freeze.

Now, if we come along and with any amendment that cuts an appropriation we also lower the caps, then we have put more of the squeeze upon the Appropriations Committees so that we will be operating below a freeze rather than having a tiny $6 billion, tiny in comparison to the $824 billion by which mandatory entitlement spending will increase over the next 6 years. We will have tightened the vise around the appropriations process with respect to discretionary appropriations.

Senators ought to stop, look, and listen before contemplating making deeper cuts in discretionary spending.

We have cut discretionary spending off the bone for the last dozen years prior to the Clinton administration. So old Mother Hubbard's cupboard is pretty bare. And we are talking about your parks. We are talking about your public lands in the West. We are talking about your Indian programs. We are talking about bridges, highways, education, environmental cleanup, conservation, all of the items in the discretionary budget that touch the lives of every man, woman, boy, and girl in this country every day.

So I hope that Senators will join in rejecting the amendment, I say with respect to the distinguished Senator from New Jersey.

I again thank him for the courtesy which he always accords me in letting me know in advance when he contemplates offering an amendment.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I will make only a few points in response to the distinguished chairman of the Appropriations Committee.

I think he is absolutely right on target when he points to the real villains of spending being exploding entitlements, the largest of which and the fastest growing of which is health care; and tax expenditures, which have exploded even faster in the last 5 years than the entitlement programs themselves.

I hope that the distinguished Senator from West Virginia would join with me, when we begin to deal with the budget resolution next year, to try to change the way we treat tax expenditures.

As you know, under the current rules, if I want a special program and I can get it by simply saying if somebody does this, we will tax them less, that is not a spending program. But if I go to the Appropriations Committee and appropriate money to do the same thing, that is called a spending program.

I believe that spending, whether it is through the Tax Code or spending, whether it is through the appropriations process, should be treated the same way. And the only way that we will do that is by amending the budget process, because now if you eliminate a special loophole, it is called increasing taxes. In effect, it is eliminating spending that we do through the Tax Code.

So I agree very much with what the distinguished chairman said about the exploding entitlements—we need to control those entitlements—as well as his strong statement about the exploding tax expenditure side.

With those agreements, I would also say that I do think we need to get control, even though we have done a good job in reducing some discretionary spending, I would make it much tighter and I would make it much easier for any Senator to come to the floor and offer an amendment to reduce spending.

Every appropriations bill is filled with literally hundreds and hundreds of items that, if given the full light of day, might not be supported by the entire Senate. Unfortunately, Members do not come to the floor to raise questions about particular spending items in discretionary spending because they, by and large, know that if they succeed and get 53 votes, they are not going to actually reduce spending by that amount and the amount of money that they have cut will simply go back to the Appropriations Committee to reallocate.

And so I would simply want to treat spending cuts the same way we treat tax increase. If you can raise taxes with 50 votes, you ought to be able to cut spending with 50 votes, as well.

I would have only one final comment in response to what the distinguished chairman said, and that is whether a President would veto a resolution that placed caps on subcommittees. I think that, under the amendment, it is possible for a President to do that, just as it would be possible for a President to veto a continuing resolution or possible for a President to veto an appropriations bill. I think that that is highly unlikely that that would happen, however.

So, on balance, I would argue that we should err on the side of putting tighter restrictions on spending and that is a process to do that, and that is really what was behind my amendment.

Mr. INOUYE. Mr. President, will the Senator yield?

Mr. BRADLEY. I am pleased to yield to the distinguished subcommittee chairman.

Mr. INOUYE. Mr. President, I have listened to this debate with great care, and would like to join my chairman of the Appropriations Committee in commending the Senator from New Jersey for his amendment. His intent and purpose has great merit.

But, I believe the proper place for debate of this importance would be at the time of the annual budget resolution. So, that is my only comment.

Mr. BRADLEY. Mr. President, I thank the distinguished subcommittee chairman for his observation.

I, too, would agree that the best place for this kind of debate to occur would be on a budget resolution, because it deals with an examination of the budget and appropriations.

But the only reason that I raised it at this time is this is the last appropriations bill. In order for my amendment to prevail, since it is a not a germane amendment, it would require 60 votes. But that is the same amount of votes that would be required for any spending cut on an appropriations bill to prevail.

So, I simply wanted to raise it on an appropriations bill at this time to make that point and to urge that, when we get to the budget resolution next year, other Senators will have at least been alerted to this and will have the opportunity to study it over the coming months and, hopefully, join in the effort to reduce spending by changing some of the appropriations process.

With that said, Mr. President, I would be prepared to withdraw the amendment and look forward to next year's budget resolution when this could very well be an amendment. And I hope I would be walking shoulder to shoulder with the chairman of the Appropriations Committee to make spending through the Tax Code also count as spending.

The PRESIDING OFFICER (Mr. PRYOR). The Senator has a right to withdraw the amendment.

The amendment is withdrawn.

The amendment (No. 2490) was withdrawn.

Mr. BYRD. Mr. President, I thank the distinguished Senator for withdrawing the amendment. I hope that he will have the opportunity and will take the opportunity between now and the time we take up the budget resolution to think carefully about his proposal, and perhaps modify it to some extent. But, in any event, that would be the proper place for the debate.

I again thank him.

Mr. President, I have a few remarks on another matter that I would like to make.

REFUGEE RELIEF IN RWANDA

Mr. BYRD. Mr. President, it seems safe to say that all Members of this body, and all Americans, have been appalled at the carnage that has been visited upon the people of Rwanda, and the refugee crisis that has resulted. I commend the President for his decisive action in bringing the unique expertise of the Department of Defense to bear on the situation, bringing vital relief to hundreds of thousands of needy people in camps in nations bordering on Rwanda, particularly in Zaire. The Appropriations Committee, in this bill, has included a provision, which I offered at the full committee markup, to provide the necessary funding for the U.S. humanitarian aid operation and at the same time put specific parameters around the operation in terms of scope, cost, duration, and security matters. The Committee amendment—which was supported by the distinguished chairman of the subcommittee, Mr. INOUYE, and the ranking member of the subcommittee, Mr. STEVENS, and by the ranking member of the full committee, Mr. HATFIELD—the committee amendment fully endorses the President's humanitarian actions, and recommends $170 million in fiscal year 1994 supplemental appropriations to provide the funds necessary for this effort. This $170 million is in addition to the $50 million that has been included in the foreign operations conference for emergency aid relief to Rwanda refugees, so the grand total is $220 million.

The sudden influx of massive numbers of refugees, escaping from the violence of a civil, tribal war in Rwanda created a crisis requiring immediate response. Only the United States has the airlift and logistical capability, as well as recent experience in this type of operation in Iraq and Bosnia, to provide the needed relief. The appropriations, as requested by the administration, are required to establish and operate airport services at Goma, Zaire; Kigali, Rwanda; and other locations; to provide fuel, logistics support, maintenance of vehicles, and equipment for distribution of water, food, supplies, and medical items; to establish and operate an air distribution facility in Uganda, for the collection, storage, and forward movement of relief supplies; transport supplies and equipment; to provide safe water, and to deploy and sustain approximately 4,000 United States troops.

There has been some discussion of inserting United States troops into Rwanda to help entice Hutu refugees back into the country to begin the rebuilding process. Certainly there is not a permissive, benign environment inside Rwanda which would permit United States forces to play an exclusively humanitarian role there. The prospects for further violence are substantial. Indeed, there are rising tensions in neighboring Burundi, where Hutu and Tutsi

groups are again the ethnic mix, and where there are reports of killings. The New York Times of yesterday, August 8, 1994, editorialized that:

It has begun to dawn upon policymakers, if not yet the public, that the crisis in Rwanda may take years to resolve. Relief workers in Zaire, where a million Rwandans have fled, see little hope for a prompt return home for Hutus fearing reprisal massacres by Tutsis, who now dominate the new Government in Kigali. Indeed, instead of getting better, matters could become worse, spreading conflict, hunger and uprooted peoples through an entire region. It would be wise for the Clinton Administration to prepare Americans for what may be a very long haul in Central Africa.

And I shall ask at the close of my remarks, Mr. President, an editorial from the New York Times, the excerpts from which I have just read, be printed in the RECORD.

This amendment that I offered in full committee and which was adopted by the full Committee on Appropriations says that the massive relief effort by the United States is not promised for the "long haul," certainly not past this fall, as the funding for it is terminated on October 7, 1994. The rebuilding of the society of Rwanda and the stopping of the spread of ethnic strife in Central Africa is a matter for the international community, and particularly for African nations. We are now providing the extent of aid which I believe the American people will support and tolerate, but it is no blank check and it is no indefinable "long haul."

While the committee fully supports this noble, humanitarian action, we are nevertheless concerned about the lack of burdensharing among the international community; about the security of our troops and civilian personnel in an area where the hatred and violence associated with the warfare between the Hutus and Tutsis is far from over, according to reports; and about any costs and actions that might be needed after this funding runs out at the end of the fiscal year. The committee is concerned about avoiding any pressure to expand the humanitarian mission into new roles, such as security of the Rwandan population, safeguarding the rebuilding of the societal fabric ripped apart by the warfare, about any pressure to engage in "nation-building" in Rwanda. How long should the United States bear the load, and when can the unique aspects of what we have done in a time-urgent response to the crisis be handed over to the United Nations, and other nations and international relief agencies?

Thus, while fully supporting this operation, the committee is, nevertheless, concerned about the lack of burdensharing among the international community, excepting the French, who have safeguarded the southwestern portion of Rwanda. The French have announced their intention to leave by the end of August, opening up new possibilities for tribal violence in Rwanda. The committee does not support expanding our relief mission into a security or peacekeeping or peaceenforcing role in Rwanda. That assignment has been given by the United Nations to a special peacekeeping organization composed of African States, UNAMIR, the United National Assistance Mission in Rwanda.

To address the committee's concerns, it has included a section in the bill which requires certain reports and actions. First, it provides that the Secretary of State provide a report to the Congress no later than September 1 of this year as to the burdensharing arrangements in the Rwanda relief operations that have been negotiated and implemented with other nations and international public and private organizations, as to both cost and personnel participation, including Armed Forces participation. Second, regarding the troublesome question of security, the Secretary of Defense is to provide assessments to the Congress by September 1, 1994, as first, any threats to the security of U.S. personnel and, second, the extent to which the UNAMIR peacekeeping operation has established a security system within the country of Rwanda. The committee strongly believes that we must avoid becoming involved in the competition for power in Rwanda, and that peacekeeping, the establishment of protected zones, or other forms of nation-building that will suck the United States into the politics of Rwanda for a lengthy period of time.

The expansion of our humanitarian role was a cardinal mistake in Somalia, and I think we are all wary of repeating that mistake in Rwanda. I do not think there is any stomach in the American people for risking United States casualties to rebuild the nation of Rwanda. Therefore, Mr. President, the amendment that I included in the bill before the Senate provides that "any change in the mission from one of strict refugee relief to security, peaceenforcing, nation-building or any other substantive role, shall not be implemented without the further approval of the Congress." If any such mission change is contemplated—and I do not see any sign that it is contemplated—then I think it would be wise for the President to bring the Congress on board in an affirmative way. In particular, the insertion of United States forces into the countryside of Rwanda would risk such mission creep or change, and so the amendment provides that:

United States armed forces shall not participate in relief operations inside Rwanda until and unless the President has certified to the Congress that the security situation in the countryside has stabilized to the extent that United States forces will not play a peacekeeping or peaceenforcing role between the warring factions inside Rwanda.

Mr. President, I believe the administration should attempt to wrap up this mission by October 7, 1994, around the time that the Congress is scheduled to adjourn, and thus the amendment provides that the President give us a plan by September 15, 1994, as to how he will

* * * terminate United States involvement in the Rwanda operation by October 7, 1994, unless an extension of time is approved by the Congress, and what arrangements have been made for other nations and international public and private organizations to replace United States resources and personnel.

If the President wishes to extend the U.S. mission beyond October 7, that would certainly be considered, but in that event the Congress would have to debate and decide on that extension before adjournment.

Mr. President, while these timelines may be looked upon as strict by some, the world has been attuned to the Rwanda crisis for some time now, and the United Nations has created an organization, UNAMIR, to deal with the security aspect of it. Logistical roles which needed to be provided by the United States, because of the short time-urgent nature of the need, can be handed over in an orderly manner to others who should be prepared and be preparing to pitch in. This is an international crisis and demands an international response. I am proud of the role that we have played, and I hope that the rest of the world will step up to the plate so that the goals that we have set forth in this legislation can be met.

Mr. President, I ask unanimous consent that the editorial from the New York Times be printed in the RECORD.

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

[From the New York Times, Aug. 9, 1994]

RWANDA'S VERY LONG HAUL

It has begun to dawn on policy makers, if not yet the public, that the crisis in Rwanda may take years to resolve. Relief workers in Zaire, where a million Rwandans have fled, see little hope for a prompt return home by Hutus fearing reprisal massacres by Tutsis, who now dominate the new Government in Kigali. Indeed, instead of getting better, matters could become worse, spreading conflict, hunger and uprooted peoples through an entire region.

It would be wise for the Clinton Administration to prepare Americans for what may be a very long haul in Central Africa. A small contingent of U.S. troops is already assisting the United Nations operation in Rwanda, and Washington has promised to come up with $270 million in new aid. If the case is fairly made, if burdens are fairly shared with others, and if civil peace can be maintained, this is an effort that Americans can be persuaded to support.

The immediate, compelling consideration is humanitarian. It affronts decency to do nothing as children starve in squalid refugee camps. But other interests are affected when four million people flee their homes, half of them across frontiers, in a country of just under eight million people where, today, no food grows in vacated farms. Desperation will breed new wars, sending shock waves through tense neighboring states, notably

Burundi and Zaire. The fearful prospect of more upheavals calls out for energetic preventive diplomacy.

The place to start is Kigali, where a new Government lacking even telephones, desks and offices rules a country lacking people. Creditably, the victorious Rwanda Patriotic Front has established a multi-party Cabinet that is led by a President and Prime Minister who are both Hutu. But real power is held by minority Tutsis, notably Vice President and Defense Minister Paul Kagame, who was the chief strategist of the rebel victory.

The new regime is speaking the right words about reconciliation. Yet these have to be set against the scattered killings of returning Hutus, as reported in The Times by Raymond Bonner, and Government plans to try thousands of civilians as war criminals. There could also be another nightmare if 500,000 Rwandans, most of them Hutu, flee a security zone created by French peacekeepers, who are due to depart by Aug. 22.

Keeping to that timetable is a problem, since the French are supposed to be replaced by 5,500-strong U.N. peacekeeping force. But less than a thousand Canadian and African troops are now in Rwanda, with the rest still to be trained to protect convoys and reassure returning villagers. A small contingent of U.S. troops is under direct U.S. command in Kigali.

By any measure, the prospects are grim: an untested new Government, a collapse of basic services, reprisal killings, an improvised international force and a depopulated country, with the planting season supposed to begin next month.

Meantime, mingling with two million refugees in Zaire and Tanzania are remnants of the defeated Rwandan Army, including units responsible for the worst massacres. Commanders talk of regrouping and of border war from sanctuaries in Zaire; they also threaten to shoot foreign relief workers who dare urge Rwandans to return home. And the same despicable radio station that clamored for Tutsi blood before the rebel victory continues its broadcasts from a mobile base.

What could make an enormous difference is a real international presence in Rwanda, to reassure and to witness. Now there are reports of killings in adjacent Burundi, with a similar ethnic mix and with the same history of strife. The world had neither the means nor the will to respond in April, the critical early stage of Rwanda's descent into genocide. It has been a terrible learning process, and yet crueler lessons may lie ahead.

Mr. BYRD. In closing, Mr. President, this is the last regular appropriations bill for this year and, of course, the largest of the bills in terms of dollars that will come before the body this year for fiscal year 1995. It is earlier than usual for the DOD appropriations bill but the authorization conference is nearly complete and I believe will be completed this week.

The amendment on Rwanda that I have described I think is a responsible one and appropriate to the task, as well as the dangers we are all aware of. If, however, it is going to be relevant to the situation, we are going to have to get this bill passed and into conference, and conclude the conference report before the Senate goes on its August recess, if and when it goes on the August recess.

The time lines in the amendment for reporting and certification all occur in early and mid-September, and if we are not going to pass the bill, we will be frustrated in effecting the will of this body and the Nation's policy toward Rwanda because it is financed with 1994 money. So there are some steep foreign policy costs to be associated with delaying the Department of Defense appropriations bill.

I encourage my friends on the other side of the aisle who are concerned about the amendments to this bill, to help move the bill forward so that its provisions can take effect in a timely manner.

I congratulate the chairman of the subcommittee and the ranking member of the subcommittee for their valiant efforts to expedite the action on the bill. It is through their excellent efforts and their skills and good work that the bill is at the present stage.

Mr. President, I yield the floor.

AMENDMENT NO. 2480

Mr. LEAHY. Mr. President, I want to speak on an amendment concerning Colombia offered by the senior Senator from North Carolina yesterday to the Defense appropriations bill. I understand a vote on the amendment is planned for tomorrow.

The Senator's amendment would cut off military aid to Colombia unless the President certifies that certain conditions have been met concerning allegations of corruption by Colombian officials.

Let me say that I, like every Senator, am concerned about corruption in any government that receives U.S. foreign aid. It is a fact of life, and that is why we go to great lengths to protect our aid dollars from being diverted or misused. I have supported efforts to cut off aid to governments that were diverting it for the wrong purposes.

This amendment is based on allegations that there is corruption in the Colombian Government. Of course there is. But the Senator from North Carolina makes no claim that our aid, which goes to combat drug traffickers there, has been stolen or diverted by Colombian officials.

I have been a critic of our international counternarcotics program. We have spent billions of dollars and there is little to show for it. I have also been concerned about reports of human rights abuses by the Colombian military. But the new President of Columbia was just inaugurated this week. He says he will give a high priority to fighting the drug traffickers. He deserves a chance to show if he is serious.

But the other reason I am concerned about this amendment is that it is very similar to an amendment to the Senate version of the foreign operations bill, which has already been through conference.

In the House-Senate conference on the foreign operations bill 2 weeks ago, the Senator from North Carolina's amendment met with stiff opposition from several House conferees. I and Senator MCCONNELL, the ranking member of the subcommittee, were seeking to find a compromise that would retain the guts of the Senate position.

Before we reached agreement, a staff member for the Senator from North Carolina informed us that if we resolved another amendment of the Senator from North Carolina concerning Russia, we could recede on the Colombia amendment.

That is what we did, when the House agreed to a provision on Russia's compliance with the biological and chemical weapons treaties, and we receded on the Colombia amendment.

Now the Senator from North Carolina is seeking to amend that same foreign operations bill after the conference is over, and after we reached an agreement with him on his amendments in conference.

Mr. President, we are going to find ourselves in a real quagmire here if we agree to the disposition of an agreement 1 week and then find we have to deal with it again 2 weeks later on another bill.

I would ask the Senator from North Carolina to limit the scope of his amendment to the funds in the Defense bill to which it is being offered to. As written, this amendment goes far beyond that by amending the foreign operations bill. I would hope that the Senator from North Carolina would modify his amendment.

THE INSTRUMENTED FACTORY FOR GEARS AT THE ILLINOIS INSTITUTE OF TECHNOLOGY

Ms. MOSELEY-BRAUN. Mr. President, as we consider the fiscal year 1995 defense appropriations bill, I would like to discuss a unique technology transfer program that is critically important to the U.S. gear manufacturing industry, the instrumented factory for gears, also known as INFAC. I would like to take a moment to share with my colleagues some background on this unique industrial initiative.

INFAC is an in-place, fully equipped experimental teaching facility that provides research, education and industrial extension in the field of gear manufacturing technology. Located at the Illinois Institute of Technology [IIT], the program features a hands-on shop floor with state-of-the-art precision machine tool equipment. Researchers and students at INFAC provide consulting and seminar services to small and medium sized manufacturers to develop methods to keep these firms competitive and up-to-date with current technologies. The unique training and extension activities at the INFAC complex are a successful, working example technology transfer.

This program was awarded to the Illinois Institute of Technology Research Institute in October 1989 as a result of a competitive procurement. As awarded by the Defense Logistics Agency, the 5-year INFAC contract calls for 25

percent cost share of the core program, and full funding of separately awarded research and development tasks. The Government has insisted that the minimum of 25 percent core cost share requirement remain unchanged through the current contact period. In addition, INFAC is requiring, and has begun to receive dollar-for-dollar cost share on funds for cooperative research projects with industry.

This program is strongly supported by the U.S. Army Aviation and Troop Command. The Army program manager has indicated that $8.5 million is needed for a full program year. However, it is my understanding that, as a matter of practice, the committee has tried to avoid earmarking funds for specific manufacturing technology projects. Given the millions in Illinois and Federal funds that have been invested in this program to date, it is important that adequate resources be provided in conference to allow the Department of Defense to support continued operations of the INFAC Program. I urge appropriators to provide adequate funding for fiscal year 1995 that would allow the program to be responsive to Army direction and continue through the next fiscal year.

Mr. INOUYE. I thank the Senator from Illinois for her comments regarding the instrumented factory for gears. The Senator is correct in stating that the committee has tried to avoid earmarking service manufacturing technology programs. However, I agree with the Senator that the Department of Defense should consider the past investment and the potential benefits in making decisions about continuing the gear INFAC Program in fiscal year 1995. I will give every consideration to the Senator's request during conference.

ACCOUNTING FOR DOD COSTS

Mr. PRESSLER. Mr. President, I offer an amendment today which would help Congress account for all incidental costs incurred by the Department of Defense in conjunction with U.N. activities. This is a simple amendment. It merely would require the Secretary of Defense to report quarterly to appropriate congressional committees on costs incurred by the DOD resulting from U.S. support or implementation of U.N. Security Council resolutions. Additionally, in the same quarterly report, the Secretary of Defense would be required to detail DOD efforts to obtain compensation from the U.N. for such costs and DOD efforts to seek credit against U.S. assessments to the United Nations.

As my colleagues know, I have been concerned for years about the enormous amount of U.S. taxpayer dollars spent in support of multilateral operations. While I support the United Nations and want desperately for this organization to function effectively, I hesitate to spend U.S. money supporting ineffective operations—operations in which the United States often has no national interest.

I offer this amendment today because I want everyone to be acutely aware of the elephantine size costs incurred by the DOD in support of U.N. operations. There are enormous amounts of incremental costs charged to the DOD which are not accounted for in DOD reports. Congress needs to know how much the DOD spends over and above what the United States is assessed in our U.N. peacekeeping dues and our regular U.N. budget contributions.

At the end of this year, we will have budgeted over $1 billion for support of U.N. operations. We deserve to know how much the DOD contributes to those operations which is not budgeted. I believe my colleagues would be amazed to learn just how much is being spent incrementally by the DOD in conjunction with U.N. resolutions. Yet, currently, we do not have an adequate accounting system for assessing incremental costs. My amendment calls for just such an accounting. Additionally, my amendment would require the Secretary of Defense to report on DOD efforts to receive credit from the United Nations for unbudgeted support for operations and activities. We owe it to U.S. taxpayers to account for the money spent by the DOD. I urge my colleagues to support this fiscally prudent amendment.

THE NEED FOR CONTINUED RESEARCH INTO THE CAUSES OF AND TREATMENT FOR GULF WAR SYNDROME

Mr. RIEGLE. Mr. President, I would like to engage the distinguished chairman of the subcommittee, Senator INOUYE, in a colloquy regarding the research required to identify the causes of and treatment for a disabling syndrome experienced by many Persian Gulf war veterans that may be related to exposure to hazardous chemical, biological, and radiological agents, other hazardous substances, and endemic illnesses during their service in the Persian Gulf War.

Mr. INOUYE. I welcome this opportunity to discuss this important issue with the distinguished chairman of the Committee on Banking, Housing, and Urban Affairs who has devoted a great deal of effort to the well-being of the veterans of the Persian Gulf War. I share in his concern for the need to address this issue.

Mr. RIEGLE. As the chairman is aware, the Senate version of the Defense authorization bill for fiscal year 1995 contains language authorizing independent, expert research at a total funding level of $20 million. In conference, however, the conferees combined the funding for this research with funding for research into brain and spinal cord injuries, an artificial neural network research program for cancer detection and treatment, lyme disease research, and diabetes research at a combined funding level of $40 million. The Defense authorization bill does not, however, specify how the funding shall be allocated among these programs. Further, I have been informed that while the agreed to authorization level for all of this research is $40 million, the amount appropriated by the Senate for Cooperative Department of Defense/Department of Veterans Affairs Research is only $20 million.

As we established in the Defense authorization bill, I believe $20 million is needed to properly initiate research into this problem—a problem that as we have learned has expanded in scope. Last year, while $5.7 million was authorized by the Senate for this purpose, less than $2 million was appropriated. Over half of this amount has still not been spent by the Department.

Mr. INOUYE. I agree that Congress needs to reevaluate the amount of funds necessary to deal with a problem that has grown in scope and now appears to affect these veterans of the Persian Gulf war and their families. And I am troubled with the reports that the Department has not disbursed moneys specifically appropriated by Congress to address an immediate medical problem such as this.

Mr. RIEGLE. Mr. President, hundreds of veterans and members of the Armed Forces, from both the officer and enlisted corps, who served in the gulf, have reported to us that chemical agents were detected with the onset of the air war, after Scud attacks, after explosions, in Iraqi and Kuwaiti minefields and in bunkers.

In July 1993, the Czech Government announced that Czechoslovak chemical detection units assigned to the gulf detected chemical agents there. In December 1993, the French Government confirmed that they too detected chemical agents during the Persian Gulf conflict. There have been thousands of reports that camels, sheep, goats, birds, and insects in Iraq, Kuwait, and Saudi Arabia began suddenly dying shortly after the initiation of the air war suggesting that whatever exposures may have caused a cross-species contamination of mammals, birds, and insects, might have also been harmful to humans.

I have also learned that there is good reason to be concerned about the long-term health consequences of the administration of the cholinesterase inhibitors in the nerve agent pretreatment program—as a result of both their direct effects and the reported studies of the possible potentiating or synergistic effects of these drugs when combined with exposures to organophosphate nerve gases and pesticides.

I believe we must also continue to examine the hazards associated with other environmental and occupational exposures such as depleted uranium,

chemical agent resistant coating or CARC, pesticides, smoke from the oil fires, and others.

Gulf war syndrome, contrary to previous reports has not only affected U.S. veterans. I have also been contacted by members of the Canadian, British, and Australian military all complaining of similar symptoms. Eighteen members of the 169-person Czech chemical decontamination unit are also reportedly complaining of similar symptoms.

Mr. INOUYE. I understand that since September 1993, the number of veterans who have signed up for the VA Persian Gulf registry examination has increased from 5,400 to over 24,000.

Mr. RIEGLE. That is right, Mr. President. And I have received calls and letters from thousands of these veterans from throughout the United States. They uniformly complain of ineffective treatment within both the VA and Department of Defense medical systems for their undiagnosed disabling illnesses. Regrettably, I have also received reports of many young men and women who have—after initially experiencing these symptoms—died from cancers or unexplained heart failures.

I have been contacted by hundreds of active duty members of the U.S. Armed Forces who are sick. Many are reluctant to seek medical care for their illnesses fearing that they will be discharged. Others are fearful of coming forward because many of those who previously came forward were referred for psychiatric examinations. As the U.S. armed services are now all-volunteer forces, this is an issue of some concern since their careers and ironically, maintaining their health care coverage, depends on their remaining on active duty. Many members of their families are also ill.

Mr. INOUYE. I understand that the VA Persian Gulf registry does not include any of the sick spouses and children.

Mr. RIEGLE. That is correct. Over 75 percent of the spouses and 25 percent of the children conceived before the war by the sick vets who have contacted me are experiencing many of these symptoms. Sixty-five percent of their children conceived after the war are also experiencing health problems. Most commonly noted among the health problems of these infants are respiratory infections, ear infections, and rashes. In some cases, severe birth defects have been noted.

Nor does the registry include the sick Department of Defense civilians and contractors who served in the gulf, nor the DOD civilians in the United States who became sick after decontaminating or cleaning equipment that was returned from the theater of operations.

These patterns of illnesses and exposures, along with reported observations of tens of thousands of dead sheep, goats, camels, birds, and insects suggest that immediate and extensive peer-reviewed, expert, competitively awarded research is required.

The research authorized in the Defense authorization bill for fiscal year 1995 requires the conduct of an epidemiological survey on veterans, armed services personnel, and Department of Defense civilians who served in the Persian Gulf war, as well as their spouses and children; the conduct of research into the long-term medical hazards of the administration of pyridostigmine bromide in the chemical nerve agent pre-treatment program during the Persian Gulf war; and establishes a research program to fund independent peer-reviewed research into the illnesses, treatment of the illnesses being experienced, and into determining if and how the illnesses are transmitted. This is desperately needed research.

Ultimately, we will only learn the true scope and consequences of this issue when appropriate epidemiological testing and basic scientific research is conducted to determine the nature of the illnesses that these veterans, civilians, and their families are suffering. I am asking today that the chairman support this research and do no more or no less for the men and women who served this country in the Persian Gulf war, than we have done when other unidentified illnesses have surfaced. The conduct of this research could ultimately result in a savings of billions of government and private-sector dollars in misdirected health care, disability and compensation benefits, and other social costs over several generations.

Mr. INOUYE. I agree with the Senator that more needs to be done in this area. The committee has included funds to study gulf war syndrome under the Defense Health Program account in the bill before us.

Mr. RIEGLE. I believe that in order to ensure that expert, competitively-awarded, independent research into gulf war syndrome is conducted, a specific amount should be appropriated only for that research. Further, the Senate authorization bill recommended amount of $20 million is the amount desperately required to initiate this medical research into the cause of the disabling and sometime-fatal syndrome experienced by Persian Gulf war veterans.

The language in the Senate Defense authorization bill is consistent with both the scope of the problem and the type of information needed to be gathered in order begin to properly determine the causes and appropriate treatment for this disabling illness. But, if the funds are not appropriated specifically for this research, it may not be conducted.

Mr. President, we cannot continue to let the men and women who served this country down—I am asking for your support in conference to obtain funding to conduct scientific research at or near the levels authorized by the Senate. This amount that I believe is needed, $20,000,000, is well below what we spend on research into other undiagnosed illnesses. We spent tens-of-billions of dollars to finance the conduct of the war. We must come to understand that the expense of war also includes our obligations to care for our soldiers and our veterans.

Mr. INOUYE. I thank the distinguished Senator for his efforts on this matter. I agree that this is a serious issue which must be thoroughly and rapidly researched and we will seriously consider these recommendations when the bill is being considered in conference.

Mr. RIEGLE. I again thank the distinguished chairman for his work to make sure that the Department of Defense is both ready for the future conflicts they may be forced to confront, and willing to take the necessary efforts to ensure that those who serve during these conflicts receive proper medical care.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

HEALTH CARE REFORM AND PRESCRIPTION DRUGS

Mr. DORGAN. Mr. President, yesterday I was in the chair when one of our colleagues brought to the floor a very large poster with a telephone number of how citizens could reach their Senator. It was a poster that only had 1-(202) and the telephone number of the Capitol switchboard. I was thinking, as I looked at that, that it is preemptive television. In fact, that poster has to compete with a lot of other things on television these days and probably will not compete very well.

The person who was asking people to call the U.S. Senate wanted them to call us because they wanted citizens to tell Senators that we should delay responding to the issue of health care reform.

As I said, that is preemptive television, just putting a chart on. It does not compete with the dizzying disorientation, as it is called, and future shock of what we now see in the pop culture.

Walk outside this building and talk to the first person you see, and they will be conversing about things totally irrelevant to our lives but things that have become relevant by virtue of television. Ask them about Tonya Harding. Ask if they know the whole story. Ask them about Lorena Bobbitt and her husband and, they will know the whole story. They will know it from Peoria to the west coast. Ask them about O.J. Simpson and they can debate the whole story. Ask them about Joey Buttafuoco, or maybe the Menendez brothers.

It is part of our pop culture. We are told kids go to school and graduate from high school these days and they have spent 12,000 hours in the classroom and watched television for 20,000 hours. They are much more a product of what they watched than what they read.

Unfortunately, if you take a look at all the things we read, see, and hear and become fixated on with our periodicals and television sets, you get the feeling in this country we often treat the light far too seriously, and the serious far too lightly. That is why I want to talk today about the question of should we delay the debate on health care reform.

Should we delay the debate on health care reform? We are told —in fact an amendment is offered; I think it is still pending before the Senate—that it is really in the country's best interest for us not to respond to the issue of health care reform. It is not necessary, they say; there is a better time to do this; we do not know enough; we are not ready.

Let me try to think through just a little bit what has caused this. If you take a poll and ask people about health care, you will find that most Americans think health care costs too much and prices are too high. It is not just that they think that, that is the plain fact. We spend much more on health care in the United States than any other country in the world, by far. It is not even close. We spend over 14 percent of gross domestic product—everything that we produce in goods and services in this country. We will spend over 14 percent of our GDP on health care this year. The next nearest country is Canada which spent 11 percent, and no other country in the industrialized world spends more than 10.

The point is, we spend far more than any other country, by far more than any other country. And the American people know it because they are paying the bill.

The other point is—the American people well know this—health care prices are increasing, double and triple the rate of inflation. They have come down a little in the last year or so, but that is because there is a threat of health care reform. That is double or triple the rate of inflation for every year, for something that is not a luxury, but something that is a necessity.

It is not unusual these days for peoples' monthly insurance payments to be twice as much as their car payment—$400, $450, $500 a month for a family policy is not that unusual in my part of the country. And that is what has driven middle American families to say to the Congress: Do something, do something because health care prices are out of control.

In the rest of our economy, we have something called competition. And in competition, prices are a competitive regulator. In health care, it is not. At least not in my State. I represent a State of 640,000 people. Guess what. We have six separate locations where you can get open-heart surgery in my State. Do we need six? Of course not. Is that competition? One hospital does it, the other wants to do it. One gets an MRI, the other hospital wants an MRI. One has a cardiac surgical unit, the other wants a cardiac surgical unit.

Duplication? Waste of money? Of course it is, but it is competition.

In health care, competition means duplication and higher prices, and that is a sad fact. Competition simply has not worked to bring down prices in health care.

Lest anyone wonder where we are and where we are going, here is what happened to health care prices in the United States, and here is what is going to happen.

You can see this bar graph, and it is alarming. What has happened is health care prices have risen out of control. It has devastated the Federal budget because we have a heavy amount of spending in Medicare and Medicaid. But more than the Federal budget, State and local budgets, and more than that, family budgets and business budgets, especially, have been devastated by the increasing cost of health care every single year.

To those who say we should do nothing, let us delay, let us wait, it is not the time, I say what about this? How do you address this? It is one thing to say let us not do anything, but we have an obligation on behalf of American families to address this.

What do we do about prices running out of control? Let me take just one aspect of prices, and I do this recognizing the Senator in the chair currently, Senator PRYOR from Arkansas, has done an enormous amount of work on this. He will know these charts easily because these charts describe a problem he has discussed for years.

To those who say let us do nothing, I say to them, take a look at this chart, if you will. I have taken the price of prescription drugs, one part of health care, an expensive part, and shown what they cost.

The same manufacturer of the same drug puts the same pill in the same bottle, seals it up and sells it. They sell it in the United States, Canada, England and Sweden.

Here is a drug called Premarin. This is the number one selling drug in the United States. It is used for estrogen replacement. The same drug put in the same bottle sealed up by the same manufacturer is sold in Sweden for $93. They sell it in the United Kingdom for $100 and $113 in Canada. Guess what they charge the U.S. consumer for it—$297.

To those who say let us wait, I say justify this. You tell me how you can justify asking a 60-, 70-year-old American who buys Premarin to pay that kind of overcharge.

I just brought a couple of these charts about what happens with a range of drugs.

Zantac, a drug for the treatment of ulcers. There are probably plenty of uses for ulcer drugs in the United States Senate these days as we fix to confront health care; $64 in Sweden, $84 in England, $102 in Canada and $133 in the United States.

By what justification do they say to the United States consumer, "Here is the identical pill. We will charge you twice as much for it as we charge the Swedes."

Xanax, for anxiety: $10 in Sweden, $56 in the United States.

Here is one well recognizable. This country consumes a lot of this. It is Valium, another drug used for anxiety.

Guess how they charge Valium?—$4 for Sweden, $4 for the United Kingdom, $9 for Canada, and $49 in the United States. So to those who say, "Let's wait. What's the hurry? There is no problem here," just take this small sliver of health care cost, just this, and justify it for me. Tell me the market system works. Tell me it is fair and reasonable to do this to the American consumer.

Well, we are going to discuss health care now at some great length. We are going to discuss policy, and we are going to discuss terms that a lot of people probably will not understand very easily. It may best be described, however, in more human terms. And let me describe just a few of the people I have been around.

A woman in central North Dakota in her mideighties has diabetes and heart trouble, and her doctor prescribes medicine for her to take for her diabetes and heart trouble. But this woman, like a lot of women, is living alone and has very little money, lives only on her Social Security check. She says, "I can't afford the prescription drugs, so you know what I do?" A woman in her mideighties takes half the dose her doctor prescribes, and that is the only way she can afford the prescription drugs that are necessary to keep her alive.

Or a woman from Texas who testified before a committee I was on some while ago, a woman from Texas who was pregnant and broke, no money. She was going to have her neighbor help deliver the baby because she did not have money to go to a hospital. During the delivery, it turns out to be a difficult delivery, and they discover this is going to be much more trouble than they can deal with.

They put her in a car, take her to a hospital, and the hospital says, "Do you have insurance?"

"No."

"Do you have money?"

"No."

"Well, we are sorry; you cannot be admitted."

Two hospitals during delivery denied admission. The baby was born at the third and the baby had the umbilical cord wrapped around its neck. The baby is alive, but the baby will be institutionalized the rest of the baby's life, damaged from that difficult pregnancy because this woman did not have money.

I mentioned the other day I was in Minot, ND, a week or so ago, and a waitress at a place I was eating said, "I know I shouldn't do this to interrupt your meal, but," she said, "I want you to know I am 23 years old and I have seizures occasionally. And you are going to hear from a lot of big interests, a lot of insurance companies, doctors, and others when you talk about health care. But will you just understand when you deliberate about health care, I am 23 years old and can't get insurance and can't find a job that pays benefits? So I walk around with no insurance not because I want it that way, but because I simply do not have the opportunity to get insurance and be covered for health care."

Now, in my home State right now there is a blitz of advertising. They have had television commercials. We have had radio commercials. We have had overlapping commercials by different interests. And the disclaimer on the commercials is always some innocuous title like "Paid for by Americans for Decent Health Care" or "Paid for by Americans for" this, that or the other thing.

It is interesting; I had a call from a woman in North Dakota who called me because there is one organization that is advertising in North Dakota that is partially funded by the pharmaceutical industry, and they invite the person, once they have given their 30-second ad on radio to call this number, the 1-800 number and then they transfer the call to my Senate office. So this woman was calling my Senate office as a result of the radio ad that she heard. She did not have the foggiest idea that she had been asked by a pharmaceutical manufacturer in effect to lobby on their behalf for health care reform. That is just a plain fact.

There is a complete disconnection these days because the biggest economic interests are able to spend an enormous amount of money to affect this debate.

I have had senior citizens say to me, "As a result of the ads running in North Dakota, we don't think the Government ought to be involved in health care in any way." These are people on Medicare, people on the Medicare Program. I had a fellow in his midseventies stand up and talk about what an awful health care system we have and how terrible it would be if Government were involved and how much money the Congress spends. And it turns out he just had open heart surgery paid for with Medicare.

There is somehow a complete disconnection. Those same interests are now spending millions of dollars, and they have spent at least, as I understand it, some $100 million in concert in an attempt to influence this health care debate.

From Ed Raymond, in the Gadfly—he writes a column in the Midweek Eagle, a tiny newspaper—let me read a couple excerpts. I thought he got it right. He does not have anything good to say about Congress, I might add, but he says of these interests that are spending all this money that this is the same crowd that is trying to hide the fact that the average salary for doctors is now near $180,000 a year against a per capita income of $22,000.

It is the same crowd, he says, that pays its executives millions of dollars in annual salaries topped by one insurance company he names who has a CEO paid $52.8 million.

He says that, of course, if they can defeat health care reform, that CEO will be worth every cent they pay him. This is the same crowd that paid one fellow from another health care institution, a private company, $12.7 million when that same company said that 37 million Americans do not need health insurance because the system just cannot afford it.

This is the same crowd that, he says, charges patients $40 for 15 milliliters of atropine sulfate that it gets wholesale for $1.12.

This is the same crowd that bought more MRI's for Atlanta, GA, than exist in all of Canada.

This is the same crowd that thinks it is fine for private health insurance companies to take 20 percent of the premiums for administrative costs, but then yells that Medicare administrative costs of 2 to 4 percent are wasteful.

Finally, he says that this is the same crowd that charged my daughter $300 for three stitches in her index finger.

"Yup, it sure would be disastrous to have the government involved in health care," he concludes.

Well, I am not standing here today as part of a forum or a caucus. I am not part of a mainstream group or upstream group. I did not sponsor the Clinton health care plan because I had some concerns about it. But I do not believe that this is the time for us to decide we should not address health care. This is exactly the time for us to be dealing with health care reform issues.

I would hope that in the next couple of weeks we find a way to build a bridge across this Chamber and decide that this is not and cannot be a partisan issue and the question of whether some young child who is sick gets health care is not answered differently by Republicans or Democrats or Conservatives or Liberals. I would hope that will be the case.

Likely, it will not start out that way, but who knows where we end up.

We have people who come to the floor and say, "Don't worry; be happy; no problems; do nothing."

I wish to tell just a brief story that I may have mentioned before that reminded me for the first time of part of our heritage.

I was on a helicopter that ran out of gas in Nicaragua one day some years ago, and I discovered when you run out of gas in a flying machine, you are going to be landing right soon. And we did, and we were not injured, fortunately. But a lot of campesinos came up in the mountains through the jungle to talk to us as we were stranded out there, and one of the things that impressed me, talking to a young woman, perhaps in her midtwenties, through an interpreter who was with me on the helicopter, I said, "How many children do you have?"

She just came from a campesino family somewhere in the mountains of Nicaragua, had never seen anybody from the United States. She said, "Only four," in a disappointed way.

Later, I asked the interpreter, "Why would she be disappointed, having only four?" She was in her midtwenties.

He said, "You don't understand the culture. They don't have any Social Security System in Central America. There is no Social Security Program. In a circumstance like that, it is not unusual to believe that you ought to have as many children as you can have during childbearing years, hoping that if you are lucky enough to live a long life, that some kids will survive and be of help to you in your old age as Social Security."

It was really the first time out in the jungle of Nicaragua that I understood what we took for granted. We take Social Security for granted. It adds such an enormous amount of strength to this country. We just take it for granted. You go back to the 1930's and take a look at that debate on Social Security, and you will find that we will replay that debate in the next 2 weeks. Then skip ahead. Skip ahead to Medicare, and review that debate in the early 1960's and mid-1960's. We are going to replay that debate again.

There were people then in the 1930's who said Social Security would ruin this country. It will be the ruin of this country's economy. We were told in the 1960's that Medicare would be a disaster for America. The fact is we have always had people willing to say no. There is the story about a radio announcer who interviewed one day an 80-year-old man, and said to the man, "You know, I bet you have seen a lot of changes in your life." He said, "Yep, and I been against every one of them." We have people like that in this Chamber, and people who serve in public life. I say to them, look to the challenge of what to do about this problem.

No one can possibly stand on the floor of this Senate and say that health

care prices are not a problem. Health care prices have increased so substantially that it has raised the price of health care above the reach of far too many Americans. And for those who are still hanging on to their policies, as I have said before, they are paying in some cases double their car payment. And they simply cannot afford it. They want us to do something about it.

We have been treated in this debate to a massive amount of institutional money that is put on television and radio to try to change the focus of the debate. We now have a circumstance in which I saw a poll yesterday that two-thirds of the American people say let us wait. Well, in the second question the poll, as I understand it from a colleague of mine who saw it, exactly the opposite was achieved. What if Congress did nothing about health care. Do you think they should act or do nothing? The answer is we do not want them to do nothing. The question is, then do what?

I have been watching Harry and Louise now until I am just tired of Harry and Louise. It is interesting that it sort of reduces to theatrics. Harry and Louise are not really Harry and Louise. We all understand that. They are paid actors by the insurance industry to send us a message on behalf of the insurance industry. Since when has the insurance industry been an institution that most families can rely on to hold down prices? The fact is they are responding to prices. The providers are passing them on with their profit, and the little guy always gets stuck.

I would say, if I could, to Harry and Louise that they become the symbol, I guess, of everything that is wrong with what is currently being proposed. And they I suppose are probably the symbol of that which says call your Senator and tell them to do nothing.

I would ask Harry and Louise, if I could, Well, Harry and Louise, do you think we should do nothing about escalating prices in health care? Nothing? Or do you think we ought to address escalating prices that price something this essential out of the reach of the American family?

I would ask Harry and Louise, What do you think of this? Why do you think an American consumer should be charged 10 times the price for the same drug in the same bottle by the same manufacturer as the consumer in Sweden or Canada or the United Kingdom?

It seems to me, as we start this evening on the eve of this health care debate, that what we ought to try to find a way to do is join together in a bipartisan effort and fix these problems.

I am reminded of a fellow from North Dakota as I conclude, Mr. President, who came to see me some while ago. He is an astronaut, a young, handsome man. His name is Rick Heib. In fact, he had just finished the latest flight, and was up over 2 weeks. He is from Jamestown, ND. After he had finished his previous flight in space on the Shuttle *Endeavor*, he came to see me.

The reason I was kind of interested was that he had been up on the Shuttle *Endeavor*. And they were trying to fix the Intel satellite which needed repair. They pulled it into the bay, as I recall, or got it into the shuttle bay. It had stuck with some arm and they could not figure out how to get it loose. They went out to try to get it loose. They could not. They came back in, and it was trumpeted as a big failure.

The second day they went back out with the procedure, sort of on a basis of, if they could not get it the first time, they would set up procedures they had never practiced, and they would do it another way. They went back out in space, and the world watched them. They were unable to solve that problem. They went back in that shuttle and continued to circle the Earth. Then they went back out a third time about a day and a half later to try to do something they had never practiced before.

This is a 10,000-pound satellite up in a weightless environment. Three astronauts traveling 16,000 miles an hour went out for the third time, having failed the first two, to try something that had never been tried before, to unlatch and fix this satellite.

I remember watching at home sitting on the davenport as I watched Rick, this young man from Jamestown, and his two friends, standing out there outside that shuttle bay holding that Intel satellite, and then trying to work on it to see if they could get it loose. It took them 5 hours. They solved their problem.

They came to see me a few weeks later after they landed, and confident. I said, "Were you worried when you went back out?" They said, "Of course. We had no idea we could do it. We never tried that before, never practiced it. It was not in our plan. But we were up there in space, and we had to try to figure out how we were going to deal with this."

Think of it. If they failed the third time, guess what? We would have trumpeted their failure on the front page. But the failure in my judgment, and I think in this young man Rick Heib's judgment, would have been the failure to try.

There is no disgrace in trying and failing. But there is certainly disgrace in my judgment in failing to try when you know something ought to get done. Everybody in this Chamber ought to understand that we need to do something about prices in health care, and also about access because prices are too high. It would be a failure, in my judgment, for us not to address that at this point.

Those who want to certainly call, I respect your opinion. Do you want to call based on the chart and say delay this, do not do this? Everybody has every right to waive on this question. But in my judgment, we ought to join together, and not to construct a big Government solution, but to construct a solution to make health care available at an affordable price in a quality way to every single American who needs it, day or night, anytime throughout the year. That is what we ought to have in this country.

I hope that as we begin this evening this important debate that we can drive to a conclusion at the end of which would be some sort of celebration that finally, finally, after month after month after month we could have achieved something in a bipartisan spirit that we think makes sense for this country's future.

Mr. President, I yield the floor.

THE CONFERENCE REPORT ON MILITARY CONSTRUCTION APPROPRIATIONS

Mr. McCAIN addressed the Chair.

The PRESIDING OFFICER The Senator from Arizona.

Mr. McCAIN. Mr. President, it is my understanding, under a previous unanimous consent agreement in relation to the military construction appropriations bill, that I was allowed 30 minutes to speak, with the sponsors having 20 minutes each, with a series of votes now contemplated to start at 10 o'clock tomorrow morning, one of those being on the military construction appropriations bill. Is that a correct description?

The PRESIDING OFFICER. The Senator from Arizona is correct.

Mr. McCAIN. Mr. President, I would then want to use 25 minutes of my allotted time at this time, or until the majority leader seeks recognition. If the majority leader seeks recognition, then I would be glad to yield at that time. If not, I would like to use 25 minutes and reserve 5 minutes, which I would yield back if the managers of the bill yield back their time tomorrow morning. In other words, if they utilize their time, I would like to use 5 minutes of my time tomorrow. I ask the Chair to tell me if and when I use 25 minutes of my allotted time.

The PRESIDING OFFICER. The Senator may proceed.

Mr. McCAIN. Thank you, Mr. President.

I am here to speak on the fiscal year 1995 military construction appropriations bill which has emerged from conference of both Houses. I am in opposition to the bill. I have serious concerns about the continued wasteful and unnecessary spending of American tax dollars that are earmarked for defense.

Mr. President, I would like to begin by noting the fact that, over the past 5 years, the defense budget in this Nation has declined by nearly 40 percent

over the last 10 years. In that same time, Congress has added over $4.4 billion in unrequested military construction projects to the defense budget.

This year, as we know, the Exon-Grassley amendment was passed, which mandated a reduction in appropriations over the next 5 years, of which some $500 million will apply to fiscal year 1995. I am trying not to make this too complicated. It was the decision of the appropriators, the members of the Appropriations Committee, to take that $500 million out of the defense budget—nowhere else. No project in any of the 12 other appropriations bills deserved any cut. All of it had to come out of defense spending.

At the same time, after the $500 million was taken out of the defense budget, we turned around and added $490 million to the military construction subcommittee. It was another decision of the appropriators. So we are talking about a billion-dollar turnaround there.

The Congress fully utilized the additional funds allocated to military construction. The House added $731 million in Members' projects. The Senate added $718 million for Senators' requests, and the 1995 military construction conference agreement before the Senate today contains $987 million in unrequested projects. That is nearly $1 billion taken from other high-priority military programs to fund congressional pork barrel projects.

It is also interesting to note, Mr. President, the General Accounting Office came out with a report that was released in July that the Department of Defense future years defense plan is underfunded by $150 billion. The report calls into question the Department of Defense's claim that the 5-year defense plan is only $20 billion underfunded.

While we are adding unrequested military construction projects, there are two things happening: One, next year, we are going to have the largest base closing announcement in the history of this country. We will close more bases next year as a result of the Base Closing Commission than the other two closings combined. So we know there are going to be draconian measures taken as a result of our overall declining defense budget, and we will close bases.

I guarantee you, Mr. President, we will have bases being closed while military construction projects are being carried out on those bases. We will be treated to the humorous—if it were not so sad—spectacle of hundreds of millions of dollars in military construction projects being built while the base closing process is going on.

At the same time, in the entire 1995 defense appropriations bill, the whole bill—not the military construction bill—we will fund 17 fixed-wing combat aircraft and 4 ships; that is 17 planes, 4 ships, and $8.8 billion in military construction projects.

Something is seriously wrong, including the fact that readiness is declining throughout our military. The Defense Science Board task force report on readiness, dated June 1994, makes cautious statements concerning how to avoid a hollow Armed Forces. It refers to pockets of unreadiness and states: "We have observed enough concerns that we are convinced that unless the Department of Defense and the Congress focus on readiness, the Armed Forces could slip back into a hollow status."

Meanwhile, the Air Force depot maintenance backlog is $868 million. The Marine Corps is suffering cutbacks in combat training; funds and time are being redirected to support peacekeeping operations. Navy afloat inventories are reduced by 40 percent. Army aviator training is funded at only 76 percent of requirements. A cut in base operations funding has reduced the standard of living of our troops, which puts men and women on food stamps. The administration proposed a 1.6-percent pay increase, but we obviously increased that.

These numbers are meaningful to many scholars. But I guess it is better to mention a graphic demonstration of where we have come to. There is funding next year for 4 combatant ships and 17 airplanes.

A few weeks ago, the USS *Inchon*, loaded with Marines and Navy personnel, returned from 6 months duty off Somalia—6 months sitting on ships, the *Inchon* and others, off the coast of Somalia. They returned to the United States and spent 10 days with their wives and families. Remember, we are talking about an All Volunteer Force. They spent 10 days with their wives and families, and then the Haitian crisis arose, and guess what? They had to go out to sea again. They are still at sea. We do not know how long they are going to remain there, if or until we invade Haiti, because we do not have enough ships.

Meanwhile, we can add on about 30 armories, $70 million worth, four reserve centers, $34.5 million worth, direct the inclusion of specific projects in next year's budget request, and include other earmarks for specific unrequested projects, such as construction of an entomology facility using unspecified minor construction funds; Philadelphia Naval Shipyard; Fallon Naval Air Station, $800,000 for a dining facility. It goes on and on.

All of these, Mr. President, were not requested by the Department of Defense. So here we are—and this should surprise no one who knows how we do business here—with the following statistics: 29 percent of the Senate got 66 percent of the added dollars, the dollars that were added in military construction; 14 percent of the House of Representatives got 72 percent of the added dollars, and they just happen to match up with membership on these committees.

Does anybody think that it is a coincidence that the unfunded military construction projects most critical to our national security just happen to be in the States represented on the Appropriations Committee? What a surprise.

Mr. President, the Citizens Against Government Waste say:

> Coincidentally, at the moment we were asked by your staff to review your amendment to delete $1 billion in pork-barrel spending from the fiscal year 1995 Military Construction Appropriations conference report, we were finishing a letter to Senators concerning the pork-laden crime bill conference report.
>
> The Council for Citizens Against Government Waste endorses your effort * * *
>
> In only one respect would we disagree with you. In the talking points prepared for the bill, you say the add-ons and earmarks are "an embarrassment for the Congress as a whole." Senator, in the 10 years since Peter Grace gave to the American people his report on Government waste, and founded this organization, the one thing that is clear is that Congress sadly seems to be beyond embarrassment when it comes to pork-barrel spending.

A letter from Citizens for a Sound Economy said:

> Citizens for a Sound Economy, a 250,000-member grassroots organization that promotes free market economic policies, supports you in your opposition to the pork-barrel spending contained in the fiscal year 1995 Military Construction Appropriations conference report.
>
> The conference report eliminated language in the Senate bill that established criteria for making military spending more fiscally responsible. Moreover, it added a slew of unrequested and expensive new projects to the bill, most of which would simply funnel money to specific States and congressional districts. Although it purports to cut $137 million from the original bill, the report prohibits the Department of Defense from eliminating any project—including the new pork-barrel items—to make this cut.
>
> The unnecessary new spending items included in the conference report constitute yet another burden on American taxpayers. As an advocate of fiscal responsibility in all areas of government, CSE urges the members of Congress not to pass the conference report on the military appropriations bill until all unnecessary spending has been removed.

Mr. President, in the Senate's consideration of the military construction bill, the simple criteria that Senator GLENN and I worked out were included in the authorization bill.

(Mrs. FEINSTEIN assumed the chair.)

Mr. McCAIN. Madam President, we asked and had included in the Senate military construction appropriations bill the following criteria:

The project had to be consistent with past actions of the base realignment closure process. The project had to be included in the 5-year military construction plan of the military department concerned. The project was necessary for reasons of national security, and a contract for construction of the project could be awarded in that fiscal year.

In addition, the Senate position required consultation with the Secretary of Defense to obtain his views concerning the relative merits of military construction projects which were not included in the Department of Defense budget request. The Secretary would have been asked to comment on the four criteria that I just mentioned and would also have been asked to provide an offsetting reduction from another military construction project or from any other program in the defense budget.

Madam President, it does not seem to be outrageous to ask if a project is consistent with the actions of the base closing process, that a project is included in the 5-year defense plan, that the project is necessary for the national security of the United States, that a contract for construction of the project could be awarded in that year, and that the Secretary of Defense would be asked to give his views.

The conferees dropped the criteria. They dropped it. Why would they do such a thing? There is only one answer. There is only one answer as to why they would drop that criteria. It is because they do not want to be restrained by national security requirements as outlined by the President of the United States in his budget submissions and the Secretary of Defense in his evaluation of what is in our national security interests.

That is how we get billions of dollars in pork added to military construction bills at a time when we are funding a grand total of 4 combatant ships and 17 fixed wing aircraft.

Madam President, not too long ago, there was a poll taken and 13 percent of the American people believed that the Congress of the United States can be counted upon to do the right thing some of the time. I have not met any of that 13 percent, I might add, but the fact is once they get a load of this bill and what is in the defense appropriations bill, that 13 percent will disappear.

All I ask for and all Senator GLENN asks for and all that was accepted by this Senate was a set of reasonable criteria for military construction projects, a set of reasonable criteria.

I would like to hear from the conferees what was unreasonable about that criteria that made them drop that criteria for future military construction projects.

So what did the conferees do? They not only did not accept that criteria, but they earmarked a bunch of projects for next year so that they will make sure they are included in the budget request next year and not be guided by any criteria.

So, we find important projects such as Fort Bragg, NC, SOF Company Operations Complex; New Orleans, LA, Naval Support Facility; Niagara, NY, fuel maintenance hangar; Fort Campbell, KY, aircraft maintenance hangar and tactical equipment shop; Scranton, PA, organizational maintenance shop; Tacoma, WA, family housing at McChord Air Force Base; and on and on. Those are required by this bill to be included in the budget request next year. They are required to be included next year as a result of this bill.

Is this a request by the Department of Defense? No. Is there any evaluation process being followed? No. Is there any reason for these projects to be put in except that they happen to be favored by certain Members of the House and the Senate?

Madam President, it is wrong. We have 20,000 young Americans, military people and their families, now on food stamps. The number gets larger every day. We are now seeing in the All-Volunteer Force a reduction in retention. We are seeing a greater inability to recruit qualified men and women into the military. And, meanwhile, the pork barreling goes on. It goes on and on, and sooner or later, sooner or later—probably later—we are going to wake up, and we are going to find out, when we spend so many billions and billions of dollars on unneeded projects with an ever-shrinking defense budget, we are going to find out that we are not ready to defend this Nation's vital national security interests, nor do we have the qualified men and women to carry out the mission.

When you send a ship to Somalia for 6 months and then you bring that ship back and allow those people to be with their wives and families only 10 days, and then send them out again for an undetermined length of time, you are not going to keep good people in. You are not building enough ships and not building enough airplanes. But we are facing the most draconian base closing in the history of this country and we add a billion dollars to military construction projects.

I am going to be urging people with cameras to go around to the bases that are going to be closed and photograph the military construction projects that are being built on these bases.

And, by the way, Madam President, you cannot go to a base in America today where something is not being built on it. But you can go to a shipyard and find ships not being built; and you can go to aircraft manufacturing companies and find planes not being built; you can go to tank manufacturing facilities and find tanks not being built. But, by golly, we can sure find lots and lots of military construction projects that are mandated by the Congress of the United States, which have nothing to do with national security requirements.

Madam President, I would hope that we will have a significant number of votes against this bill. We may not. I would hope that the American people are aware of where their tax dollars are going, and I hope that they would sooner or later make their feelings felt—that we cannot continue in this fashion and expect to have a military that can defend this Nation's vital national security interests.

Madam President, I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

The Senator from Hawaii.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

HEALTH CARE

Mr. PRYOR. Madam President, we are within a very short time about to begin the debate on health care and health care reform that we have all been anticipating for a very, very long time.

We have worked untold hundreds and perhaps thousands of hours in meetings, committees, subcommittees, and task forces, Democrats, Republicans, liberals, and conservatives. We have seen some $50 to $80 million, it is predicted, to be spent on this issue of health care reform in an attempt by various groups within our country to influence this body and our colleagues in the other body to do one thing or another in this regard.

I daresay, Madam President, that there is not a Senator in this body who is not met almost on a daily basis with constituent groups relative to proposals that are in some of these plans and relative to proposals that are left out of some of these plans.

Whatever we pass, however we conclude this debate, when and if it is concluded, Madam President, I daresay that not everyone is going to be happy with its conclusion.

Madam President, I would just like to say that I think the time is now, the time is now for us to proceed and to begin this debate, to take it out of closed meetings, to take it out of small task forces, and to take it out of those areas where perhaps the public did not get to see how the decisionmaking process was actually achieved.

It is time now to bring this debate to the U.S. Senate and to the House of Representatives, so that all the people throughout our country may have the opportunity to watch their legislative bodies look at this legislation section by section and page by page.

Madam President, I have two observations as this debate begins. The first observation is, I truly believe, as one of my colleagues, Senator DODD of Connecticut, expressed last Thursday,

when he asked a rhetorical question, when he asked in that question, why not? Why can we not, as 100 Members of the U.S. Senate, for at least a period of 2 or 3 weeks, drop the partisan concerns, political labels, and look at what is best for this country?

Madam President, I have great concerns that on the floor of this U.S. Senate, we are going to see what I truly believe is going to happen—I wish I did not have to say this—but I believe that we are going to see a tremendous number of half-truths spoken, a tremendous number of statements that are made that are not backed up by fact.

Then we wonder why, and why again, do we see the true American public's feeling for this political institution on the downward slide.

I hope, Madam President, that today, as this debate begins, whichever side of the aisle—Democrat or Republican; liberal or conservative; those who want to move now and those who want to wait until later—all of us will pledge one thing: that whatever we say and however we say it, it will be the truth. Maybe it will not help our position, our respective positions, at all times to tell the truth, but in the long run, Madam President, I truly believe that the American people will respect us, and respect us more, if they know that we are telling the truth about this extremely complex and volatile issue.

The other request I would have, Madam President, is that on the floor of this body we would not use fear tactics; that we would not try to scare the American public; that we would level with the American public; that we would state our position and ultimately have an up or down vote, resolve the issue, resolve the issue as thousands and thousands of other issues have been settled by this body, by a legitimate debate, by a constructive debate, by debate which states different points of views, and then ultimately decide on a yes or no vote, up or down, whether we believe that we should put this section in or have that section out. I think that is the way, Madam President, that we should proceed.

But, regardless of all of that, I think it is very important tomorrow, on the vote on the amendment offered by the Senator from North Carolina, for us to realize that we have at this moment an opportunity that may not come to us in our lifetime again, an opportunity to do something regarding one of the number one problems of American society, and that is to provide universal, affordable health care, with a new partnership of local, Federal, State, private industry, private citizenry, business, all of us together working together to provide that partnership which will provide universal coverage for all of our citizens.

Madam President, tomorrow, the amendment of the Senator from North Carolina is going to be phrased something like this, and I am paraphrasing: Let us wait until next year. Let us postpone any action that we might be thinking about taking now.

Madam President, this morning, driving to work, I started thinking of myself just a moment or two. And I said, "You know, DAVID PRYOR, you have been in the U.S. Senate for now 15 years and during those 15 years, you have heard each year someone say that we need to take a look at reforming health care."

We came close to some reform in catastrophic coverage. That was repelled. We came close to really examining our health care system during the Pepper Commission days, of which I was a member, and our fine colleague, the Senator from West Virginia, Senator ROCKEFELLER, chaired with great dignity and great honor.

I said, "Well, I have been here 15 years and yet we have seen no real changes in health care. Nothing. No real changes.

Every year we get to a point and we say, "Well, let's back away. Let's wait until next year. Things will be better. Let's wait until after the next election."

But there is always a next election, Madam President.

Then I got to thinking, "Well, if I have been doing this 15 years, what about my colleagues in the Senate? We have all been waiting our time for this opportunity to come."

Then I started to think, "Well, you know, I wonder how many collective years we have had in this body."

And so this morning I asked a very enterprising intern to do a little research. I said to this individual, "How many Democratic man or woman years do we have in the U.S. Senate?" The answer, 692.

"How many Republican man or woman years in the U.S. Senate of those of us who now serve in this body?" The answer, 544.

I added those two together, Madam President, and there are 1,236 years represented in service in the U.S. Senate of the presently seated 100 Senators—1,236 years that we have been waiting, postponing and not meeting our obligation.

It is time, Madam President, that we met that obligation. It is time we started this debate. It is time that we fulfilled our commitment to debate, and debate honestly, debate out in the public where our people can watch us, watch these decisions being made, and to ultimately call the roll.

It is time, Madam President, that that roll be called. It is time that these 1,236 years represented in the U.S. Senate at this time be called to service and called to action and to decide that now is the time to begin, now is the time to proceed, and above all, Madam President, now is the time to decide.

Madam President, I thank the Chair and I yield the floor.

The PRESIDING OFFICER. Who seeks recognition?

Mr. INOUYE addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii.

UNIVERSAL HEALTH CARE IN HAWAII

Mr. INOUYE. Madam President, listening to my friend from Arkansas, he inspires me to say a few words myself.

Madam President, Hawaii became a State 35 years ago. It is the 50th and the last State of the Union. We are located very far away from Washington, DC. There is an ocean that separates us from the mainland.

But we knew that health care was very important to Hawaii and to this Nation. When we became a State we said to ourselves, "I am certain Congress will pass a national health law." And we waited. Finally we decided we could not wait any longer, so 22 years ago the legislature in Hawaii started the debate on health care. It went on for about a year. It was a rather contentious debate, and the words we hear today bring back memories of the past: Employer mandate—that was a big term in the Hawaii debate—small businesses, taxes, bankruptcies.

Madam President, being so far away, the cost of living in Hawaii is about the highest in the Nation. With everything we purchase there is a cost of transport, it is either flown in or shipped in. Our real estate is so limited because of our insular situation that it is very expensive. I chuckle to myself when I see real estate prices in Bethesda, which is considered expensive: $3 a square foot in Bethesda. A comparable in location in Hawaii would cost $15 to $20 a square foot. The average cost of a new residence, and I am not talking about a castle: $235,000. Everything is expensive with one exception: Health care. For 20 years we have had universal coverage.

It has been said that the costs of small business will rise and you will see bankruptcies. In Hawaii the insurance premiums for our small business is 30 percent less than the national average. We have the lowest premiums in the United States. Everything else is expensive. The exception, health care.

We know it works. We know that universal coverage is not a dream, it is a reality—in Hawaii it is. Employer mandate is nothing that we should be afraid of. Oh, yes, in the early days our business community fought it and all these dire predictions were made. But we are prospering in Hawaii. We do well. And our people are healthy.

The most recent report of the Department of Health indicates that folks living in Hawaii will live longer than folks living in any of the other 49 States. That is the difference. We

would like to see our brothers and sisters in the other 49 States benefit from a national health program. Because in this bill we have insisted that whatever you pass—we know that it will not exceed the benefits of Hawaii, and we feel sorry for you—but we want to make certain that our program that we adopted 20 years ago be the law of Hawaii.

Someday we hope that you will catch up with us. I hope the time will come soon.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT AGREEMENT

Mr. MITCHELL. Madam President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 539, S. 2351, the health care reform bill, for 4 hours of debate only, equally divided between the two leaders, or their designees; that upon the conclusion of the votes ordered to occur beginning at 10 a.m. tomorrow, the Senate resume consideration of S. 2351 for 4 hours for debate only, equally divided between the two leaders, or their designees; and that upon the conclusion of that time, the Senate resume consideration of H.R. 4650, the Defense appropriations bill.

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

ORDER OF PROCEDURE

Mr. MITCHELL. Madam President, I say to Members of the Senate, I will shortly make an opening statement on the health care bill, following which the distinguished Republican leader will be making an opening statement.

Under the provisions of the agreement just entered into, there will be a total of 4 hours for debate this evening, equally divided, followed by 4 hours of debate tomorrow, equally divided.

The debate tomorrow will begin following the completion of a series of votes now scheduled to begin at 10 a.m. That means that at approximately 11:30 tomorrow morning, depending upon how many votes are scheduled and how many occur, the debate on health care will resume.

We have had a lengthy series of meetings during today to discuss the handling of the schedule for completion of action on the health care bill and a number of other matters, including the pending defense appropriations bill. And although we are not able to reach final agreement on that, I think it is fair to say—and I will invite the distinguished Republican leader's comments after my remarks—that I believe we will be able to reach agreement on those other matters either during the evening today or tomorrow. I expect to have a further announcement in that regard.

Before I proceed to make my opening remarks, I invite the distinguished Republican leader to make any comments he wishes with respect to the agreement that we have just entered into.

Mr. DOLE. Madam President, the majority leader is correct. There are still a number of, I would say, fairly minor issues that we have not resolved. We think we can resolve those. So that in accordance with the wishes of both the majority leader and the minority leader, once we are on health care ready for amendment, we will stay on health care with the exception of any privileged matter that might come, and my view is that we will have that resolved either later tonight or sometime tomorrow.

If we could reach that agreement, that would indicate we might complete the DOD appropriations bill and some other minor measures.

HEALTH SECURITY ACT

The PRESIDING OFFICER. The clerk will report the bill, please.

The assistant legislative clerk read as follows:

A bill (S. 2351) to achieve universal health insurance coverage, and for other purposes.

The Senate proceeded to consider the bill.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. MITCHELL. Madam President, I yield myself such time as I may require.

As noted earlier, I designated Senator MOYNIHAN to control the remainder of the debate time this evening and tomorrow.

Madam President and Members of the Senate, tonight we begin debate on health care reform legislation. We will undertake no more important task in this Congress. What we do will affect every American family.

In preparing this legislation, I was guided by one principle: The purpose of health care reform is the well-being of American families. The insurance industry and health professionals are important parts of the system. But they are a means to an end. The end—the real goal—is the well-being and peace of mind that Americans should have with respect to their health care.

Health care reform is a matter of simple justice. Human beings are born unequal in ability and in strength. None of us chooses our family circumstances. None of us is immune to bad luck. We are all susceptible to accident and illness. We all grow old.

Health care takes 14 percent of our gross domestic product, more than in any other developed nation. Americans pay the highest medical bills in the world. Thirteen years ago, the average family paid about $145 a month for health insurance. Today, that family pays over $430.

If we do not control costs, in 6 years' time, that family will be paying more than $900 a month for health insurance.

All that expense might be worth it if America led the world in adult life span or in low infant mortality. But it does not.

Some people cannot get coverage for the health condition for which they need care. Some people stricken with serious illnesses find that so-called lifetime insurance limits are used up long before their condition improves. Some families whose children have medical needs find themselves redlined out of insurance coverage, so a sick child's healthy brothers and sisters are put at risk. Some families whose parents suffer disabilities as they age face years of providing in-home care, or the bankrupting costs of long-term care because there is no affordable alternative.

Everyone engaged in the health care reform effort has heard firsthand the stories of people, ordinary working people, middle class professionals and high school football stars whose health bills are ruining their lives and limiting their futures.

Senator REID told us of a man in Nevada who is able and is willing to pay for insurance for his college student daughter, but he cannot because there is not an insurance company in the country that will insure his daughter. She was born with a malfunctioning adrenal gland and is a victim of juvenile diabetes. She takes medication every day to control her symptoms and sometimes she needs hospitalization.

Her father wants to pay for insurance coverage. He can afford to pay for insurance coverage. But he cannot find anyone willing to sell it to him. He told Senator REID, and I quote,

Neither Laura or I are looking for a government handout. We are willing to pay even at a premium price. * * * Isn't it ironic that we mandate automobile insurance companies to pool their assets and provide automobile insurance to high risk drivers but we do not require the same for health insurance companies. Health is far more important than driving.

So said a man from Nevada.

And he was right. If the States can demand that auto insurers cover the risks resulting from bad driving behavior—behavior that can be controlled and influenced and prevented—it is not beyond our ability to require health insurers to cover those whose conditions do not arise from behavior but from circumstances and bad luck.

My bill will do this.

Insurers will not be able to reject a person because that person had the bad

luck to be born with a malfunctioning gland or to contract a disease in childhood or to suffer an accident with long-term effects, or for any other cause.

Senator KENNEDY told us about a small company in Massachusetts, a family-run company with five workers whose owners have four active boys of their own.

They have been forced to limit the sports their sons can play because they cannot afford potential injuries. They have to pay more than $1,400 a month for three family policies for themselves and workers. They have been forced to delay payments on bills and use personal credit cards for business expenses.

Health insurance costs are in effect running their company. Health insurance costs are dictating to the people who own the company what they do, how they do it, and when.

These are typical small business people, trying to create their own stake in society, building their own enterprise and doing what the rhetoric of entrepreneurship is all about. And yet their efforts are being devastated by something entirely beyond their control.

If this family were running the same business in Germany or Japan, they would be able to concentrate on their business, and their sons could play football or ice hockey or whatever other sport they wanted. Their lives would not be dominated by insurance company policies.

They are not alone. In every State in our country, there are literally thousands of small business owners caught in the vice of spiraling, unaffordable costs for health care and unavailable, unaffordable insurance coverage for health care.

Senator BOXER told of a Californian, a young 19-year-old boy who had been a high school football star in Sonoma County. Stricken with cancer, a terrible disease that every American fears, his only chance of overcoming the cancer was a bone-marrow transplant, but his health insurance did not cover it.

Sick, dying of a cancer, he and his family were forced into the all-too-common spectacle of advertising their need and fund-raising to meet the costs.

Sick people and their families should not have to make a public appeal for money so they can have the medical treatment they need.

Americans are generous and these fund-raising appeals often succeed. But ask yourselves, what price do they demand of the sick people forced to undertake them? What kind of a society demands public pity and charity for its own people when they are most in need of rest, comfort, privacy and personal strength? High costs are driving ordinary Americans to choices that no civilized society should tolerate.

A retired nurse in Rapid City, SD, living on a fixed income, said the costs of her heart medication controlled her life: "You really have to choose. Do I eat or do I take my medicine?" If we do not change this system, more and more Americans are going to be forced into that kind of choice. Is that what we want? Is it what people deserve after a lifetime of honest work? I do not think so.

A working woman in Cleveland, OH has a form of emphysema that requires IV infusions four times a week at the cost of $2,300 a week. Who can afford that? She cannot.

She lost her job and with it her insurance. She had to file personal bankruptcy to be eligible for Medicaid. This is a person who worked all of her life, paid her bills, played by the rules, but in the end, when she needed the help for which she paid premiums for decades, it was not there.

Why is our society willing to allow people to experience the degradation and the humiliation of begging for care after a lifetime of work and personal responsibility? It is not fair and it should not continue. There are too many people forced into this kind of choice.

There is a crisis in American health care. It is a crisis of affordability and price. It has to change.

I have proposed legislation which I believe will meet the need, which will make the change with the least disruption to the parts of the system that work well for millions of us.

The problem is that the money we all pay into our system does not deliver to those who need it the care they need when they need it at a price they can afford.

People with secure comprehensive coverage—Members of Congress, or Federal workers, and State employees, or the employees of most large corporations—are well served by our system.

But for other Americans the situation is very different. For them the difference between financial security and destitution can be as simple and dramatic as an auto accident or a weak heart valve.

The difference between secure coverage and an unaffordable policy can be as heartbreaking as one sick child.

That is not fair or right. That is why we need reform.

My approach is to build on the existing American health care system of private insurance and expand it to those not now included—Americans who cannot afford insurance, people with an illness that insurers will not cover, people between jobs.

My plan would move most of the persons now covered under Medicaid into the same system of private insurance and care as the rest of us. Put another way, my plan would reduce one of the largest Government programs—Medicaid—and encourage those in that system to buy private insurance policies.

My bill includes all of the insurance market reforms on which there is broad agreement: Insurance companies will not be allowed to reject applicants for pre-existing conditions. Insurance will travel with the person, so Americans will not be locked into jobs. Policy renewal will be guaranteed, so people who fall ill are not cut off from coverage when they need it most.

My bill creates incentives for cost control through the competitive pressures of employers and consumers looking for the best priced coverage.

Private price competition among insurers is the best way to find out where the fat lies in insurance coverage. As long as there are incentives to look for price economies, the private system will shake out those who cannot compete by price. My bill is designed to encourage that process without compromising the quality of care.

As a backup cost containment mechanism I have included an assessment on high-cost insurance plans whose prices rise too quickly.

This will make insurers more price-sensitive, because high-cost plans will be unattractive to the middle class which is the principal market for their product.

My bill will create universal coverage through a voluntary approach. Based on discussions with the Congressional Budget Office, I am confident that its provisions will assure that 95 percent of all Americans will be covered by guaranteed, portable, renewable insurance over the course of the next 6 years.

I have included a backup mechanism in the bill if, for some unforeseeable reason, fewer than 95 percent are covered by them. But I believe the CBO estimate—that this bill will achieve 95 percent coverage in a deficit-neutral way—is sound.

Health insurance for all Americans is the key to reform. Without it, we face continued cost-shifting.

We now have a system where some have coverage and some do not. Those who have health insurance are subsidizing those who do not. That is cost-shifting. Doctors, hospitals, clinics, and all other health care providers compensate for unpaid care by charging more to the people who have insurance.

That added charge is not paid by the insurance companies. They add it to the premiums that are paid by every insured family and individual. As a result, insured Americans pay as much as 30 percent more for their coverage to pay for cost-shifting.

The only way to stop cost-shifting is to cover everyone.

To make insurance more affordable, my bill provides for the States to create voluntary regional or statewide health purchasing cooperatives. These coops will not be allowed to turn down qualified applicants, and they will be

required to offer a choice of plans to all buyers.

Any American in a community-rated insurance pool will be able to enter the Federal Employee Health Benefits Plan. It offers many different plans among which to choose.

Many Americans believe they should have the same health care Members of Congress get. My bill provides that opportunity.

My plan reaches the millions of Americans who are self-employed, the millions more who are out of work or between jobs, and those covered by Medicaid. My plan integrates all of these people into a national system of private insurance. With the end of acute-care Medicaid, there will be less government involvement, not more.

Many working people will need a subsidy to afford health care coverage. Employer-paid health insurance is subsidized today through the tax system at a cost of almost $74 billion. My bill makes direct subsidies to those who qualify. It includes tax benefits for the self-employed beyond what is available to them today.

These subsidies, direct and indirect, will not be an entirely new obligation on the Federal or State governments. They are largely financed by reorganizing obligations that taxpayers already shoulder through Medicaid.

A major strength in our system is the element of choice. My bill will expand choice and will increase incentives to compete by price and quality to those offering insurance coverage.

Today, most people's health care choice are limited to one plan that their employer offers. My bill requires every employer to offer at least three plans. The employer will not be required to pay any part of the costs of coverage, but will be required to make at least three plans available to everyone.

At least one plan will have to be traditional fee-for-service. Other plans could be health maintenance organizations or other group practice programs. The goal is to assure that each worker has the choice of a lower-cost plan as well as higher cost options.

A lot of attention is focused on the role of employers in our system.

For small companies, the current health care system is a nightmare of unfairly allocated administrative costs, unaffordable rates, and medical redlining, where all the workers in the company are refused coverage because one of their coworkers has a health condition. As much as 40 cents of every health insurance dollar paid by a small company goes to administrative costs. Smaller firms face rates 30 to 35 percent higher than larger firms for the same coverage.

Despite that, many small companies provide health insurance for their employees. Let us give some attention to them, the substantial number of small businesses that do provide health insurance for their employees. Let us help them with their problems. Those who do not want to provide insurance will not be forced to do so by my bill. But surely they should not dictate the terms for those who do provide insurance to their employees. To sum up, let us help deal with the problems faced by small businesses who do provide health insurance to their employees and encourage those who do not to do so.

Because primary and preventive care is the key to solving enormous cost problems in our health care system, I have designed my program to focus in particular on pregnant women and on those people 18 years of age and younger.

The costs of low-birthweight babies in this country are astronomical. Many infants weighing a few pounds at birth cost all of us hundreds of thousands of dollars for immediate intensive care, and many more thousands of dollars every year through their lives for the physical or developmental problems that accompany low birthweight.

Much of this additional care and its costs are preventable. The General Accounting Office found that 63 percent of women on Medicaid, or without insurance, do not get proper prenatal care. About 1 in 8 has a low-birthweight baby as a result. The annual cost was estimated to be $3.3 billion 10 years ago. It is higher today, and it will climb even higher if we do nothing.

So my bill focuses on this need, because correcting the lack of preventive care for young, pregnant, at-risk women is right and cost effective.

In addition, because preventive and primary care reduces costs for everyone, my bill's benefits package will not require copayments for preventive care. It creates an incentive for people to have regular annual checkups and to seek earlier care.

The keys to health care reform are access, affordability, and universal coverage. Those who say the problem is access and not price are mistaken. It is both access and price.

There is agreement on access. All of us agree that it is wrong for insurers to redline sick people, to refuse to cover preexisting conditions, and double, triple, or quadruple premiums when an insured person becomes ill.

I know of no Senator willing to defend these now commonplace insurance tactics.

No Senator will stand here on the Senate floor and tell Americans directly that he or she thinks it is fine for insurance companies to throw sick people off their rolls, to refuse to cover diabetes or epilepsy, to turn down children with asthma, or people with cancer.

Madam President, this should not be a political debate. It should be a debate about the best way to deal with the real life problems of real life Americans when they fall ill, when their children fall ill, and when their parents age and need care. There is nothing political about that. Those who are trying to inject politics into it will find themselves on the wrong side of history, just as the opponents of Social Security did, just as the opponents of Medicare did. Many of the arguments used today against health care reform are the same arguments used against Social Security and Medicare when they were debated. Some of the words are the same. Yet, despite fierce opposition, they became law. And who among us today opposes them? Not one. Not one Senator has stood on this Senate floor and said: I favor the repeal of Social Security. Not one Senator has stood on this Senate floor and said: I favor the repeal of Medicare. And I predict not one will. That is because Social Security and Medicare work, and Americans know they work, and Americans support them.

As a result, Americans could not be persuaded to repeal Social Security and Medicare by the same arguments being made now against health care reform. Human beings are made anxious by change. It means uncertainty. So it is that every major change in our Nation's history has been bitterly fought. Those who oppose change have tried to transform people's natural anxiety into fear. It sometimes worked for a while. But then when fully informed, Americans have looked to the future with the same optimism and courage that have been our Nation's distinguishing values. I believe it will be so with health care reform, as it was with Social Security and Medicare. They are so strongly supported now that across the distance of history it is hard to figure out what all the fuss was about. And once we pass health care reform, I believe the same thing will happen. Let us be clear about that.

The arguments being made today against health care reform are the same arguments as those made against Social Security and Medicare. To the extent that they now work against health care reform, they do so because of the public's uncertainty and anxiety about change. But those arguments would not work at all against Social Security or Medicare now, because there is no uncertainty about them. To the contrary, there is knowledge and certainty, based on the experiences of millions of Americans over many years. Americans know and understand Social Security and Medicare, and they support them. And that is why no one will stand and propose that they be repealed. I believe that Americans will feel the same way about health care reform once it occurs and they experience the improvements it brings.

Madam President, as we begin this debate, I want to say again what I have said several times previously—that I look forward to constructive suggestions to improve the bill I introduced

last week. Democratic and Republican Senators have been active in the health care debate for well over a year. Many have valuable contributions to make.

It is my goal that the Senate pass the best possible health care reform bill, not a bill with a Democratic label, or a Republican label; not a bill with my name on it, or the name of any Senator on it, but simply the best possible bill that will reach the goal we all should share, guaranteed private health insurance to provide high-quality health care for every American family.

I believe my colleagues in the Democratic Party want to achieve that goal. I believe many of my colleagues in the Republican Party want to achieve that goal. And American families do not care about our party labels. In this health care debate neither should any of us, because health care reform goes to the heart of the quality of life of all Americans. If families have to spend a larger and larger share of their income to pay higher and higher health care costs, all the productivity increases, the hard work, the effort they make, will be swallowed up in the years ahead because health care spending will erode all of their wage increases. That is why I urge and encourage my colleagues, Democrats and Republicans alike, to join in the debate, to offer constructive suggestions to improve my bill.

The future quality of life of millions of Americans depends on how firmly we put aside partisanship now and concentrate instead on crafting the best possible reform legislation that we can.

My bill has been criticized as too weak by some and as too strong by others. Some say it goes too far. Others say it does not go far enough. Some say it moves too fast. Others say it does not go fast enough.

That is what happens when you are in the middle, where this bill is.

But I emphasize that despite our differences I believe that we share a common goal, all of us—the well-being of American families today and the high quality of life for their children in the future.

And that should be the central issue in this debate.

There is a crisis in American health care. It is a crisis of affordability and access to care. It must change.

I have proposed legislation which I believe will meet the need for change and which will make it with the least disruption to the parts of the system that work well for millions of Americans. We have the ability and today, thanks to President Clinton's efforts, we have the public's attention as well.

I say to Members of the Senate that it is time to act. I believe my bill is a good starting point for action. I welcome constructive suggestions and alternatives to it. I look forward to the debate. Let us debate. Let us amend. But in the end let us all do what is right for the people of this country.

STATEMENT UNDER SECTION 27 OF THE CONCURRENT RESOLUTION ON THE BUDGET

Mr. SASSER. Mr. President, on behalf of the Committee on the Budget, under section 27 of the concurrent resolution on the budget, House Concurrent Resolution 218, I hereby submit revised budget authority and outlay allocations to the Senate Committee on Finance and revised aggregates in connection with S. 2351, the Health Security Act.

Section 27 of the budget resolution states, in relevant part:

SEC. 27. DEFICIT-NEUTRAL RESERVE FUND IN THE SENATE.

(a) * * *

(2) BUDGET AUTHORITY AND OUTLAY ALLOCATIONS AND REVENUE AGGREGATES.—In the Senate, budget authority and outlays may be allocated to a committee (or committees) and the revenue aggregates may be reduced (as provided under subsection (c)) for direct-spending or receipts legislation in furtherance of any of the purposes described in subsection (b)(2) within that committee's jurisdiction, if, to the extent that this concurrent resolution on the budget does not include the costs of that legislation, the enactment of that legislation will not increase (by virtue of either contemporaneous or previously passed deficit reduction) the deficit in this resolution for—

(A) fiscal year 1995; or

(B) the period of fiscal years 1995 through 1999.

* * * * *

(b) * * *

(2) PURPOSES UNDER SUBSECTION (a)(2).—Budget authority and outlay allocations may be revised or the revenue floor reduced under subsection (a)(2) for—

* * * * *

(B) to make continuing improvements in ongoing health care programs, to provide for comprehensive health care reform, to control health care costs, or to accomplish other health care reforms;

* * * * *

(c) REVISED ALLOCATIONS AND AGGREGATES.—

(1) UPON REPORTING.—Upon the reporting of legislation pursuant to subsection (a), and again upon the submission of a conference report on that legislation (if a conference report is submitted), the chairman of the Committee on the Budget of the Senate may submit to the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974 and revised aggregates to carry out this section.

(2) ADJUSTMENTS FOR AMENDMENTS.—If the chairman of the Committee on the Budget submits an adjustment under this section for legislation in furtherance of the purpose described in subsection (b)(2)(B), upon the offering of an amendment to that legislation that would necessitate such a submission, the chairman shall submit to the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974 and revised aggregates, if the enactment of that legislation (as proposed to be amended) will not increase (by virtue of either contemporaneous or previously passed deficit reduction) the deficit in this resolution for—

(A) fiscal year 1995; or

(B) the period of fiscal years 1995 through 1999.

(d) EFFECT OF REVISED ALLOCATIONS AND AGGREGATES.—Revised allocations and aggregates submitted under subsection (c) shall be considered for the purposes of the Congressional Budget Act of 1974 as allocations and aggregates contained in this concurrent resolution on the budget.

(e) REPORTING REVISED SUBDIVISIONS.—The appropriate committee may report appropriately revised subdivisions of allocations pursuant to sections 302(b)(2) and 602(b)(2) of the Congressional Budget Act of 1974 to carry out this section.

On August 2, 1994, the Committee on Finance reported S. 2351, the Health Security Act. Within the meaning of section 27(a)(2) of the budget resolution, the Health Security Act constitutes legislation "to make continuing improvements in ongoing health care programs, to provide for comprehensive health care reform, to control health care costs, or accomplish other health care reforms."

The Health Security Act also meets the other requirement of section 27(a)(2) of the budget resolution that,

the enactment of that legislation will not increase (by virtue of either contemporaneous or previously passed outlay reductions) the deficit or aggregate outlays in this resolution for—

(A) fiscal year 1995; or

(B) the period of fiscal years 1995 through 1999.

As the Health Security Act complies with the conditions set forth in the budget resolution, under the authority of section 27(c)(1) of the budget resolution, I hereby submit to the Senate appropriately revised budget authority and outlay allocations under sections 302(a) and 602(a) and revised aggregates to carry out this subsection.

I want to note, as well, that I shall in all probability be submitting further revisions of these allocations and aggregates for amendments to the Health Security Act, as required by section 27(c)(2) of the budget resolution, which states:

(c) REVISED ALLOCATIONS AND AGGREGATES.—

* * * * *

(2) ADJUSTMENTS FOR AMENDMENTS.—If the chairman of the Committee on the Budget submits an adjustment under this section for legislation in furtherance of the purpose described in subsection (b)(2)(B), upon the offering of an amendment to that legislation that would necessitate such a submission, the chairman shall submit to the Senate appropriately revised allocations under sections 302(a) and 602(a) of the Congressional Budget Act of 1974 and revised aggregates, if the enactment of that legislation (as proposed to be amended) will not increase (by virtue of either contemporaneous or previously passed deficit reduction) the deficit in this resolution for—

(A) fiscal year 1995; or

(B) the period of fiscal years 1995 through 1999.

As these reserve fund submissions shall accommodate amendments, I shall make them for the time that the amendment is either pending or adopted (if the amendment is adopted). If the Senate rejects the amendment, the reserve fund submission for that amendment shall lapse, and the allocations

and aggregates shall revert to the levels they would have in the absence of that reserve fund submission. I have worked out this procedure in advance in consultation with the ranking Republican member of the Budget Committee and the Senate Parliamentarian. We hope that it will allow deficit-neutral floor amendments to the Health Security Act to proceed in a fashion similar to deficit-neutral amendments reported by the committee of jurisdiction.

I ask that an explanatory table be printed at this point in the RECORD.

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

RESERVE FUND FILING PURSUANT TO SECTION 27 OF THE CONCURRENT RESOLUTION ON THE BUDGET FOR FY 1995—RESERVE FUND FILING FOR S. 2351, THE HEALTH SECURITY ACT

[Adjustments to aggregates and allocations; dollars in billions]

	1995	1996	1997	1998	1999
AGGREGATE TOTALS					
Budget authority	1.400	1.800	13.900	26.500	25.500
Outlays	1.400	1.800	13.900	26.500	25.500
Revenues	1.400	1.800	13.900	26.500	25.500

	1995	1995–99
FINANCE COMMITTEE ALLOCATIONS		
Budget authority	1.400	69.100
Outlays	1.400	69.100
Revenue	1.400	69.100

The PRESIDING OFFICER (Mr. REID). The Republican leader is recognized.

Mr. DOLE. Mr. President, before I make a formal statement, of course this is only preliminary because we are going to have a lot of debate on this issue and I assume there will be hours and hours and days and days and weeks and weeks of debate, so we are not getting into the sort of the guts of anybody's particular bill.

But I listened very carefully to the distinguished majority leader, a friend of mine, and we work together. We do not always agree, but we have to work together—we do not have to. We do work together. We are friends. We understand the necessity for the leaders to try to keep things moving.

I do not doubt for a moment his commitment and his sincerity. But we have different views from time to time, and I think in this area at least at the moment we have different views.

I listened particularly to the cases he cited, because without any doubt there are people in great need in America. We are trying to figure out, all of us or most of us, how we can assist those people without damaging the best health care system in the world.

We all receive a lot of letters on health care and every other issue, and probably the most eloquent one I have seen so far on this issue was passed on to me by Senator GREGG and written by Dr. John Schermerhorn, a constituent of his.

I would like to share a portion of that letter with you now.

Recently, my ten year old son was a victim of a near drowning. Thanks to the intervention of people at the scene, he survived the initial incident and was transported to a nearby hospital where he received superb care and treatment, was stabilized, and then sent to the Children's Hospital in Boston—about an hour away from where we were.

With God's help and the outstanding care and treatment that he received in the intensive care unit at Children's, my son is awake, alert, and sitting up in his room—surviving with virtually all his physical and mental faculties intact* * *

After the initial crisis had passed, I sat in quiet reflection of the entire episode, and it dawned on me with chilling clarity that, had the Clinton health plan been in effect, the outcome could have been drastically different.

In the scheme of things that (the President) proposed, we would not have been able to send our son to Boston, but would have been relegated to some other hospital, if any. The penalty for "going against the plan" would be a ten thousand dollar fine, and possible jail sentence* * *

I have no feelings of rancor—just fear that events could have been taken out of my control and put into the hands of some unseen, uncaring, bean counting bureaucrat, whose only concern was compliance to a Government policy that only leads to mundane mediocrity.

And Dr. Schermerhorn concluded his letter by writing—

The choice comes down to a simple question: If you were in my place, would you want the freedom to determine your child's care and outcome, or would you rather be forced to accept whatever the Government will give you* * *

I think that is what this debate is all about.

America has the best health care delivery system in the world. America has the best health care delivery system in the world. America has the best health care delivery system in the world. And I repeated it three times because I am concerned that actions we might take in this Chamber the next couple of weeks or so will mean those words are no longer true.

I was on a talk show last night in my home State in Wichita, talking back and forth to business people, working people, and they are afraid. I do not know their politics. I never know who calls in on radio talk shows. You do not know their party affiliation. You know they are probably hard working people.

They were very determined in their view that the one thing we do not need is more Government, more Government control, more agencies, and some national board somewhere that is going to make their life miserable.

A lot of people have experienced miracles in health care in America, and I have been fortunate to be one of those. And had I returned from World War II to any other nation I am not certain what would have happened to me. But in America at the time, in my view, I had the best treatment possible.

I am not here to talk about myself, because it was large to me, but mine was just one small miracle among the millions who are saved and their lives prolonged as are the lives of Americans every day, week, and year.

What makes those miracles possible is the American commitment to the freedom of individuals, the freedom of markets, and not the Government.

There is something else I know from firsthand experience. The fact is there is nothing worse than not being able to afford health care for yourself and your family, and I think that it is very important we understand that there are many people out there, as the distinguished majority leader pointed out, who have that problem today.

And Republicans know very well there are people in need. Republicans want to help. In fact, we have been working for a year and a half on a bipartisan plan under the aegis and leadership of the distinguished Senator from Rhode Island, Senator CHAFEE. We were probably into the health care debate before President and Mrs. Clinton.

The plan sponsored by myself, Senator PACKWOOD, and 38 other Republican Senators as we introduce today will make our system more affordable and more accessible to millions of Americans. It is 619 pages. All these bills are lengthy. We will also introduce an analysis of the bill, a section-by-section analysis. If anybody will read it carefully instead of passing judgment without reading it they will find it does a great deal. And we will be talking about this particular bill later on.

I think the White House and perhaps some of my colleagues on the other side think only they want to improve the system and only they are for the little guy and Republicans are for the status quo, that we do not want to do anything.

Again, I just suggest you carefully read the summary of our health proposal and find out precisely what it does. It is about 30 pages. It is a very comprehensive package. We did not put

it together overnight, and it was not a cut-and-paste job. We spent a lot of time on it and had a lot of debate. It took months to get the consensus, and we are proud of it. We are not defensive about it at all.

It is our hope that, before this debate ends, some of our colleagues on the other side of the aisle will take a look at it—just as some of our colleagues on this side of the aisle are taking a look at Senator MITCHELL's bill—because we think it has a great deal of appeal, and for the right reasons. It has good provisions, deals with Americans' problems, deals with real problems Americans are having when it comes to health care.

Affordability and accessibility, in my view are the important two words. Forget all the others—affordability; accessibility.

Everybody wants to help those who are blocked from getting insurance because of a preexisting condition.

We believe we can make health care more affordable and more accessible and we can take care of the preexisting condition and portability and malpractice reform and pooling for small businesses and probably 25 other things that if you had a vote in this Chamber, it probably would be 99 to 1; there would be probably 1 that did not get the message, but it would be almost unanimous.

We believe we can do that without new taxes, without having the Government tell you what will be included in your health insurance, and without, in many areas, putting Federal bureaucrats in charge of your health care system.

And my colleague from Maine, the majority leader, talked about Social Security. It was 32 pages long; Medicare was 137. Senator MITCHELL's bill is 1,410 pages; ours 619. They were not as complicated. Maybe times were not as complicated.

Mr. President, it seems to me, this debate is just too important, as has already been stated by the majority leader, to degenerate into false accusations and partisan bickering. And it is too important to be completed in any rushed or haphazard manner.

There are a lot of questions that are going to be asked by Members on both sides over the next week or several weeks. If we stick to the facts, we may find the facts and we may agree on some changes and we may come out of here yet with something that the American people would accept.

But what I see developing now is a 51-vote strategy, where we are asked to clean up the bill so others can vote for it. I am not certain that is a strategy. I am not certain that is a strategy.

So we ask ourselves questions: Will we trade in a health care system based on individual freedom, for one based on Government control? That is a legitimate question.

Will countless small businesses be forced to close their doors and countless more working Americans lose their jobs because of Government mandates? That is a serious question. I do not care what you say about mandates, it is a serious question.

And if you live in a State like Kansas, where 90 percent of our employers have 10 or fewer employees, it is a serious question. Most of them have five or six, and most provide all the care they can. They should.

But there comes a time when you have to make choices: Do I have fewer employees or do I go into some other line of business? Or what do I do with or without subsidies and with or without other efforts to attract employers?

Are you going to be able to choose a policy that fits your budget and your needs—that is very important—or is somebody going to tell you you are going to get this mandate and you cannot buy any less? That is what you are going to be told.

If you are young, no children, unmarried, you have to buy a basic benefits package. You cannot just buy catastrophic. You cannot have a medical savings account. You cannot do that, even though you would like to spend that money somewhere else.

And what about all the people who are self-insured and all the businesses that are self-insured? Sixteen million are going to be let out under the proposal of my colleague if you cut off this 500; so that adds up to about 16 million that are going to see their insurance rates maybe skyrocket.

And what about new taxes or increased taxes? Some count 17 new. I only count 16. I do not count part B Medicare as an increase in taxes because I have long believed if you can afford it, you ought to pay a little more.

And how much is it going to cost? We just received a copy of some of the figures from the Congressional Budget Office.

And it is rather strange, the day after, I guess the very day, maybe this morning, I read in the Washington Post about entitlements and about the entitlements commission and about their dire predictions, and we are about to create more new entitlement programs. We have not learned anything. We appoint this commission and they tell us if we do not do something by the year 2005 or 2010, we are going to double our taxes. So we set out to say, "Well, that is a terrible problem. Let's create some more entitlement programs right now."

And we create a new one in our bill—low-income subsidies. But we do not include prescription drugs, or long-term care, or early retirees, or some of the other entitlement programs that have been talked about.

So somebody has to explain all of this to us. Maybe we have overlooked something. We appoint one commission that says there are too many entitlement programs that we ought to do something about, then we bring out a bill that creates three or four more big ones. These are big ones. Maybe 100 million more Americans are going to be subsidized; 100 million or more, much bigger than Social Security or Medicare combined.

Some of us live in rural areas and we have to ask a question: Are hospitals or inner cities going to have the resources to survive? Will there be enough specialists trained in our medical schools? Will you be free to seek them out, wherever they may be? Legitimate questions. Are we going to have quotas?

We do need more primary care physicians. In our bill we do it through incentives. In others, they do it through quotas.

You cannot be a cardiologist, you cannot be a specialist, because we do not need you anymore. Well, we do not need you right now, but if we need you next week, you are not going to be trained for it.

We need to ask these questions of the Senate Finance Committee.

But I guess, the bottom line is quality of care—the quality of care that Americans have come to expect. And what is going to happen to the quality of care? What is going to happen to the ability of our doctors and hospitals and research facilities to produce the miracles that have made our system the envy of the world? No doubt about it, it is the envy of the world.

Now my point is—and there are hundreds of other questions; I may not even have the important ones—but all of these questions deserve lengthy debate, because I am certain my colleague from Maine is going to say, "No, that is not quite right," or whatever, and he may want to ask us some questions, which is certainly fair.

But we are talking about all these questions and more and more and more.

Mr. President, before a patient has surgery or is given some new experimental treatment, the doctor must explain in plain English the treatment's benefits, the risks, the costs, and alternatives.

This is called informed consent, and it is crucial to the trust between the patient and the doctor.

Health care reform is an experimental treatment, too. If there is going to be any trust between our Government and the public, then the public must have a chance to grant or not to grant their informed consent.

And I think we could ask a very legitimate question. Maybe the public should not have a right to know, but I think the public does have a right to know. Has the American public had an opportunity to offer their informed consent on the majority leader's bill or any other bill, the Labor Committee bill, the Dole-Packwood bill, the Finance Committee bill, and other bills

that have been introduced? And I do not think anybody can honestly say the answer is yes.

There have been no hearings on this particular bill—well, on the one pending, but there have been no hearings on the majority leader's bill. We are told by the CBO that changes are being made as we speak, and that is not unusual. We probably will make changes in ours as other people speak. So it is hard to nail it down: What does it cost? What does it do, precisely?

I hope we do not have developing here a fear that the American people are going to learn too much about health care if we debate it. My view is the American people want to know precisely what is in this bill. It is a lot different than car insurance. We are talking about your children, your family, and you want to be very careful.

Maybe it is different in Kansas, but many people from Kansas, when they come to see me here or when I am in Kansas, say: "BOB, why don't you just fix the 15 percent and not worry about the 85 percent, or not try to change the 85 percent that people are fairly satisfied with? Why don't you fix the 15 percent?"

It is not a bad question. I have not got the answer yet. But that is where most Americans, who are satisfied with what they have, are concerned their premiums are going to go up. I think that is a legitimate question. Are they? And how much, if any?

Once the American people had what we called informed consent on the President's bill it went down and down and down. Regardless of the efforts by many in the liberal media who bought into the program and tried to sell it every chance they had—on the evening news, in the newspapers—the American people were not buying because they understand that little tilt out there in the media sometimes. They are all good people, but they have a little different view.

So the American people said, "Wait a minute." And it was not Harry and Louise. It was not the Republicans. They said, "Wait a minute, I don't understand the President's bill."

If you walk into a drug store or grocery store and read the label on some product and you do not understand it, I will bet you walk on. You do not pick it up. You do not buy it. And the American people did not buy the Clinton health plan because it was too complicated, too bureaucratic, too many taxes, too many controls, too many mandates, and mandates are taxes. I cannot recall any piece of legislation in my memory that got as much media attention as the President's bill. It was discussed and debated and dissected in townhall meetings and kitchen table discussions all across the country.

Despite the fact that the President and the First Lady had the full use of the White House bully pulpit, and despite the fact they were both very eloquent, they just did not have a good product. But they tried hard. They went out there every day, but public support went down and down and down. And finally, as we all know, just a few weeks ago Senator MITCHELL and Speaker FOLEY and Congressman GEPHARDT went to the White House. I do not know what they said but in effect: We have to come up with something new. So now we are going to focus on Senator MITCHELL's bill.

I repeat, again, my good friend, Senator MITCHELL—your name is on it so I have to refer to it that way. When you go after my bill, I will understand that, too, if you find anything wrong with it—which you probably will.

So we are being asked to trade in the best health care system in the world for a 1,410-page bill that we are now in the process of analyzing. I will stipulate those of us on the Finance Committee probably have an edge on other Members in the Senate. There are only 20 of us and there are 100 Senators. We know pretty much what is in the leader's bill because we had extensive hearings. Senator MOYNIHAN and Senator PACKWOOD did an outstanding job. We had a lot of hearings. I do not know how many.

Mr. MOYNIHAN. Thirty-one.

Mr. DOLE. Thirty-one—I need that for my next speech; 31 hearings. And they were long and they were extensive and we learned a lot.

So, what we are going to try to do on our side of the aisle is try to invite Americans to take a look at all these proposals. The American people have a right to know, and I agree with Senator MITCHELL, we are not going to rush anything. What we are going to do, I guess, as Ross Perot said, is we are going to kick the tires and look under the hood and we are going to discover whether or not this is really a new plan or whether it is the Clinton plan with a new coat of paint and a rolled back odometer. If it is, it is in trouble, because the American people are not buying.

I will tell you what Herman Cain, the CEO of Godfather's Pizza said about delaying mandates. He said, "It doesn't matter whether you kill me now or whether you phase in death over a period of time." And he had it about right.

President Clinton said, "Well, just raise the price of pizza."

It does not work that way.

We would like to do something about job-killing mandates. There have been estimates from 600,000 to 3.8 million. The truth has to be somewhere in the middle, I assume.

We have to worry about taxes. As I said, there are different estimates. Some say 17, some say 16 new taxes totaling billions of dollars—maybe less, maybe more.

I have already talked about the entitlements, and 100 million Americans, and who is going to pay for them, and nobody knows for sure. But I think probably the underlying point is that all these plans—with a few exceptions—are based on the principle that Government knows best; that somehow, when people have a problem the Government ought to be there to help them. It is very compelling. You watch the news, you watch television, you know of personal cases, you know people who need help, and I think there ought to be ways to do that. That is why many of us agree on many of these things—without creating a new Federal bureaucracy and a new proposal where the Government would have broad, sweeping new powers in almost every aspect of health care.

We are going to have a one-size-fits-all standard benefits package. The Government is going to have the power to say, whether you are young or you are old, you are going to pay the same price. Everybody wants to be fair to senior citizens.

But what about their children or their grandchildren? Maybe the Senator from New York will comment on this, but in New York—maybe there is another reason—25,000 young people have dropped out of the program because they were paying four or five times as much as they should have. Is that fair? Talk about fairness—every State has young people. They do not have lobbyists around here. Nobody is around to talk about their special interests. We do not have anybody saying, "I am here to represent the 18-to-25-year-olds, and we have to tell you what we do not like about your bill or this bill or the other bill," because nobody speaks for them. We figure it is fair because when they get old somebody will pay higher premiums and they will pay lower premiums, so it just all works out that way.

So you are going to pay the same price whether you are young or old or healthy or not so healthy. And for a lot of people that means higher rates—for a lot of people it means higher rates.

As I said earlier, the Government is going to have the ability to tell medical schools how many specialists they can train each year. Maybe there ought to be a change in the mix. We put a lot of money into those programs, as the chairman of the Finance Committee knows. I think there are ways to create some incentives without creating dictates or quotas.

Then we are going to have the seven-member board. I do not know how they are selected. They are not elected. They are not accountable, I guess, to anybody. They are going to have the power to determine "medical necessity." That means, I think to many Americans—we are not certain what it means, yet. We want to get into the Q and A. It probably means many Federal

bureaucrats—not you and your doctor—will determine what type of treatment you receive and whether you will receive it at all.

Senator MITCHELL's bill is not all bad. Parts of it do make our system more affordable and more accessible. And therein lies, I think, the seeds of some agreement if, in fact, that is what we want.

We believe in our bill. Some may say it is all bad or does not do enough. We call our bill The American Option. Not the Democrat option or the Republican option. We tried to avoid it being just a partisan Republican proposal. We have contacted Democrats. We have suggested to our colleagues who were talking to Senator MITCHELL, why do they not talk to us? "Are there not similarities in our bill that you can support?"

We are speaking with House Democrats and House Republicans because we believe there is a lot in our bill and a lot in Senator MITCHELL's bill and a lot in the other bills and that we can go in the back room and in 2 or 3 days, have a bill that I say may be 99 to 1.

I discovered in the years I have been here, Congress meets every year. The American people are not too happy about it. If we ever put it to a vote, we might not meet at all. Go back and check Social Security, read the history of Social Security, read the history of Medicare. They did not do it all at one time. They added farmers, they added different workers, they enriched the benefits. They did a lot of things over the years.

Later in the debate, I am going to bring out the list of all the things we have done in the Senate Finance Committee on health care, and I know other Members on both sides of the aisle have been very active in health care.

We just have not waited for 20 years to deal with health care. We passed a lot of good legislation. It cost a lot of money. It did a lot of good things for people in need in America, and we want to let the American people know we have not stood still for 20 years. We did not stand still on Social Security in 1983 when the system was about on the brink of disaster. I was proud to join my colleague from New York, Senator MOYNIHAN, in putting together what we thought was a rescue effort. The system is much, much better now. But I think we have to go back and look at the history of Medicare and how far it has come, not just what happened initially.

I want to say about our bill—and I want to yield the floor and introduce our bill along with the summary—again, I would like to think that at least before people reject it, they read the summary of it. It helps those Americans who are unable to afford health care insurance. We cut off 150 percent of poverty.

It is my understanding there is a similar bill now being put together on the House side where it may go to 200 percent of poverty. It is a question of finances. If you have the money, obviously, you can go higher. Ours cuts off at $22,200; 240 percent of poverty is $35,500 for a family of four. We also have a fail-safe mechanism in our bill that if you do not have the money, you cannot pay the benefits, you just cannot keep running up the deficit.

We take care of preexisting conditions. It makes insurance more affordable for small business, and it does much more. We will be talking about the American option throughout this debate.

I do not want to be misunderstood. There are quite a few things you will find in the majority leader's bill which you will not find in our proposal.

You will not find the National Health Board. You will not find price controls. You will not find mandates, and you will not find new taxes. You will not find these because our bill is not based on the principle we have to get more Government. I think it is based on the principle that the American people know best.

Let me make it clear that Government is into health care now—Medicare, Medicaid, Veterans Administration, Public Health Service, CHAMPUS, you name it. So it is in pretty deep right now, and I think most Americans will say, "Wait a minute, maybe that is 40 percent; let's not go the other 60 percent. Let's not turn one-seventh of our national economy over to the Government and say, OK, you run the health care system."

So I renew my plea to the President and anybody else: Why are we not sitting down together; why are we not making that list we talked about 6 months ago? In fact, he mentioned it one night at a White House dinner. Why do we not make a list of all the things we agree on, Democrats and Republicans? You would have a pretty long list. I bet you would have 20, 30, 35 items that would do a lot for millions of Americans this year and next year. Why not make that list? And then why not come back and say, "OK, we would like to add A, B, C, D, whatever, and see if we can negotiate." Put in 10 things you can agree on and see what you can negotiate.

That would make insurance more accessible and more affordable for millions of Americans. We could have done it a year ago, 6 months ago; and we can do it today or next week or the next week. And next year, when the Congress is here, and the year after that, and the year after that, we can take a look again.

Now we are told that universal coverage is 95 percent. And we are told, I think accurately, you are never going to cover everybody. We do not do it in Social Security; we do not do it in Medicare; we do not do it in food stamps; we do not do it with a lot of these Federal programs, even though that may be a goal, and I do not quarrel with everybody being covered. It is how do you get there; what does it cost in jobs and dollars?

If 95 percent is where we want to end up, and we are told by some we can get to 92 percent without mandates, without the other things, we are fighting over 3 percent. We go from 95 to 92 or 93 percent, and then in 4 years maybe say, "OK, how do we get the other 2 percent, 3 percent, 4 percent," or whatever we can, on the way to 100 percent.

Go back and read Social Security, go back and read Medicare. We will read some of it for everybody later in the debate on how it progressed through the years. It did not all happen at once. And they are good programs.

I thought there was a better program, but they are good programs.

I hope we are not just going to roll the dice here and say, "OK, this is it. If we can squeeze 50 and 51 votes, this is it. Maybe pick off two or three Republicans, this is it."

I do not believe the President would turn down a bill that 90 of us voted for or 85 of us voted for that did not have anything he wanted, but that had maybe the goals he wants. So we are ready to make health care more accessible and more affordable.

But I think we have to say one thing, in conclusion—we will say a lot of things before it is over—somebody has to pay for all this sooner or later. Maybe if we pass it this year, we might sneak through this year's election because it is not going to take effect.

Many of these provisions in the majority leader's bill do not take effect until the year 1997. So there is not much cost up front. But somebody is going to figure out that sooner or later we cannot do all these things without costing some money in our bill or in any of the other bills. Somebody has to pay.

If you have a fail-safe mechanism, as we do, if you cannot pay, you do not get the benefits and people are not going to like that. The self-employed would like to deduct 100 percent, not 50 percent. Ranchers, farmers, small businessmen, small businesswomen, why should they only deduct 50 percent, in the majority leader's plan? Why not 100 percent? Because it costs money, and I assume the majority leader determined you cannot do everything.

So my view is that as we start this debate—and this is preliminary only, and I hope we have 4 hours of debate tomorrow and maybe, if we work out the agreement, 4 hours of debate on Thursday before we get into the bill. But we have a number of Members on this side who wish to speak, and I am certain many Members on the other side who wish to speak, because I think every constituent—they do not agree

with all of us, but they are going to expect us to be here and to be participants. I do not think this is one on which you can be a spectator. You cannot be a spectator in the health care debate. We are not going to please everybody once we get into the arena. Somebody is not going to like what you say or how you vote.

But I cannot recall any more important legislation than this particular legislation, any more important problem.

So, Mr. President, I now send to the desk—I have not had ours weighed, and I will be happy to do that later, but it is more than zero. It is a meaningful piece of legislation.

I ask unanimous consent that the analysis be printed in the RECORD. I do not think I want the bill printed in the RECORD. It costs too much money.

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

SUMMARY OF DOLE/PACKWOOD HEALTH REFORM PROPOSAL

I. GUARANTEED ACCESS TO COVERAGE

A. Insurance reforms

1. There are two health insurance market sectors:

a. Individuals and small employers size 1 to 50.

b. Large groups (employers with more than 50 employees or members, and associations and MEWAs with at least 500 participants).

2. The insurance market reforms apply to all health plans, including self-insured plans, with the following exceptions:

a. Accident, dental, vision, disability income, or long-term care insurance;

b. Medicare supplemental policies;

c. Supplements to liability insurance;

d. Workers compensation insurance;

e. Automobile medical-payment insurance;

f. Specific disease or illness policies; or

g. Hospital or fixed indemnity policies.

3. Guaranteed issue and guaranteed renewal:

a. A health plan may not deny, limit, condition, or refuse to renew a health benefit plan except as indicated in (c) below.

b. A self-funded health plan sponsored by an employer cannot deny, limit, condition, or refuse to renew coverage for any employee (and family) except as indicated in (c) below.

c. Exceptions:

i. Pre-existing condition limitations can be imposed on individuals who do not maintain continuous coverage as described in (4) below.

ii. Failure to pay premiums;

iii. Misrepresentation of information to the insurer, or fraud;

iv. The health plan doesn't serve the area;

v. The health plan withdraws the health benefit plan from the market entirely.

vi. The health plan does not serve the market sector to which the person or group belongs.

vii. The health plan has insufficient capacity to enroll new members.

d. A health plan that has approached its capacity limitations can refuse to accept new enrollment, or limit enrollment based on a first-come, first-served basis.

e. Individuals will have an annual open enrollment period of at least 30 days prior to the expiration of their health plan policy, during which individuals can change health plans without being subject to pre-existing condition exclusions. Individuals can make changes between open enrollment periods for certain qualifying events like changes in family status, employment, residence, etc.

f. Newborns are covered automatically on the parent's policy at birth.

g. Insurers or employers cannot impose waiting periods for coverage beyond a reasonable time necessary to process enrollment, except in accordance with the standards for pre-existing condition exclusions described in section 4 below.

4. Portability and Pre-existing Conditions:

a. Health plans may not impose pre-existing condition limitations on individuals enrolling as a member of a group, except in cases where the individual has not been insured during the previous 6 month period.

i. The maximum allowed pre-existing condition exclusion for a condition diagnosed or treated during the 3 months prior to coverage is 6 months.

ii. The maximum is reduced by one month for every month the individual had coverage during the preceding 6 month period.

b. Health plans may not impose pre-existing condition limitations on individuals who are not enrolling as a member of a group, except in cases where the individual has not been insured during the previous 12 month period.

i. The maximum allowed pre-existing condition exclusion for a condition diagnosed or treated during the 6 months prior to coverage is 12 months.

ii. The maximum is reduced by one month for every month the individual had coverage during the preceding 12 month period.

c. Amnesty period.

i. Each state will set an initial 90 day open enrollment period during which individuals who have not previously had health benefit coverage can enroll without being subject to pre-existing condition limitations.

ii. A state may establish a limit on the number of new enrollees a health plan must accept during the amnesty open enrollment period. The limit should correspond proportionately to the total number of enrollees the plan has in that market sector.

5. Modified community rating (applies to all products in the individual and small group market only):

a. Uniform age and family classes will be defined by the National Association of Insurance Commissioners (NAIC).

b. NAIC will recommend allowed discounts for health promoting activities.

c. The ratio of rates between the highest and lowest age factor (ages 18–64) may not exceed 4:1 for the first 3 years after implementation, and 3:1 for years thereafter.

d. NAIC to recommend allowed variations in administrative costs (not to exceed 15 percent of premium) based on size of group.

e. States will define community rating areas subject to the following:

i. Minimum area population of 250,000.

ii. May not divide metropolitan statistical areas within a state.

iii. May cross state boundaries if states agree.

6. Every health plan selling in the individual and small group market sector must offer the FedMed package:

a. An insurer must at least offer one of the following versions of the FedMed package:

i. Fee-for-service,

ii. Preferred Provider Organization (PPO), or

iii. Health maintenance organization (HMO).

b. Health plans may offer any other health benefits packages in addition to the FedMed package.

c. Health plans may offer supplemental packages to the FedMed package, but may not require an individual or a group to purchase supplemental coverage or link the pricing of a supplemental benefit package to that of the standard package.

7. There is no restriction on the number of different benefit packages that can be offered by a health plan. However, the rates for all of the health benefit packages offered by the health plan must be based on the health plan's total enrollment in the individual and small group sector. Rating variations are allowed only to the extent of the difference in actuarial value of the specific benefit variations for that same population.

8. Health plans and purchasing cooperatives may require payment of premiums through payroll deductions. Employers must comply with employee request for payroll deduction and remittance of premium.

9. Risk adjustment (applies to the individual and small employer market only.) States are to risk adjust community-rated health plans and reinsurers of health plans for small employers who self-insure. All self-insured small employers are required to carry "stop-loss" insurance.

10. Standards developed by the NAIC for the individual and small groups market shall be uniform for all carriers.

11. Each state will publish annually and disseminate a list of all of the health plans in the state offering the FedMed package and their modified community rate for the package. This effort will be coordinated with the information on health plan quality.

12. Neither the states nor purchasing groups would be permitted to interfere with the ability of health insurers to establish and pay adequate compensation to licensed agents and brokers.

13. Taft-Hartley health plans, rural electric and telephone cooperative health plans and church association health plans shall be subject to the insurance reforms applicable to large employer plans.

B. Purchasing cooperatives, FEHBP, MEWAs and association plans

1. Nothing in this bill required the establishment of a purchasing group—nor prohibits the establishment of more than one—in an area.

2. Purchasing groups established to serve the individual and small employer market must be open to all individuals and small employers who wish to join.

3. Any health plan offering a benefit package through a purchasing cooperative must offer at least the FedMed benefit package through the cooperative.

4. Insurers are prohibited from establishing a purchasing cooperative but may administer one under contract with the purchasing cooperative.

5. Federal Employees Health Benefit Plan:

a. Self-employed individuals and small employers (sizes 2 to 50) may purchase health benefit plans offered through FEHB program.

b. Insurers shall offer self-employed individuals and small employers the same benefit plan(s) that are available to federal employees at the same premium price (government and employee share) plus an administrative fee.

c. Health plans may impose group participation requirements as long as they are standard for all groups.

6. MEWA and Association Health Plans:

Limited rules are applied to existing MEWAs and Association health plan offering health plans on 1–1–94 (i.e. "Grandfathered plans") and a more comprehensive regulatory scheme is applied to all new MEWAs

and association plans. Grandfathered plans and all new plans that meet the following rules shall be treated as a large employer for insurance reform purchases.

a. Grandfathered plans (both insured and self-insured) must have at least 500 participants. In addition, grandfathered plans cannot:

i. Condition its membership on health status or health claims experience of a potential member.

ii. Exclude an employee or dependent of a member based on their health status.

b. Grandfathered plans that self-insure must:

i. File written notification with the Secretary of Labor that:

(1) includes a description of the plan; and,

(2) names a plan sponsor.

ii. Meet minimum financial solvency and cash reserve requirements for claims established by the Secretary of Labor.

iii. File annual funding reports (certified by an independent actuary) and financial statements with the Secretary of Labor and all participating employers in the plan.

iv. Appoint a plan sponsored that would be responsible for operating the plan and seeing that it complies with all federal and state laws.

c. All new MEWAs and association health plans must:

i. Cover at last 500 participants.

ii. Complete a certification procedure established by the Secretary of Labor.

iii. Meet all the requirements in 6.a. and if self-insured, meet the additional requirements in 6.b.ii. through iv. above.

iv. Be formed and maintained for substantial purposes other than obtaining or providing health insurance to members.

v. Be offered or sponsored by a permanent entity which receives a substantial majority of its financial support from its active members.

vi. Not be owned or controlled by an insurance carrier.

vii. Has a constitution, bylaws, mission statement or other similar governing documents.

viii. All persons involved in operating, administering and/or handling money with respect to plan would have to be bonded for theft and other intentional acts.

ix. Pay a $5,000 certification fee to the Secretary of Labor. The Secretary may also charge a reasonable annual fee to cover the cost of processing and reviewing annual filings.

d. The Secretary of Labor shall develop regulations implementing the requirements of this section including expedited registration, certification, review and comment procedures.

e. The Secretary may enter into agreements with states to enforce the provisions of the section to the extent that the delegation does not result in a lower level or quality of enforcement. Such delegation may include certification and registration of MEWAs and association plans.

f. Associations and MEWAs must provide written notice to each contributing employer as to whether it has met the applicable requirements of this section 6.

g. All individuals operating or administering or involved in the financial affairs of association health plans or MEWAs must be bonded.

h. Taft-Hartley health plans, rural electric and telephone cooperative health plans with 500 or more participants and church association health plans with 100 or more participants are exempt from all requirements described in section 6 and are subject to the insurance rules applicable to large employer plans.

C. Affordable coverage

1. Tax Deduction for Self-Employed: Self-employed individuals and other individuals who do not get health insurance from their employers would get a deduction equal to 100 percent of the cost of insurance phased in as follows:

1994 and 1995—25 percent

1996 and 1997—50 percent

1998 and 1999—75 percent

2000 and after—100 percent

2. Medical Savings Accounts:

a. Medical savings accounts (MSAs) are linked with the purchase of catastrophic health insurance converage (health insurance policy with a minimum $1,000 annual deductible for single, and $2,000 for family coverage).

b. Employer contributions to MSAs are excludable from an employee's income and not subject to payroll taxes. Employer can deduct its contributions.

c. Contributions by self-employed and individuals (whose employers do not provide employer-subsidized insurance) are deductible from income and excludable from payroll taxes.

d. Annual limit on contributions—$2,000 single person and $4,000 for families (one account per family).

e. No lifetime limit on amounts contributed.

f. Distributions from the account would be tax-free and penalty-free if used for medical expenses not reimbursed under the catastrophic policy, premiums for catastrophic coverage during "COBRA" continuation coverage, and for premiums and medical expenses for long-term care. Premiums for catastrophic coverage cannot be paid out of MSA unless the individual qualifies for COBRA continuation coverage.

g. MSAs subject to prohibited transaction, reporting and certain other rules applicable to IRAs.

h. Tax-free rollovers between MSAs but not between MSAs and IRAs.

i. Non-qualified withdrawals are taxable and subject to a 10-percent penalty.

j. Not transferable at death and taxable to decedent.

k. No tax-free build-up.

l. Distributions on account of divorce to follow rules applicable to IRA's.

3. Low-income Subsidies:

a. Creates a new safety net subsidy program for low-income individuals and families not covered by employer-provided insurance or public programs. Subsidies would be financed by the Federal government consistent with the Budget Fail-Safe mechanism (described later).

b. Subsidies would not be provided to:

i. Individuals/families who are not U.S. citizens or permanent resident aliens;

ii. Medicaid eligibles;

iii. Medicare beneficiaries; or

iv. Individuals who receive employer-financed coverage.

c. An employer that finances health care coverage for any employee would not be allowed to discriminate against any employee based on his/her eligibility for a low-income subsidy. Employers who violate this rule would be assessed a penalty equal to the maximum subsidy amount for the geographic area multiplied by the number of affected individuals.

d. In the case of an employee working for an employer providing employee-only coverage (not including the employee's dependents) and whose family is otherwise eligible for a subsidy, the employee would have the option to take the employer's coverage or subsidized family coverage.

e. Subsidies will be applied only to the purchase of the FedMed package defined by the Secretary of HHS. By regulations, the Secretary shall establish a FedMed benefits package that includes, at a minimum, the categories of benefits described in Title 5 of the United States Code for the Federal Employees Health Benefit program and in the HMO Act of 1973 (Section 1302(1) of the Public Health Service Act). In so doing, the Secretary shall take into account, the following priorities:

i. Parity (with respect to cost-sharing and duration of treatment) for mental health and substance abuse services, managed to ensure access to medically appropriate treatment and to encourage use of outpatient treatments to the greatest extent feasible;

ii. Consideration for needs of children and vulnerable populations, including those in rural, frontier, and underserved areas; and

iii. Improving the health of Americans through prevention.

f. In general, health plans will determine the medical appropriateness of specific treatments. Coverage decisions about new procedures and technologies will be made by health plans, which may refer to criteria for medical appropriateness developed by the Secretary.

g. The Secretary shall vary cost sharing arrangements to accommodate different delivery system models through which subsidized individuals may receive health care services. All versions of the FedMed package shall have reasonable cost-sharing (including an out-of-pocket limit) appropriate to the delivery system.

i. For a moderate cost sharing version, cost sharing shall be similar to the health plan in the Federal Employees Health Benefit program with the highest enrollment that uses a fee-for-service delivery system.

ii. For a low cost sharing version, cost sharing shall be similar to the HMO plan in the FEHB program with the highest enrollment.

iii. For plans with provider networks, higher cost-sharing sufficient to encourage use of the network shall be allowed for out-of-network, nonemergency services.

h. In defining the initial benefits package, the Secretary shall ensure that the actuarial value of the package in its fee-for-service version be equal to the actuarial value of the highest-equal enrollment plan offered under the Federal Employees Health Benefit program in 1994, assuming a national population under age 65. Managed care health plans shall offer the same set of services defined by the Secretary for fee-for-service health plans.

i. Subsidies would be provided for premiums only, up to a maximum amount. The maximum subsidy amount would be the amount the Federal government uses to calculate its maximum (75%) contribution for Federal employees' insurance under FEHBP, calculated without the population 65 and older. The maximum amount would be determined annually. Nothing shall be construed as preventing an individual or family from buying a health plan covering the FedMed package that is more expensive than the maximum subsidy amount. The individual would have to pay the difference between the health plan's premium and the maximum subsidy amount.

j. The Secretary of HHS will specify maximum subsidy amounts for each geographic

market area for the same age groups and family composition classes in the Small group market. The Secretary would use appropriate factors to adjust the maximum amount for:

i. Geographic differences in health care costs;

ii. Age; and,

iii. Family composition (there would be no poverty adjustment for family size greater than 4).

k. Individuals and families with income below 100 percent of the Federal poverty level (if funding is available) would receive a full premium subsidy.

l. If additional funding is available, individuals with income above the poverty level would receive a partial premium subsidy. Individuals above 150% of poverty would not be eligible for a subsidy.

m. For individuals with income above the poverty level, but below 150%, the subsidy percentage would decline on a stepped basis as income increased. The amount of the subsidy would be a percentage of the maximum subsidy amount for individuals below poverty.

n. Eligibility for subsidies will be calculated on an annual basis. Tax return information will be used in determining eligibility to the extent possible.

o. An individual or family that has an approved application for a subsidy must file an end-of-year income reconciliation statement. Failure to do so will result in ineligibility for subsidies until the statement is filed, unless there is good cause.

p. States would determine eligibility for subsidies. States will be liable to the Federal government for subsidy payments made in error. The Federal government would share the administrative expense of determining eligibility for subsidies at a rate of 50 percent Federal/50 percent state.

q. States would designate appropriate agencies/organizations that would determine eligibility and enroll individuals in health plans on-site. States would be required to provide information on all health plans offering the FedMed benefit package in the geographic area.

r. The Secretary of HHS will develop standards to assure consistency among states with respect to data processing systems, application forms, health plan information, and other necessary activities to promote the efficient administration of subsidies.

s. The Secretary will study and make recommendations to the Congress regarding use of state-adjusted poverty level guidelines instead of the Federal poverty level guidelines when determining eligibility for subsidies.

D. Report on Health Care System

By January 15, 1998, the President must submit to the Congress findings and recommendations on each of the following:

1. Characteristics of the insured and uninsured, including demographic characteristics, working status, health status, and geographic distribution.

2. Steps to improve access to health care and increase health insurance coverage of the chronically uninsured.

3. Effectiveness of insurance reforms on access and costs.

4. Effectiveness of federal assessments of new technology on the cost and availability of new products.

5. Effectiveness of cost containment strategies at the federal and state level and in the private sector.

6. Effectiveness of efforts to measure and improve health care outcomes in the public and private sector.

7. Effectiveness of new federal subsidy programs, including recommendations to restrain future growth.

8. Effectiveness of initiatives targeted to underserved urban and rural populations.

II. IMPROVED HEALTH CARE DELIVERY SYSTEM

A. Consumer value in health plans

1. A "Consumer Value" program will be developed by the states for the purposes of:

a. Assuring minimum quality standards for health plans;

b. Making available comparative information about health plan offerings; and

c. Establishing certain consumer protections.

2. The Secretary of Health and Human Services will assist the states in carrying out these activities by:

a. Consolidating research activities for quality and consumer information areas;

b. Developing minimum guidelines for use in certifying health plans in the areas of quality assurance, consumer information, consumer protections, and financial practices and performance; and

c. Requiring states to establish a consumer value program that results in comparative information on health plan offerings and quality distributed to all consumers.

d. Offering grants to states to set up the consumer value program.

3. Consolidating Research Functions for Quality and Consumer Information:

a. Current federal research activities supporting quality and consumer information will be consolidated within HHS and called the Agency for Quality Assurance and Consumer Information. The agency will carry out its activities in close consultation with expert private and public entities in quality and consumer information. Research priorities will be set in consultation with expert groups.

b. The focus of the new consolidated research area will be to support activities in the areas of:

i. Effectiveness and appropriateness of health care services and procedures;

ii. Quality management and improvement;

iii. Consumer information and surveys concerning access to care, use of health services, health outcomes, and patient satisfaction;

iv. Development, dissemination, applications, and evaluation of practice guidelines;

v. Conduct effective trials in the private sector in partnership with expert groups;

vi. Assure the systematic evaluation of existing as well as new treatments and diagnostic technologies in a continuous effort to upgrade the knowledge base for clinical decision-making and policy choices;

vii. Recommend minimum guidelines for quality measures, consumer information categories, and access (to health services and practitioners) for use in health plan certification;

viii. Recommend standards and procedures for data and transactions related to quality, consumer information, access, effectiveness, and other areas as appropriate to assure a smooth coordination with the administrative simplification framework; and

ix. Oversee basic and applied research, with equal attention to each.

c. Funding will be $250 million a year by the year 2000 (phased in). Spending will be split to support research and the application of research in the private health care delivery system.

4. Process for Certification:

a. Secretary of HHS Responsibilities

i. The Secretary, in consultation with NAIC and expert groups in the areas of quality assurance (such as the Joint Commission on Accreditation of Healthcare Organizations, the National Committee for Quality Assurance, and the Peer Review Organizations) will set minimum guidelines for the certification of health plans. The Secretary is to complete the guidelines within 6 months of enactment of the bill.

ii. Special Federal rules would apply to self-insured multi-state employer plans and MEWAs.

iii. The Secretary will approve certifying organizations that are qualified to complete health plan certifications in any state.

b. States' Responsibilities

i. States will be responsible for implementing the guidelines;

ii. States are expected to coordinate public health department and insurance commissioner offices' (and other relevant agencies) responsibilities in designing the certification process (and enforcement procedures);

iii. States shall consult with expert private entities in designing their certification and enforcement processes;

iv. States may contract with private entities (giving them deemed status) for carrying out the certification activities; and,

v. Health plans must absorb the costs of certification, however, the State and/or the Secretary may provide monies for technical assistance for health plans serving vulnerable populations to pay for certification or to assist these plans in preparing to be successfully certified.

5. Minimum Guidelines for Health Plan Certification: The Secretary of HHS will develop minimum guidelines for certification of health plans in these areas:

a. Quality Assurance Guidelines

i. Quality management

ii. Credentialling

iii. Utilization management

iv. Governance

v. Policy and quality processes

vi. Provider selection and due process

vii. Guidelines and protocols

b. Consumer Protections

i. Comparative consumer information

ii. Marketing-agents and materials

iii. Non-discrimination

iv. Continuation of treatment (in the event of insolvency)

v. Grievance procedures

vi. Advanced directives

vii. Financial practices that interfere with quality of care

c. Reasonable access

i. Assuring access to services for vulnerable populations-ProPAC will complete recommendations within one year, including:

(1) Anticipated impact of health reform on access to services for vulnerable populations; and

(2) Safeguards required to assure continued access to services and reasonable payment for services for vulnerable populations.

ii. Anti-redlining rules

iii. Provider non-discrimination (e.g., discrimination solely based on the provider's academic degree)

d. Financial standards (using NAIC model standards)

i. Solvency

ii. Other financial standards including liquidity, accounting, and reporting

iii. Guaranty fund participation

In establishing minimum guidelines, the Secretary (in consultation with the NAIC) will address the issues (and recommend customized guidelines for each) of certification for various models of health plans, taking into consideration:

a. Multi-state insured plans,

b. Frontier, rural and inner city considerations (and other start-up issues for small delivery systems in underserved areas), and

c. Commercial insurance, managed care plans, and delivery-system (provider-based) plans.

6. Consumer Value Program:

a. States shall begin immediately, upon enactment, to establish a consumer value program that results in the distribution of comparative information on health plan offerings and quality outcomes to consumers;

b. States may designate an independent organization to carry out the consumer value program (giving it deemed status);

c. The Secretary of HHS will provide to states the minimum guidelines for the consumer value program (see minimum guidelines for comparative consumer information (5.b.i.), including a model "report card" to assure a level of standardization to allow state to state comparisons;

d. States may exceed the minimum guidelines-federal grants will be available to states for demonstrations experimenting with guidelines beyond the federal minimum;

e. If the Secretary determines that states have not established a consumer value program within six years, the Secretary may implement such in the state.

7. Pre-emption of State Anti-Managed Care Laws: State anti-managed care laws are preempted, such as:

a. "Any wiling provider" laws;

b. Corporate practice medicine;

c. Health benefits mandated;

d. Cost-sharing mandates;

e. Utilization review mandates; and,

f. Involuntary denial of life-saving medical treatment.

8. Administrative Simplification:

a. Secretary of HHS will adopt standards for health data and transactions (from common practices in the private sector). Categories of standards may include:

i. Financial, administrative transactions;

ii. Enrollment information;

iii. Financial and administrative data;

iv. Unique identifiers (subject to strict patient confidentiality requirements).

b. Use of and access to standard transactions and standard data through the National Care Data Network.

i. Health plans, providers must keep data available for authorized access and comply with transmission standards set by the Secretary. Clearinghouses may be used to comply.

ii. Penalties apply for noncompliance to standards.

c. State "Quill Pen" laws are preempted.

d. Entities operating in the national health care data network. Secretary develops standards for the Health Care Data Clearinghouses. Private entities may be designated to certify such systems and clearinghouses.

e. The Secretary of HHS will set standards for providers and health plans to access information from the network, including standards for privacy. Only minimum data necessary will be disclosed and only when authorized by privacy laws..

f. A Health Care Date Advisory Panel will be established to assist the secretary in all standards and processes, including standards for privacy.

g. Secretary may authorize grants for demonstration projects.

h. Administrative simplification standards and processes will coordinate with the quality and consumer information process and certification areas.

i. The Medicare/Medicaid data bank (from OBRA93) will be repealed once the administrative simplification system is operational.

Authorization of Appropriations: This bill would authorize appropriations for the activities described above.

10. Fraud:

a. The Secretary of HHS and the Attorney General shall jointly establish and coordinate a national health care fraud program to combat fraud and abuse in government and certified health plans.

b. Monies raised from anti-fraud and abuse penalties, fines, and damages will be dedicated to an account to pay the costs for anti-fraud and abuse efforts.

c. To give greater guidance to health care providers (so they can comply with fraud and abuse laws), there will be established:

i. New safe harbors;

ii. Interpretive rulings; and,

iii. Special fraud alerts.

d. The current Medicare and Medicaid penalties for health care fraud and abuse will apply to all health care fraud affecting Federal subsidies or other Federal outlays. These include exclusion from participation in Federal health programs and the imposition of civil money and criminal penalties.

e. The Secretary will comply with certain requirements to communicate violations anti-fraud and abuse laws.

f. A new health care fraud statute will be developed modelled after the mail and wire fraud statutes.

B. Building Primary Care Capacity in Underserved Areas

1. Purpose:

a. Safeguards to assist vulnerable populations to access local health services and practitioners;

b. Funding in certain areas to assist providers and health plans to reconfigure services and establish networks to compete in the changing market;

c. Funding to increase primary care capacity in underserved areas; and

d. More flexible Medicare rules for providers in underserved areas.

2. Redefining Underserved Areas in the Changed Market: States to designate frontier, rural and urban areas as underserved taking into account:

a. Lack of access to health plans; and

b. Lack of access to quality providers and health care facilities in such areas.

The designations must be approved by the Secretary of HHS. Underserved areas do not need to meet MUA or HPSA definitions. The designation is for no longer than three years. Underserved areas receive priority for special funding included in this section.

3. Network Development Funds:

a. Planning funds:

i. Medicare and Medicaid waiver demonstrations to form health care networks; and,

ii. Grants to private entities and states for use in planning and development of networks of providers and plans.

b. Technical assistance funds—to comply with health plan certification guidelines, administrative simplification data and transaction standards, quality assurance activities, consumer information programs, insurance reforms, and other reform requirements; and

c. Capital (low interest loans) assistance for the reconfiguration of facilities, start-up capital, establishing reserves, and setting up information systems for entities in networks.

4. Increasing the Numbers of Services, Practitioners, and Plans:

a. Loan repayments for primary care practitioners in geographic areas recognized by the Federal Office of Shortage Designation.

b. Tax incentives:

i. A physician who provides primary health services in underserved areas would be eligible for a nonrefundable credit against Federal income taxes of up to 60 months.

ii. A physician who provides primary health services in underserved areas would be eligible to take an additional $10,000 per year as section 179 deduction for health care property placed in service during the tax year.

c. Increase Federal support for primary and preventive health care services aimed at segments of the population most likely to be uninsured and at high risk:

i. Comprehensive Maternal and Child Health coordination aimed at improving health;

ii. School-based Health Education—Increase assistance for pre-school and elementary programs that provide comprehensive health education to children; and,

iii. Special grants to frontier areas for preventive health services.

d. Increase Public Health Act funding for:

i. Grants to Community Health Centers, Migrant Health Centers, FQHCs and look-alikes;

ii. Increase funding for AHECs through 2000; and

iii. Fully fund the National Health Service Corps;

e. Funding for telemedicine and related telecommunications technology support for frontier and rural areas; and

f. Funding for medical transportation in frontier and rural areas.

5. Payment Flexibility:

a. Extending EACH/RPCH to all states and making technical corrections;

b. Creating the REACH program;

c. Extending Medicare Dependent Hospital classification through 1998;

d. Extend the MAF demonstration to all states; and,

e. Increase Medicare reimbursement to physician assistants and nurse practitioners in rural and urban areas.

6. Studies, Responsibilities:

a. ProPac will make recommendations within six months on the need for any transitional provisions to assure access for vulnerable populations;

b. The Secretary will study the need for and design of a "supplemental rural benefits package" within six months of enactment; and

c. An Office of the Assistant Secretary for Rural Health will be established (elevates an existing position) to advise the Secretary on all rural provisions in reform.

7. Anti-Trust Clarifications:

a. Mechanisms for clarification of anti-trust treatment for providers:

i. Certificates of Review—providers may apply to the Attorney General for certificates of review to be granted case-by-case.

ii. Notification—providers may file a notification of their joint venture activities with the Attorney General. Certain rule of reason analysis and damage rules shall apply in any subsequent suits.

iii. Guidelines—the Department of Justice shall issue guidelines clarifying legitimate collaborative activities of health care providers responding to community needs.

iv. Safe Harbors—The Department of Justice shall develop "safe harbors" in certain health care delivery areas by soliciting input through notice and comment procedures. The safe harbors shall help to reduce both the costs and administrative burdens of anti-trust regulation reviews. Certain rules of enforcement and defense shall apply for organizations and ventures falling within the safe harbors. Certain areas must have safe harbor clarifications by the Justice Dept.

C. Health Professionals

1. Education:

a. Oversight:

i. Establish Independent, Advisory Commission on Workforce—

(1) Federal oversight will be limited to an independent, non-governmental advisory council to the Congress, modeled on ProPAC and PPRC. COGME will be discontinued, with its funds used to partially finance the new Commission.

(2) The composition of the board will include experts in medical education, teaching hospitals, health plans, and other relevant parties.

(3) Sets in law the role of the Commission and a timetable for reports on specific questions of workforce policy and payment, including but not limited to:

(a) Profile the composition of the physician and non-physician workforce and address how the composition (numbers and mix) fits market needs;

(b) Amounts and process for funding;

(c) Future payment policy for Medicare for graduate medical education;

(d) Incentives for primary care and underserved areas;

(e) Foreign medical graduates' policy;

(f) Future direction and coordination of grants, demonstrations, and other funding affecting the workforce.

b. Increasing Primary Care Practitioners and Ambulatory Training:

i. Consortia demonstrations to increase primary care. The Secretary will conduct 10 Medicare demonstrations for the purposes of increasing the numbers of primary care practitioners trained (graduate education). The demonstrations may be multi-state. All Medicare DME funds historically used in the geographic area may be distributed to consortia. Criteria for consortia will be established by the Secretary. Additional incentives dollars may be paid to consortia from any savings from IME reductions.

ii. Non-hospital-owned ambulatory sites will be eligible to receive DME payments.

c. Biomedical and Behavioral Research. A voluntary check-off on individual income tax returns will be established to contribute dollars to a national research fund.

2. Malpractice:

a. Cap on Non-Economic Damages at $250,000, with entity established to study a schedule of caps for congressional consideration.

b. Several Liability for non-economic and punitive damages.

c. Periodic Payments for damages of over $100,000, with judge given discretion to waive in interests of justice.

d. Collateral Source Rule—collateral sources are deducted from award to plaintiff.

e. Limits on Attorney Fees—Limited to 33⅓ percent of the first $150,000 and 25 percent of amount over $150,000, after taxes.

f. Statute of Limitations—two years from date of discovery and no later than 5 years after occurrence. Claim may be initiated for minors under age six if two years from date of discovery and no later than six years after occurrence or before minor turns 11, whichever is later.

g. Clear and Convincing Standard for first seen obstetric cases.

h. Punitive Damages Reform. Includes Clear and Convincing Standard of proof; elements of proof; pleading and process requirements; cap on punitive damages (lesser of 2x compensatory damages or $500,000); dedication of 50 percent of award to health care quality assurance program.

i. Right of Subrogation or Automatic Subrogation under Collateral Source Rule.

j. Prohibition on Vicarious Liability.

k. All provisions cover all defendants in any Health Care Liability Action.

l. Consumer Protection—Require Risk Management by health care professionals, providers and insurers; permits licensure boards to enter agreements with professional societies to license and review health care professionals; liability protection for state licensure boards.

D. Long-Term Care

1. Tax clarification:

a. All long-term care services are treated as medical expenses under the tax law, meaning that—

i. Long-term care expenses and insurance premiums above 7.5 percent of AGI would be deductible from income; and,

ii. Payments under long-term care insurance policies would not be taxable when received.

b. Insurance companies can deduct their reserves set aside to pay benefits under long-term care insurance policies.

c. Permit long-term care riders on life insurance policies and treat like long-term care, not like life insurance.

d. Do not permit tax-free exchange of life insurance contract to long-term care.

e. Exclude certain accelerated death benefits from taxable income.

2. Minimum Standards for Long-Term Care Insurance: In order to receive favorable tax treatment, long-term care insurance policies would have to meet certain consumer protection standards. These standards include provisions based on the NAIC Model Act and Regulation (as of January, 1993) and supported by the insurance industry.

3. A nonrefundable tax credit of up to 50 percent of an employed individual's personal assistance expenses of up to $15,000 per year will be provided.

4. Modifications to Medicaid long-term care (see below).

5. Acute/LTC integration demonstration project.

III. IMPROVED FEDERAL HEALTH PROGRAMS

A. Medicaid

1. Acute Care:

a. Beginning 1/1/00, all AFDC and non-cash Medicaid recipients will be integrated into the low-income subsidy program. These individuals will no longer be entitled to acute care benefits under Medicaid, but would receive private health insurance through the low-income subsidy program. Supplemental benefits will be provided under a capped entitlement to the states. Nothing in this section should be construed as affecting an individual's eligibility for long-term care services under Medicaid.

b. Individuals eligible for AFDC and non-cash Medicaid recipients whose income exceeds the income thresholds of the low-income subsidy program would be grandfathered, i.e., deemed to have income below 100 percent of the Federal poverty level, and therefore eligible for a full premium subsidy.

c. Like all other individuals eligible for the low-income subsidy program, AFDC and non-cash Medicaid recipients would receive premium subsidies, up to a maximum amount, for the purchase of a certified health plan covering the FedMed benefit package.

d. Medicaid acute care (non-long-term care) services not covered by the FedMed benefit package would be provided as supplemental benefits under a capped entitlement program to the states, based on historical Medicaid spending for these services, plus a growth factor.

i. States could provide these supplemental benefits to any individual qualifying for the low-income subsidy program.

ii. States may give priority for the supplemental benefits to children, pregnant women, and individuals in medically underserved areas.

iii. At the end of each Federal fiscal year, states may apply for any Federal funds for supplemental benefits not allocated to other states.

e. SSI and SSI-related (e.g., state SSP) recipients would generally remain eligible for services under the traditional Medicaid program. However, states would be given additional flexibility to enroll SSI and SSI-related recipients in Medicaid managed care programs, or in certified health plans covering the FedMed benefit package at a negotiated premium rate. The number of individuals electing to enroll in a certified health plan will be limited to 15 percent of the eligible SSI and SSI-related Medicaid population in the state in each of the first 3 years (beginning 1/1/97), increasing by 10 percentage points (e.g., 25, 35, 45, etc.) in each year thereafter.

f. State maintenance of effort:

i. States will make "maintenance of effort" (MOE) payments to the Federal government in an amount equal to each state's spending on acute care services covered by the FedMed benefit package for AFDC and non-cash recipients under Medicaid in the year prior to integration.

ii. Each state's MOE payment will be increased annually from the previous year by the weighted average increase in the maximum premium subsidy amounts in the state under the low-income subsidy program, plus the change in the state's population.

iii. Federal spending for the supplemental benefits will be based on Federal spending for AFDC and non-cash recipients for non-long-term care, non-FedMed-related Medicaid acute care services in the year prior to which the state's AFDC and non-cash recipients become eligible for the low-income subsidy program. Federal expenditures will increase annually from the previous year by the weighted average increase in the maximum subsidy amounts in the state under the low-income subsidy program, plus the change in population.

iv. At least 3 months prior to the date AFDC and non-cash recipients are integrated into the low-income subsidy program, the state must have an integration plan approved by the Secretary of HHS. The final plan will specify the state's MOE obligation.

g. Transition:

i. The bill establishes a Medicaid risk contract program which would allow states (at their option) to enter into risk contracts with organizations that meet Federal standards for access, enrollment, and quality assurance.

ii. Upon enactment, states would be permitted to:

(1) Enroll any groups of Medicaid recipients in Medicaid risk contract programs or private health plans (states would be required to offer recipients a choice of at least 2 plans); or,

(2) Apply for 1115 demonstration waivers.

iii. States with existing 1115 demonstration waivers would be allowed to continue until the state or the Secretary terminates the waiver, or until 1/1/00, whichever is earlier.

iv. At any point after enactment, states may apply for a waiver from the Secretary of HHS to integrate its AFDC and non-cash recipients into the low-income subsidy program when the low-income subsidy program begins (1/1/97). All states must integrate their AFDC and non-cash recipients into the low-income subsidy program by 1/1/00.

v. Beginning 1/1/97, Federal and State expenditures for FedMed-related acute care services would be capped on a per capita basis at the Federal and state matching rates multiplied by the weighted average maximum premium subsidy amount in the state. Federal expenditures for non-long-term care, non-FedMed-related acute care services would become a capped entitlement to states, based on Federal expenditures for such services in the state in the base year, increased annually by the increase in the weighted average maximum premium subsidy amount in the state.

vi. For states that integrate AFDC and non-cash recipients into the low-income subsidy program before 1/1/00, states will make "maintenance of effort" (MOE) payments to the Federal government in an amount based on each state's spending for acute services covered under the FedMed benefit package for AFDC and non-cash recipients in the year prior to which the state's AFDC and non-cash recipients become eligible for the low-income subsidy program.

vii. Each state's MOE payment for the FedMed-related services will be increased annually from the previous year by the weighted average increase in the maximum premium subsidy amounts in the state under the low-income subsidy program, plus the change in the state's population.

h. Federal Medicaid DSH expenditures will be reduced by 25 percent. The Secretary shall make recommendations regarding phasing out the DSH program or integrating the DSH expenditures into the per-capita amount as coverage increases.

i. Federal match rates would not be changed except to fix inequities for Alaska.

2. Long-Term Care:

a. Eliminates the need for waivers to provide home- and community-based long-term care services under Medicaid (i.e., make them a state plan option).

b. Codifies that the "cold bed rule" does not apply (i.e., states can provide services to more individuals than there are nursing home beds in the state).

c. Allows On-Lok/PACE to expand sites and to be afforded provider status under Medicare/Medicaid.

d. Allows states to pursue public-private partnership programs that link Medicaid eligibility to the purchase of a qualified private long-term care insurance policy. Policies would have to meet Federal standards described in the tax code (see also "Long-Term Care").

B. Medicare

1. Medicare remains a separate program.

2. The Secretary of Health and Human Services will make recommendations to Congress, with one year of enactment, on the following:

a. Allowing Medicare beneficiaries the option of:

i. Enrolling in private health plans; and,

ii. Establishing Medical Savings Accounts.

b. Allowing Medicare-eligible military retirees to enroll in health plans sponsored by the Department of Defense or other appropriate federal health programs.

3. Improve risk contracts:

a. The Secretary shall provide Medicare beneficiaries information on Medicare options available in a beneficiary's area.

b. Improvements in Medicare risk contract payment methodology:

i. The Secretary shall establish Medicare rating areas to replace the current county based system. Metropolitan Statistical Areas may not be divided into different rating areas.

ii. In determining the amount of payment for Medicare risk contracts, the Secretary shall use a direct calculation methodology applied to each rating area, adjusted to reflect the use of military, veterans, and other federal health program services.

c. HMOs will have the option of requiring Medicare beneficiaries that enroll in risk contract plans to disenroll only during an annual enrollment period. HMOs choosing this option must inform Medicare beneficiaries of the disenrollment limitation prior to enrollment.

d. The Secretary of HHS may waive 50/50 rule (at least 50 percent of enrollment be non-Medicare) for Medicare risk contractors that meet certain quality standards.

4. Medicare Select will be a permanent Medigap option in all states.

5. The Social Health Maintenance Organization demonstration project is extended for two years.

C. Veterans Affairs

1. Grants VA sufficient flexibility to enable the VA to respond rapidly and effectively to Federal and state market reforms.

2. Grants the Department of Veterans Affairs the necessary legal authority and resources to respond effectively.

IV. FINANCING

A. Spending Savings

1. Medicare Savings:

a. Reduce Hospital Market Basket Index Update. This proposal reduces the Hospital Market Basket Index Update by 1 percent. Currently Medicare changes the inpatient per-discharge standardized amount be a certain amount every year to reflect input costs changes in Congressional direction. OBRA 1993 reduced the Index in Fiscal Years 1994 through 1997. This proposal would reduce the updates by 1 percent for Fiscal Years 1997 through 2000.

b. Adjust Inpatient Capital Payments. This proposal combines three inpatient payment adjustments to reflect more accurate base year data and cost projections. The first would reduce inpatient capital payments to hospitals excluded from Medicare's prospective payment system by 15 percent. The second would reduce PPS Federal capital payments by 7.31 percent and hospital-specific amount by 10.41 percent to reflect new data on the FY 89 capital cost per discharge and the increase in Medicare inpatient capital with a 22.1 percent reduction to the updates of the capital rates.

c. Revise Disproportionate Share Hospital Adjustment. This proposal phases down, but does not eliminate, the current disproportionate share hospital adjustment over five years.

d. Indirect Medical Education (IME). This proposal lowers the IME adjustment for teaching hospitals from 7.7 percent to 6.7 percent. (The IME adjustment recognizes teaching hospitals' higher costs for offering a wider range of services and technologies, caring for more severely ill patients, and providing more diagnostic and therapeutic services to certain types of patients than other hospitals.)

e. Partially Extend OBRA 93 Provision to Catch-up after the SNF Freeze Expires Included in OBRA 93. Sets SNF cost limits at 106 percent of the mean. OBRA 93 established a two-year freeze on update to the cost limits for skilled nursing facilities. A catch-up is allowed after the freeze expires on October 1, 1995. This bill allows a partial catch-up for nursing homes while still realizing savings.

f. Partially Extend OBRA 93 Provision to Catch-up After the Home Health Freeze Expires. Sets cost limits for home health at 106 percent of the mean. OBRA 93 eliminated the inflation adjustment to the home health limits for two years. This bill allows a partial catch-up for home health after the freeze expires on July 1, 1996.

g. Moratorium on New Long-term Care Hospitals. This proposal eliminates new designations of PPS-exempt long-term care hospitals.

h. Change the Medicare Volume Performance Standard to Real Growth GDP. This changes the formula that is used to calculate the target rate of growth for Medicare physician services. This change directly connects the growth in physician services to the growth of the nation's economy.

i. Establish Cumulative Growth Targets for Physician Services. This changes the formula used to calculate the target rate of growth for Medicare physician services. Under this provision, the Medical Volume Performance Standard for each category of physician services would be built on a designated base-year and updated annually for changes in beneficiary enrollment and inflation, but not for actual outlay growth above and below the target.

j. Reduce the update in the Medicare Fee Schedule Conversion Factor by 3 percent in 1995, except Primary Care Services. The conversion factor is a dollar amount that converts the physician fee schedule's relative value units into a payment amount for each physician service. This provision reduces the 1995 annual update by 3 percent.

k. Establish outpatient prospective payment system for hospital outpatient departments. The Secretary of HHS is directed to establish a prospective payment system for hospital outpatient department services by January, 1995. If such a system is not established by that time, the Secretary would reduce hospital outpatient department payments sufficiently to achieve the anticipated savings.

l. Extend the requirement that the Part B premium cover 25 percent of Part B costs.

m. Extend OBRA 93 Medicare Secondary Payor Data Match with SSA and IRS. OBRA 93 included an extension of the data match between HCFA, IRS and SSA to identify the primary payers for Medicare enrollees with health coverage in addition to Medicare.

n. Extend OBRA '93 disabled provisions. Extends the OBRA '93 provision making Medicare the secondary payor for disabled Medicare beneficiaries who have employer sponsored coverage.

o. Extend the End-stage renal disease secondary payor provision. Makes Medicare the secondary payer for ESRD patients with employer sponsored health insurance for 24 months, instead of the current 18 months.

2. Medicaid Savings:

a. Federal Medicaid expenditures will be reduced by integrating AFDC and non-cash recipients into private health insurance plans, with a capped entitlement for supplemental benefits.

b. Medicaid payments for disproportionate share hospitals (DSH) would be reduced by 25 percent (starting in 1997) to help pay for subsidies for low-income individuals and families without health insurance.

B. Budget "Fail-Safe" Mechanism

1. To ensure that new spending for health insurance subsidies for low-income persons and the Health insurance tax deductions (including MSAs) do not exceed projections and increase the federal budget deficit, a fail-safe mechanism is included.

2. A baseline consisting of current projected spending for Medicare and Medicaid expenditures is established in the bill.

3. In any year that the Director of the Office of Management and Budget (OMB) notifies Congress that total federal spending for:

a. Medicare,

b. Medicaid,

c. Low-income health insurance subsidies, and

d. New tax spending for health insurance deductions (including MSAs)

will exceed the statutory baseline, the following will occur:

a. The phase-in of the tax deductions will be frozen at whatever percentage it is;

b. The deduction for contributions to MSAs will be reduced; and,

c. The low-income subsidy phase-in will be slowed or rolled back to the extent necessary to assure no deficit spending.

4. Congress may enact alternative savings measures to avoid the automatic reduction in subsidies.

The PRESIDING OFFICER. The bill will be introduced as in morning business.

Mr. DOLE. We will be explaining that bill in detail as the debate develops in the next several days.

Thank you.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, we have opened a historic debate in a historic manner. I have been 18 years now in the U.S. Senate. I have never seen an issue of this sensitivity addressed by the respective leaders with as open and welcoming a suggestion of compromise and accommodation.

If I could say to the Republican leader, my distinguished friend, there are the seeds of agreement in this Chamber, and there is legislation that could command 99 votes. And let us not forget for a moment that we begin this debate with the Republican leader talking about making a list of things we agree on, and the Democratic majority leader saying he welcomes constructive suggestions.

If I could just say one last thing, Mr. President, we are now, for the moment, on Calendar 539, a bill reported from the Committee on Finance in a bipartisan way, with many provisions which I think by definition we have found have support on both sides. I think we will find more of them. I think we recognize—and if I again can cite the Republican leader—there have been a great many events on the way to this moment in the area of health care. They go back to 1935 and the Social Security Act when President Roosevelt charged Frances Perkins, the Chair of his Committee on Economic Security, with undertaking a study of national health care reform then and there. That is 1934. And here we are 60 years later with a very great deal accomplished and within reach of the goals we set forth in the Finance Committee bill which for the moment is before us.

I would take the liberty, Mr. President, of reading you those goals.

Short title: "Health Security Act."

It is the purpose of this Act to achieve universal health insurance coverage through—

(1) subsidies for the purchase of health insurance;

(2) affordable standardized health insurance;

(3) elimination of exclusionary practices by health insurance companies;

(4) a permanent National Health Commission which, beginning in 1996, will make recommendations every two years to the Congress on how to increase the number of people covered by health insurance;

(5) reduction of health costs through more open competitive markets and continued advances in medical education and research; and,

(6) health care provided under the medicare and medicaid programs and health programs of the Department of Defense, Department of Veterans Affairs, and Indian Health Service.

Mr. President, we are already well on our way to these goals. We learned a very great deal in the Finance Committee, in the course of half a year's hearings, and most importantly we established that our health care problems in this country really are at one removed health care itself, that indeed we are in the great age of medical discovery in health care. I have remarked to colleagues at what physics was at the beginning of this century when the nature of matter was finally discovered, a great moment. It all took place in Europe, or almost entirely. The great discoveries in health and in biology, health technology, nature of human life are taking place in this country now—ours.

I had occasion last January, on the Evans and Novak television show to comment that "American medicine is the best medicine on Earth and in the history of mankind. Our insurance system is klutzy and complex and inadequate and incomplete."

And very shortly thereafter, our First Lady, Hillary Rodham Clinton, who has been so extraordinarily devoted to this enterprise, put the matter in almost the same words. She said, "We are confusing the fact that we have the finest physicians and hospitals in the world with the fact that we have the stupidest financing system for health care in the world."

Now, that is a distinction we can make, and to great advantage. Both the majority leader and the Republican leader have pointed out that almost the first thing we must do is address insurance matters. Many of the heartbreak cases you hear about, we have been shown on television, we have read about, are cases of persons who are denied insurance coverage for health care which did not exist 30 years ago.

I believe the majority leader spoke of a person in California who required a bone marrow transplant. Bone marrow transplants did not exist 30 years ago. The whole field of oncology has come into being in the last 30 years. And finding the financing for it, finding insurance for it is our first challenge. The majority leader's bill meets that challenge. It is time we did it. Indeed, Mr. President, we did it 2 years ago in H.R. 11, did we not, when it passed the Senate?

Now, the majority leader has made clear that his measure is open to constructive suggestions, and in that spirit and to demonstrate that we are not a monolith on this side of the aisle at all, I would like to respond to the Republican leader, my friend, Senator DOLE, the question he raised about the provisions which have been in all the bills so far reported as well as the one which I introduced last November on behalf of the President, the question of providing a ratio between primary care practitioners and specialists, and then also providing that the present ratio of residents to medical graduates drop from 134 percent to 110 percent. And I would say, and open to discussion on both sides, that I think those are wrong, those are mistakes.

I think my distinguished friend and comrade in all this, Senator PACKWOOD, agrees.

And I will give you a simple example here, the most important one, which is that we are making a mistake—it is easy to do if you do not pay attention but easy also to comprehend when you do—that the number of primary care physicians ought to be and is basically determined by demography, population. You need about 60 to 70 per 100,000 persons, and we have just about that. And most advanced countries have just about that. That is based on population, how many doctors need to be around to serve normal health care.

Now, the number of specialists is an independent variable that has nothing to do with primary care. It is driven by science. It is driven by discovery of new possibilities that did not exist before science came along. I give you an example, if I may, Mr. President.

In 1960, you arrived in a hospital, and your heart had stopped beating. The diagnosis was death. Today, the diagnosis is cardiac arrest. And you go to a cascade of treatments that did not exist 30 years ago. You can go to a defibrillator. You can go to cardiac catheterization.

You can go to angioplasty, you can go to heart transplant, things that did not exist. They change by the hour, and specialties arise in consequence. And you have to have them. Dr. Peter Budetti, who is on the floor tonight, has worked with our Finance Committee staff, noted that when he did his residency at Columbia Presbyterian in New York, there were no intensive care units for children. The kinds of things you can see today are miracles of medicine for premature babies, and children. They did not exist. Neither did the specialties that now have arisen in providing that care.

Oncology. There was no oncology in this country 30 years ago. It began in 1964 with the discovery of chemotherapy. It goes on to extraordinary

prevention. There are high-risk measures now which become more routinized and less problematic. Who knows but that we will have cures for Alzheimer's disease on the edge. That again will be a specialty, or will likely be. Perhaps it will just be a pharmaceutical. Just as medical science brings in new procedures, it also gets rid of old ones. Fifteen years ago, a quarter of the operations performed in American hospitals were for one or another form of ulcer disease. One pharmaceutical took all of that away.

Just so, Mr. President. One of the great features of American medicine at this point is that it is at the center of medical discovery in the world; that medical graduates come from all over the world to take their residencies here. Some stay, and others return to their country. There are some things which, if you want to learn, you can only learn in an American hospital, in an academic health center.

So the idea of fixing the number of foreign residents trained in this country seems self-defeating. If we are concerned about health cost containment, surely we do not want to limit the number of doctors, and particularly doctors trained in the high academic centers of the country. So we want to take up issues like that.

The New York Times remarked this morning that Washington did not know how many surgeons the country needs now, let alone 10 years from now.

So we will proceed. But I hope we proceed in a sense of how much we share, how many ideas we have worked through, and understand and can agree on.

President Clinton established a goal of universal health coverage, and we have been working very hard for months to craft an approach to meet these challenges. Even an affluent country does not have resources to do this overnight. We get closer by the day. Insurance coverage is falling off to be sure, largely in my view because of cost displacement when we decide our Medicare program for example will not pay the true costs of the treatments.

But there are other matters to be dealt with. There are issues. Senator DOLE raised one. He pointed to the State of New York where we have stipulated, required, community rating citywide, and statewide. Indeed, a fair number of young persons dropped out of the insurance system altogether because benefit costs were raised.

Under the legislation Senator MITCHELL has introduced, under the legislation in our Finance Committee bill right there, we provide subsidies for young persons in that situation. The Finance Committee bill, Mr. President, is a bipartisan bill, and would provide subsidies for about 8 million New Yorkers alone. Being sensitive to the costs and the consequences is entirely appropriate. But to many of these seeming dilemmas, there is an answer. I think that answer will be found in the majority leader's bill as we collaborate, as we exchange views, and we come to similar conclusions.

Mr. President, I am hugely hopeful on this moment. And I am equally looking forward, as I see my dear friend, the ranking member of the Committee on Finance, the former chairman, has risen. I propose to sit down at this moment in order to hear and listen to him.

Thank you, Mr. President.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER (Mr. MATHEWS). The Senator from Oregon.

Mr. PACKWOOD. Mr. President, Dr. Garfield reached through the open window of his car, opened the glove compartment, and he took out a bandanna. He sat down on the running board. He wrapped the bandanna around his head as a sweatband, a trick he had learned from the construction workers earlier when he had been working on the Los Angeles aqueduct. As he sat looking at the Columbia River—he had never seen the Mississippi—he thought to himself. "That is some big river." He also thought to himself, it is hot. God, is it hot. It has to be 110 degrees. Then he thought to himself about the debate that went on in the Corps of Engineers about whether or not they could build a dam this big across the river, the Grand Coulee. Well, that was not his problem. He was not an engineer. He was a doctor.

He had an interesting background. While he had been a medical student, he had managed an apartment house. When he was a resident, he had a Buick dealership. He was an entrepreneur. He thought there was a way to meld management and business and medicine. He had a little tryout on it on the Los Angeles aqueduct project. He had been hired as the medical officer.

It was an interesting situation. It is a long ribbon from the Colorado River to Los Angeles, but a long, thin ribbon. He wondered how he was going to provide medical service for this construction crew. He juryrigged a little six-bed hospital on skids, and skidded along with the construction.

He was very conscious about worker safety, and even spent some of his own money teaching the workers about worker safety and preventive medicine, preventive health. But in comparison, what he was now about to undertake was a goliath.

He had never met the boss, the principal contractor on the dam, Henry J. Kaiser. But this is what he had to do with 15,000 workers, dependents, and families. The nearest big town was Spokane, 90 miles away. There were no significant medical facilities in that summer of 1938 as he was looking out over this river in that 110 degree weather. He thought to himself, had he undertaken more than he could achieve?

A few days later he met Mr. Kaiser. He admitted he was nervous. He explained his plan. He said what it would take. He had to argue with Mr. Kaiser about whether there would be air conditioning in the hospital. He knew from the aqueduct in the desert that this was not a luxury, this was a necessity. Mr. Kaiser thought this was a luxury, that they were not going to have air conditioning in eastern Washington in the summer. So he paid for it himself, and in one way or the other he got the money out of Mr. Kaiser.

He actually could not use the hospital in Spokane except for extraordinary circumstances. So he had to go to the couple smaller towns, in the middle of the Depression, in 1938. The hospitals were bankrupt. He had to do the best he could to more or less renovate the hospitals. But most importantly, he knew that he had to take 15,000 people—men, women, and children—who were going to be living in this area for 3 years in what would probably be close to a tent city and give them health care.

Second, he had problems with the union. The union did not trust any of its employer providers. They would figure out some way to do it. So Sid Garfield went directly to the men. There were no women workers of any consequence in those days, in the construction days. He explained what he wanted to do and they listened.

Within a month of starting, 90 percent signed up. Fifty cents a week for complete coverage. Pretty soon, the men were asking about their wives and children, and with no actuarial experience to go on, he convinced Mr. Kaiser to say, "OK, 50 cents for the wife, 25 cents for each kid." There was an immense sign up. And then pretty soon, he discovered that rather than—and he learned this from the aqueduct, and should have realized, except there he had changing work force personnel as they moved west, and here he was going to have a consistent work force for 3 years.

The wives and kids and others began coming to him, not in the later stages of breast cancer but in the early stages, because this was capitated, this was paid for ahead of time. He was able to convince the other doctors in the area, who had always had a suspicion about this kind of prepaid medicine, that it would be good for them, because with what he was discovering, they would get increased business.

Pretty soon, the townspeople in the areas were allowed to join the plan. They heard about it from their neighbors and wanted to know if they could get in.

It worked, by and large, pretty well. But what you had was basically a company town on the project. Almost everybody there was a Government employee or part of the Government contracting, or part of the Corps of Engineers.

They finished. World War II started, and Sidney Garfield was drafted into the Medical Corps, but soon received a phone call indicating that he was going to be immediately discharged if he was willing to go out and meet with Mr. Kaiser again and set up the medical facilities in Richmond, CA, and in Portland, OR. This was not going to be 15,000. Richmond grew from 25,000 to 125,000 in 9 months. It became an immense naval construction facility. In Portland, OR, he had three shipyards. At the height of World War II, they employed 40,000 people. They were 30 percent of the entire adult work force in Portland during World War II.

Well, the experience in the aqueduct, and the experience on Grand Coulee, and what Mr. Kaiser said when they first met, "Young man, if your plan is as good as you say it is, it is not only good for my company, it is good for this country." When the shipyards closed at the end of World War II, the workers wanted to continue coverage; hence, the start of the Kaiser Health Plan, as we know it, and as it is known much more in the West than in the East.

In the late 1950's and the early 1960's, I was a labor lawyer. I was low man on the totem pole in a large Portland law firm, the lowest person in the labor law section. They were contracting with Kaiser for their health care. I was impressed, first with the fact that most of the employees seemed satisfied. Secondly, I was impressed with the fact of what Kaiser would attempt to do. They would bring their little mobile clinic out to the factory and run people through an annual physical, the kind of things people just do not do.

I remember what one of the Kaiser people said at the time. He said, "We do not really have any cheaper hospital costs than anybody else. What we try to do is avoid hospitalization by preventing it." Kaiser was not popular, and I do not mean Henry himself, but the plan was not popular with community doctors. Believe it or not, Dr. Ernest Saward had an ethical misconduct charge brought against him by the State Medical Society when he put up a sign in the shipyard that said "A Community Medical Center, the Kaiser Plan." That is all it said. Unethical conduct.

In 1961, doctors that worked for the Kaiser Permanente Clinic were not allowed to join the Multnomah Medical Society. They were pariahs, inferior medicine. There was a threatened antitrust suit, and that soon ended. But they, by and large, were not welcome.

Now, today, in Oregon, Kaiser has 400,000 enrollees. But to put it in perspective, Blue Cross/Blue Shield has about 1.1 million. Our population is 2.9 million. In California—here is Blue Cross the biggest health coverage organization in the United States—in California, Blue Cross has 3 million enrollees, Kaiser has 4 million enrollees, to give you an idea of the dominance and success they have had. To put it in perspective in Oregon, Kaiser now has two hospitals, 17 outpatient clinics, 12 dental offices, 545 physicians, 99 dentists, and 7,441 employees. These are all employees. It is managed care at its best. Sid Garfield was an absolute prophet when he said competition can work.

You might ask, "Does managed care work?" People will give you examples to prove that it does not. But you must be careful when you are trying to do any kind of comparative health costs in the market system for this reason: We have had a market system in health in the United States for barely a decade. Realize that it is only about 10 years ago that Medicare quit reimbursing hospitals for cost. What is your cost? Here is the payment. No wonder you had no cost control. I mean, that was World War II, cost plus. What does it cost you to do it? Here is your 10 percent, here is the cost.

We really have not had a market system in the United States for health care until the last decade. There may be a few exceptions in some areas, in some States. So you have to be very careful in comparisons, especially when you study costs in different States. You have to ask yourself, "Where did the State start from 10 years ago?" If it was a high-cost State 10 years ago and it got into managed care—and California did, and it is still, relatively speaking, a high-cost State; it is coming down, doing better, but it started way up here—and if you compare that against a low-cost State 10 years ago that has no managed care, they are still probably lower in cost. But they are closing. They are closing because the managed care works.

So you have some low-cost States, such as Montana, Idaho, and Maine, but they are basically low-cost everything. Wages are lower, costs are lower, health services are lower. We can almost say as a rule of thumb—and it is not always true, but almost as a rule of thumb—the bigger the area the more expensive the health costs.

Maybe it should not be true, but this on average is true. In a bigger city like Albuquerque, I bet it costs more than a smaller town in New Mexico. I am just taking a guess.

The bulk of the studies that have been done recently, though, pretty much conclude that managed care works to reduce the increase in costs. I do not want to say reduced costs. I have yet to see any studies that say we have gone down. But reduced cost.

In Dr. James Robinson's study "HMO Penetration and Hospital Inflation in California," the conclusion in California is the areas with the highest health maintenance organization penetration had the slower growing and lower hospital costs.

The recent Lewin-VHI study concludes managed care is cheaper. The best I have seen, and it has not been published yet, Dr. Glenn Melnick, Ph.D., with the UCLA study, "Health Care Expenditures Under Competition and Regulation—1980–1991." It has not yet been published, but it is available. It came out in July. Dr. Melnick studied five States, one of which was a managed-care State, and that is California. The president of the UCLA Medical Center, when testifying, said for all practical purposes, there is no indemnity payment left in southern California. It is all managed care. Dr. Melnick studied California, and then to compare it, he studied four States with regulated hospital costs: Maryland, Massachusetts, New Jersey, and New York.

Now, they did not all start from the same base in 1980. That is what you have to remember. But far and away, the increases from 1980 to 1991 were much, much lower in California than any of the regulated price-control States. And two of those states, New Jersey and Massachusetts, have now abandoned price controls.

I will give you just one other chart—per capita growth in hospital expenditures, 1980–1991, for the United States; 54 percent is the aggregate. California, 27 percent; Maryland, 34 percent; Massachusetts, 45 percent; New Jersey, 85 percent; New York, 57 percent. That is the increase for those years.

So every study I have seen indicates that where there is competition it works, if we will give it a chance to work, and not throttle and strangle it with a bill that wants to see it stillborn.

We are all conditioned by our own experiences, so I will take Oregon, having lived all of my life there. Our per capita health costs are the lowest in the country. We are tied with Utah for the lowest, at 15 percent below the national average. Our Medicare per capita cost is the lowest in the country, tied with Wyoming, 30 percent below the national average, and our indemnity health plan cost in Portland—we still have it—is 15 percent lower than the national average. On hospital stays, Oregon's hospital stays are less than one-third the national average, 281 days per 1,000 population versus the national average of 872 days. Our average length of stay in a hospital is 2 full days below the national average: 5.1 in Oregon; 7.1 in the Nation.

If the rest of the country did nothing more than manage its hospitals—not the rest of its health care, just managed its hospitals—as efficiently as Oregon, you would have 5.5 million fewer hospital admissions and $50 billion a year in savings on just hospital costs.

It can be done. And Oregon is one of the leading managed care States.

I am going to take just a moment to explain what managed care is, because for those who are watching, we often speak in acronyms and speak in terms

that to the public are arcane, justifiably arcane, to the public.

Managed care is a system of health delivery that tries to gather patients and doctors and bring them together in more or less of a collective manner. There are a variety of ways of going about it.

The principal one, best known perhaps, is the health maintenance organization, HMO. Kaiser is a classic example of that. The patient pays a fixed dollar amount. You must use the health maintenance organization's facilities and doctors, but they take care of all of your health needs for a fixed amount.

So it is of great interest to the provider while providing good health care, and Kaiser does, to restrain their costs. They have a fixed amount. They are not going to get any more money out of you. Here is the contract. I will pay $250 a month whether I am sick or healthy. You take care of me whether I am sick or healthy. And Kaiser has to live with that or go bankrupt. That is one kind of managed care.

Another is the so-called PPO, the preferred provider organization. Here, an insurance carrier selects a panel of doctors who are preferred, and they say of the 1,000 doctors in the area, we have 600 on our panel and if you go to those doctors, we have worked out contractual relation with them, and they will do an appendectomy for $1,000. Or if you go to the other 400 doctors, and they may charge you more, we are not going to pay any more. If you go outside the network, you pay more. That is a preferred provider organization.

The third one is called point of service. This is sort of like a health maintenance organization, but you are allowed to go outside the organization and use other doctors. But the HMO pays a much smaller percentage then of our health costs, and you pay more of it yourself. You can do it if you want, and the health maintenance organization will let you do it so long as you understand it is going to cost you more money.

It is your choice. Those are the three principal kinds of managed care.

The reason I say it needs to be given a chance—remember what I said earlier—we have not had competition in the health industry in this country for much more than the last 10 years. We really are only getting at it. In Oregon again, Blue Cross/Blue Shield, in a State with a population of 2.9 million people, Blue Cross/Blue Shield, of the 2.9 million people in the State, enrolls 1.1 million. Ten years ago, in 1984, they had zero enrollees in managed care. None. Today, 10 years later, they have 65 percent in managed care. They expect by 1998 to have 90 percent in managed care.

Kaiser, of course, is complete managed care, and it has 400,000 enrollees. In Oregon, we have today eight major health maintenance organizations competing against each other. We have 19 preferred provider organizations. No wonder it is a dog-eat-dog competition, and I use that in the best sense of the word. We have even in Portland managed to get 56 percent of our Medicare population to sign up for managed care. And three of the five Medicare health maintenance organizations in Oregon have had no premium increase for the last 4 years. That is the kind of competition Oregon has. It is working.

In California, California even exceeds Oregon in terms of its membership in health maintenance organizations. And, as I said, the president of the Medical Center at UCLA says there is no more indemnity payment. And here is the funny thing that happened. Doctors still do not like this kind of practice. They still have some misgivings about group practice.

I was intrigued that just last month, the D.C. Chapter of the American Medical Association has sued the regional Blue Cross/Blue Shield, claiming that doctors are being arbitrarily excluded from the Blue Cross/Blue Shield preferred provider organization. They will not let us all in.

I might just quote:

The lawsuit, filed in the U.S. District Court here, represents the latest salvo in the widening battle between doctors and insurance carriers in the Washington area and across the country over whether insurers should have the power to nudge patients toward certain doctors.

The same thing happened in Multnomah County in Oregon. Doctors were worried about unethical conduct when they put a sign up for a community health plan. They still do not like it.

But within the same week that this lawsuit is filed, the same week, along comes this story about D.C. area doctors setting up their own managed care.

Dozens of Washington area physicians are forming their own health care network, saying they want to free themselves from insurance companies and other large health plans that try to tell them how to practice medicine.

To ensure the quality of care . . . the group is enrolling doctors on an invitation-only basis, adopting its own variation of the exclusive postures other health plans have taken.

The same thing. It reminds me of Russell Long. He does not want to have anything to do with any conspiracy he is not a part of. Let him in. Let them in.

But let them in. It is all right.

This is why we are having this tremendous battle about the so-called "any willing provider" clause.

What that means is, if the doctors can have their way, that every health maintenance organization, every Kaiser Health Plan, every Blue Cross/Blue Shield preferred provider plan has to let any doctor in that will agree to meet their prices. At the very same time the doctors want to set up an organization that says, "We are not going to let everybody in."

Well, you are not going to have managed care if the Kaisers of the world, if the Blue Crosses of the world cannot have some discretion as to who they let in and who they do not let in. They may not need every doctor from the area, they may not need every thoracic surgeon in the area. So that battle continues.

Now I do not know how much evidence we need that the market works, but there is more in the newspapers.

Here is another one from the New York Times. Here is the story. It is about an Israeli doctors' strike.

Both the striking doctors and leading health administrators want a system of graduated fees in place of the current arrangement, which provides free medical care and medicine at Government hospitals and at over 1,000 neighborhood clinics.

"Israelis have been exploiting the medical system because it is free," said Asher Yadlin, the director of * * * the Israeli equivalent of Blue Cross, in which more than 70 per cent of the population is enrolled.

"* * * During the strike, Israelis have either gone to hospital emergency rooms for medical attention or sought out the striking doctors in their homes or private offices. In either case, they have had to pay a fee, ranging from $8 to $12 a visit. * * *"

A result of this arrangement has been a drastic reduction in the number of Israelis seeking medical attention.

If they have to pay for it, they might slow down.

This is Mr. Yadlin again:

The fact that they have had to pay a few pounds for visits during the strike has been enough to discourage most Israelis from seeing their doctors. * * * And yet there has been no increase in the number of serious illnesses.

It proves what we have suspected all along—that most of these visits were unnecessary. They merely went because it was free.

Now here is my favorite sentence:

During the strike * * * death had decreased more than 20 percent.

Market forces work.

The Washington Post, last July:

The two broad alternatives for containing costs are market forces * * * and government controls * * *. Congress * * * seems disposed to try market forces * * *. Rather than try to control costs itself, the government will try to strengthen the ability of the market to do it. That's an all right place to start; let's see how it works * * *.

Competition works.

The New York Times again. Wonderful story. This is involving New York Medicaid recipients. As my good friend from New York knows, some years ago New York passed a law that allows Medicaid recipients to join managed care organizations if they wish to join. This is the story:

New York law allows Medicaid recipients, if they want, to purchase managed care coverage through private carriers.

"New York City's public hospital system is losing some of its Medicaid patients—patients nobody else used to want * * *."

"Of the more than 300,000 New Yorkers who have signed up for Medicaid managed care—about 13 percent of the state's Medicaid population—almost all have chosen H.M.O.'s aligned with private hospitals.

Only 8 percent have joined the public hospital system's managed care program, the Metropolitan Health Plan, Dr. Siegel said: "And that's horrible news for us."

"We used to have a monopoly on poor people, and we're losing it," said Dr. Siegel. "We're seeing our patients being recruited into H.M.O.'s that don't use our hospital, so for the first time we're competing."

They are going to spend over $1 million on advertising to try to bring patients back. The system works. This is Medicaid. This is for the very poor.

You know, the poor are not dumb. They are just poor. They understand a good deal when they see it. And they understand they are getting a better deal from a private carrier in a health maintenance organization in New York City than they are getting from the free New York City hospital that pays no taxes to anybody. They are smart. They understand.

Do we have any other evidence that the market works; that when people are given a choice, they might choose something that either saves them money, or they will not choose something that will cost them money?

Medical saving accounts, which the leader's bill has totally written out. They are gone. They are not allowed.

Medical saving accounts—and I am going to refer to it as the Golden Rule Insurance Co. That is where we first heard it, in the Finance Committee. There is an insurance company in Indiana called the Golden Rule Insurance Co. Their president testified. This is what they did and other companies are now following them.

You basically have two kinds of health insurance policies, what we call a traditional policy—you may have a $200 or $300 deductible and then maybe you pay 20 percent of the first $1,000 and 10 percent of the second $1,000 and the policy pays the rest. It is what we call a traditional policy.

Then you have what is known as a catastrophic policy. In a catastrophic policy, you agree to pay all of the costs yourself up to a certain amount, then the catastrophic policy pays everything else after that.

It is really what insurance means. Insurance is to insure you against the things you cannot afford. Insurance is not meant to pay for everything you can afford.

So the question is, what do people choose?

When given the option at the Golden Rule Insurance Co.—and you have to understand, this is cheaper for the company, also. Catastrophic insurance, catastrophic anything, catastrophic fire insurance, catastrophic auto insurance is not very expensive to underwrite. Not many people actually go to hospitals during the year and not many people have $100,000 or $200,000 hospital stays. That is usually what we read about. We read about the poor devil who crashes his motorcycle and costs the hospital $500,000; we read about the premature birth that costs $500,000. Those are the exceptions. Most people do not have catastrophic costs.

So the Golden Rule Insurance Co. made this deal with their employees.

Now I am going to round off the figures and I am going to use it for purposes of illustration. I have not taken the exact dollar amount. I mean, I am very close, but I will round it off. I am going to use only a policy that would involve a single person.

For the traditional policy, you are a single person, this is the one with a little copayment, few deductions and what-not, costs the company about $1,600 a year; single person.

The catastrophic policy has a $2,000 deductible. That is not very high. Catastrophic, $2,000, you pay everything up to $2,000, after that the policy pays everything.

That costs the company only $400, because not many people have bills over $2,000. So the company saves $1,200 in the difference between the policies—$1,200.

Now the company therefore agrees to put $1,000 in your medical savings account. They are still saving $200, because otherwise it would cost them $1,200 more. So they have put $1,000 in your medical savings account.

Now here is the double intriguing thing.

If a company buys you health insurance, buys you a traditional policy for $1,600, that is a total deduction for the company and none of it counts as income to you. If the company, however, buys you a catastrophic policy, $400, that is deductible to the company and it is not income to you. But if they put $1,000 in your account and you do not spend it for health, that is income to you. You have to pay taxes on it.

I would assume an insurance company would have a lot of people they are paying $15,000 to $20,000 a year. Let us assume they are in the 20 percent bracket.

So you have $1,000. Right away, $200 is gone for taxes if they do not spend it. Given that, with this $1,000 and paying taxes on it, the average employee was taking out $602 a year out of their account at the end of the year, which means they spent a couple hundred dollars for health, a couple hundred dollars in taxes and took $600 out. When given a choice between having the money and not having the money, they chose the money.

Now the argument might be made, "Well, they did not undertake the health services they needed. They don't know any better."

Baloney. What this company found was that people began to shop around. They would be talking at the cafeteria and one of them would say, "Well, the doctor wanted to charge me $9,000 and I asked around and I found a hospital that would do it for $5,500."

Even the president of the company says he had a medical condition that required him to get a prescription, as I remember, that was $55 or $60 a month, and he found he could get it for $12.

This is the kind of thing people will do when they are given the chance to do it. And this bill does not allow them.

Unfortunately, this is the bill we are going to consider. This is Senator MITCHELL's bill and the medical savings are not in it.

Other companies do it. I will use only one other—Forbes, Forbes Publishing. We are all familiar with that company: 425 employees. Their medical savings account works slightly differently but it is the same theory. They call it bonus dollars, and at the end of the year they match your bonus dollars. They put a certain amount of money in your account and if you do not spend it they will match it.

The company saves money. In 1992, Forbes spent—they only have, bear in mind, 425 employees—they spent $398,000 less in 1992 than 1991, and $417,000 less in 1993 than 1992 on bonus payments to employees; $204,000 in 1992, $320,000 in 1993; 166 employees, 40 percent of the entire work force participated in this program and received bonus payments.

Does the system work? You bet it does. When you are given an option. And the Clinton-Mitchell bill eliminates this alternative.

What does the Clinton-Mitchell bill promise? I do not have time to go through this entire bill. I am going to zero in on just one major thing. During the rest of this debate I will zero in on some other major things. What it does promise is more regulation, more Government price control, more Government bureaucracy, less freedom of choice. I am going to take the issue of price controls right now. Price controls do not work. I have not found anybody who says price controls work. We thought they would work in Medicare. Do you know what the two biggest, most rapidly, continually growing programs are? The two that are under Government price controls: Medicare and Medicaid. That is price control for you. And it is no wonder. It is no wonder.

Remember I said the poor are not dumb. The rich are not dumb either. You tell a doctor we will give you $1,000 under Medicare for a physical exam. All right. How much will they give me for a blood test, $50? How much for an EKG, $150? It is amazing how many tests you can add up, that are not part of the physical, that are added up. The well educated are smart, too.

I do not know why we have to learn this over and over. I could come here

with a litany from Barry Bosworth. He used to support price controls. Remember Jackson Grayson during the Nixon price control days? It does not work. He says, "Things crop up you cannot imagine, you cannot control it. It is like putting your finger on mercury."

But the Clinton bill wants to try it. The Clinton-Mitchell bill. What did Dr. Reischauer say? I remember DAVE DURENBERGER so clearly the day Dr. Reischauer was testifying. He says, "If we enact the Clinton bill"—this is before we had the Mitchell bill—"If we enact the Clinton bill we'll reduce our health expenditures by 1 percent. We will reduce them from 20.5 percent to 19.5 percent of gross domestic product." Senator DURENBERGER says, "But they are at 14 percent now. That is going in the wrong direction." Then Dr. Reischauer adds, "That is if the Clinton bill works perfectly." That is if the price controls work. That is if the subsidies do not cost more than we think. That is if everything went right. We try to regulate, regulate, regulate and you cannot regulate enough. You cannot get your arms around it.

Why do we not learn? Did you ever read the first appropriations bill this Congress ever passed—not this Congress, the country ever passed: The 1789 appropriation bill?

Be it enacted by the Senate and the House of Representatives of the United States in America in Congress assembled, That there be appropriated for the service of the present year, to be paid out of the monies which arise, either from the requisitions heretofore made upon the several states, or from the duties upon impost and tonnage, the following sums, vis. A sum not exceeding $216,000 for defraying the expenses of the civil list under the late, and present government;

That is the salaries of the employees.

a sum not exceeding $137,000 for defraying the expenses of the Department of War;

a sum not exceeding $190,000 for discharging the warrants issued by the late board of treasury, and remaining unsatisfied;

That is paying off the debt. I wish we would do the same thing now.

and a sum not exceeding $96,500 for paying the pensions to invalids.

Approved, September 29, 1789.

That is it. We ran the Government on that bill for a year. We did not have written in here how much each person working in the executive branch is going to get. We did not have departments with regulations. This is how we ran the Government for 1 year, and we left it to the President pretty much to determine how much different people got paid in his department. I do not know what Senators got paid in those days.

Now what do we have? The chairman referred to it. What do we have now? Thank God, not in the chairman's bill. This bill—this bill, S. 2357, which we only got—and as I understand the cost estimates that we have today are not the cost estimates for this bill, as I am told. It is the cost estimates on new things that are being drafted that we have not seen that will go as amendments to this bill; 62 pages of this bill relate to this allocation of residents-in-training programs. Or as we call them, "academic health centers"—62 pages. We could run the whole Government on one page.

Let me read you some of this gobbledygook.

CHAPTER 1—OPERATION OF APPROVED PHYSICIAN TRAINING PROGRAMS

SEC. 3031. FEDERAL FORMULA PAYMENTS TO QUALIFIED ENTITIES FOR THE COSTS OF THE OPERATION OF APPROVED PHYSICIAN TRAINING PROGRAMS.

(a) IN GENERAL.—In the case of a qualified entity that in accordance with section 3032 submits to the Secretary an application for calendar year 1997 or any subsequent calendar year, the Secretary shall make payments—

And it goes on.

(2) ENTITIES INCLUDED.—The term "qualified applicant" may include an approved physician training program, teaching hospital, medical school, group practice, an entity representing two or more parties engaged in a formal association, a community health center or another entity operating an approved physician training program.

(d) TREATMENT OF PODIATRIC AND DENTAL RESIDENCY PROGRAMS.—Except as provided in section 3034, for the purposes of this subpart, an approved physician training program includes training programs approved by the Commission on Dental Accreditation or the Council of Podiatric Medical Education of the American Podiatric Medical Association. This subsection shall not apply for purposes of subpart B.

SEC. 3032. APPLICATION FOR PAYMENTS.

And as specified by the Secretary—meeting the condition as specified by the Secretary—as the Secretary may require. As the Secretary determines.

And "Certain entities—If an applicant under paragraph (1) is an entity representing two or more parties, (A) the application"—on it goes, 62 pages of this stuff.

Mr. MOYNIHAN. Will my friend yield for a question?

Mr. PACKWOOD. On that subject? I will try to.

Mr. MOYNIHAN. We are not going to have that section.

Mr. PACKWOOD. All right. We are not going to have that section. I hope we are not going to have that section.

But think what we have come to in this country if that is what we have to do to make sure that some medical student is willing to live in Mingo County, WV. Why do we just not have a doctors' draft? Why do we not just draft them and say you are going to Mingo County, WV? It is a lot cheaper than this system.

Now I want to go to cost containment. I tell you I spent all weekend on this section of the bill, trying to figure out how it works. I went on the Finance Committee 20 years ago. I introduced President Nixon's bill 20 years ago. I spent 20 years dealing with Medicare and Medicaid. I have a reasonable knowledge—reasonable—of this subject. And I could not grasp exactly how this cost containment section works.

I thought, well, maybe the Democrats will help me. So I got this book, "Health Care Reform Briefing Book," put out by the Democratic Policy Committee, dated yesterday. I turned to the cost containment section. Do you know what it says? "No contents were included for this section." No wonder, they cannot understand it either.

So here goes, here is my understanding of it as best I know. And it relates to a concept called "community rating." Before we go any further, we should understand sort of what community rating is. Let us take automobile insurance, for example. Let us say you have a wild 20-year-old who has three driving while intoxicated convictions and seven wrecks and 31 tickets. And you have a 55-year-old teetotaling grandmother who has never had a ticket and never had a wreck. Under community rating they would get the same insurance. That is pure community rating.

Mr. DOMENICI. Same cost.

Mr. PACKWOOD. The fact that he is going to cost an insurance company $15,000—if they are lucky—a year and the grandmother is going to cost them nothing means they will each pay $7,500. That is community rating. We do not do that with auto insurance. What we say is that the kid is going to pay a lot more than the grandmother. And not only do we say that, we have different rates within States. We pay a lot more in Washington, DC, than you pay in Richmond, VA. You pay a lot more in New York City than you do in Elmira. We do not have pure community rating. We do not even have it within States because we say it is not fair. And, if we had pure community rating on health—pure—what we would say is a healthy 20 year old—to be very frank, young males on average are not very expensive.

There are the occasional ones you read about, they crash their motorcycle. But the average 20-year-old is pretty healthy. He does not cost people much. He does not cost insurance companies much if he's insured.

But if you had pure community rating, you would take this healthy 20-year-old and you would take a sick 50-year-old and you would say—and it is about a 4½-to-1 ratio in insurance adjusting now. If the kid cost you 1,000 bucks, the 50-year-old cost you about $4,500. Round it off to six and we have a total of $6,000. We charge each $3,000. That would be community rating for health.

We do not do that. We charge older people more than we charge younger people. We do not even do it in the health provider area. It costs more to get health care in Miami and New York City than it does Minneapolis and Portland, and their rates reflect the

different geography. So here is what this bill, I think, has tried to do with price controls.

First, they come to the community. You are going to have a community rate. Everybody with 500 or fewer employees, every association, every multiple employer welfare association—MEWA's as we call them—are swept into this community rate. About 30 million people now have insurance they like. They may be self-insured. They may be companies smaller than 500 but buying from Continental Casualty, Aetna, or somebody else. They are swept into this community rate whether they like it or not.

Now, the Clinton-Mitchell bill lets each State set up its own communities, geographic areas. And for all of you and all of us—we all do it here—that have ever served anyplace, one of the great games, legerdemains of legislating, is how do you carve out and save your little area from having to share the expenses of some other area.

Florida, which has its own State health system, has 67 different community rating areas. They have one for each county—67. This bill says a community has to have at least 250,000 people. But that means California could have 120. I do not think they would have that many, but I guess California could have 40 or 50. New York could have 72; Texas could have 72; Pennsylvania could have 48.

I do not think they are going to have that many, but I am telling you, you are in a State, you are the Governor, you are in the legislature, every one of us knows that the smaller, less expensive areas do not want to be lumped in with the big city.

I would wager in my own State of 2.9 million people, we will have five to seven geographic areas. Portland, the metropolitan area, is about 1 million people. That would be one. The rest are what we call the Willamette Valley, south of Portland but reasonably populous, will be another; the coast will be another; southern Oregon is a fourth one; eastern Oregon is a fifth, and you might split that in two because it is a big area. So five to seven in a relatively smaller State.

I do not know how many of these geographic areas we are going to have in the Nation, because each State will get to choose their own, but I am going to take a guess at hundreds in the Nation.

Now, in each geographic area, the Secretary of the Treasury, in conjunction, in consultation with the Secretary of Health and Human Services, is to community rate six different classifications: Single adult, single adult with children, married couple without children, married couple with children. And then we added two new ones because of an amendment from the Senator from Michigan: Single child and two or more children. The reason we have this is because in the Mitchell bill, we go up to, I recall, 200 percent of poverty for a family, but for this particular amendment Senator RIEGLE covers, we go to 240 percent of poverty. Therefore, you can have a family above the 200 percent, but they have a child and the child is eligible, so you have to have a class for that child.

Here are six classifications. The last two have never had insurance policies written for them. Never. These are brand new. You have six of these in each geographic area and then—I love this:

The Secretary—

In determining these classifications—

shall use information of the type described in subparagraph (B), establish an adjustment for each community rating area which takes into account the differences among community rating areas, including variations in health expenditures, in rates of uninsurance and underinsurance, and in the proportion of expenditures for services provided by academic health centers.

(i) information on variations in premiums across States and across community rating areas within a State (based on surveys and other data);

(ii) information on variations in per-capita health spending by State, as measured by the Secretary;

(iii) information on variations across States in per-capita spending under the medicare program and in such spending among community rating areas within a State under such program; and

(iv) area rating factors commonly used by actuaries.

What is that? We now have six different plans we have to rate. We now have several hundred different geographic community areas. You are going to have different rates in different States.

Then you know what else we are supposed to do? Now we are supposed to take each plan that an insurance company writes and age-adjust it. So that if Aetna has a policy and their average person is 52 years of age, and Met Life has one and the average person is 41 years of age, Aetna's is going to be more expensive because the people are older. And you have to adjust for that variation in every area on every plan.

Now what happens? If an insurance company sells a policy that exceeds the permissible rate—the permissible rate is this blended premium that you have finally come to after all of these figures have been thrown in for every one of these geographic areas. Let us say that the policy for a married couple without children in Portland is $2,700. In Eugene, OR, it is $2,400. In Burns, OR, it is $1,900. These are all in different areas.

Now you are Metropolitan Life, or you are Prudential. What do you do? You pay 25 percent of the difference between what this blended average rate is supposed to be and what you charge. There is a tax of 25 percent.

So let us say you are in Eugene and it is $2,400 and you sell a policy for $3,000, $600 too much, 25 percent tax, $150 to be split between the insurance company and the providers on every policy: $75 from the providers—Dr. Jones, Dr. Smith, Sacred Heart Hospital, the local chiropractor, if they are included—and you as the insurance company are to pay the whole tax. You are then to go back and get it from the hospital or get it from the doctor. If they do not pay you, you can sue them.

Now you are a doctor and you are treating people. You are an appendectomy specialist. You are treating people. You charge $1,000. You do not realize, you poor dumb fool, that Aetna can pay $1,000, but if Prudential does, you are going to have to be taxed on it because they have a different policy and a different base. That is what is in this bill on cost containment alone.

I could go on the rest of the night on this subject. This bill is full of this kind of mischief.

If we would just sit back and let the market work—it is going to work well for the next 5 to 6 years. The competition is just setting in. The reason I say for the next 5 or 6 years is because at some place you are going to reach an irreducible minimum below which a hospital cannot operate and it goes bankrupt. You are going to reach an irreducible minimum in which a doctor says, "I'm no longer going to practice medicine, I'm going to be a plumber and make more money." He goes out and becomes a plumber.

At that stage, competition cannot squeeze any more out. No bill—not the Mitchell bill, the chairman's bill, not Dole-Packwood—addresses the ultimate problem which is really a theological problem. It is not a medical problem. How much of our gross domestic product do we want to spend on medicine?

The doctor can tell you, in all likelihood, how long you are going to live or how long your parents might live. The decision whether to keep them alive for 3 months or 9 months, and maybe the difference in 6 months is a couple hundred thousand dollars, is not a medical decision. Maybe it is a financial one for you or a theological decision.

America has not come to that yet. Interesting, most of the socialized medicine countries have. They cannot afford not to. In England, you might not get kidney dialysis if you are over age 65. They have better things to do with the money.

I plead with this Congress, this Senate, do not pass a bill that attempts to regulate us into what cannot be regulated.

And the danger is, once we start down this road, as every other country has learned, trying to undo it becomes almost impossible.

Mr. President, in the remainder of this debate, I will have other examples like cost containment. I do not want to trouble this Senate any more tonight,

but I wanted to use that as an example of the folly and foolishness we will perpetrate on this country if we pass this bill.

I thank the Chair.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I ask unanimous consent that the following individuals be permitted access to the Senate floor during consideration of the Health Security Act: Sheila O'Dougherty, employee of the Department of Health and Human Services, who is on detail to the Committee on Finance; and Drs. Bill Braitwaite and Karen Hein, who are assisting the Finance Committee during the consideration of the health care legislation.

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

Mr. MOYNIHAN. I thank the Chair.

Mr. President, nobody, no person in the Senate, few persons in American history, have given as much of their time and intelligence, energy and conviction, to the question of health care reform than the senior Senator from Massachusetts, my good friend, the Honorable EDWARD M. KENNEDY.

I yield to him such time as he may require.

Mr. KENNEDY. Mr. President, I thank the Senator from New York very much for his very kind and generous comments. We have had a long and continuing friendship. I have, as do all the members of our family, great respect for the Senator's contributions not only in the Senate but in the public life of this country.

Mr. President, I know we will have an opportunity to respond to some of these points that were made at some length a little earlier, but I think before we get into a discussion of the alleged problems of community rating, you ought to understand that all Medicare is community rated.

And when we start talking about how we are going to encourage medical schools to try to provide family physicians necessary to treat working families in this country, we should understand that much of medical education is paid for by the public and they ought to be able to have some voice in the decision.

When we are talking about all those young, healthy people we are so concerned about, in listening to our minority leader saying that tonight I speak for all those young Americans who are not covered, let us understand that when they do get in that automobile accident, they only pay 21 cents out of every medical dollar that is necessary for their health care. Who pays for the other 79 cents? It is the working families of this country that are playing by the rules day in and day out.

So we will have a good opportunity to go through many of these points, some of which have been raised and others that will be, and they should be debated and discussed.

Mr. President, I am struck by this historic moment. I think every year the Members of this body cast hundreds of votes. All of them have an impact on the future of the Nation, but few will ever be as significant as the choices we make in the next several weeks.

When President Franklin D. Roosevelt rallied the Nation to deal with the Great Depression, he declared, "This generation has a rendezvous with destiny." This week, the Senate also has a rendezvous with destiny.

This Sunday, August 14, marks the 59th anniversary of the Social Security Act. President Roosevelt's comment on signing the Act applies equally to the work that lies before us:

> Today, a hope of many years' standing is in large part fulfilled. . . . If the Senate and the House of Representatives in this long and arduous session had done nothing more than pass this Bill, the session would be regarded as historic for all time.

This Congress has the opportunity to prove itself worthy of similar praise in the weeks to come.

We stand here today with the health of 260 million Americans at stake. We must decide whether we will guarantee health insurance for every citizen—or whether we will continue to let millions of fellow citizens suffer every year from conditions they can't afford to treat, while millions more worry about losing their insurance.

On a personal level, this is a special moment for me. I introduced my first universal health care plan in 1970, and I have been working on this issue ever since.

One of my strongest memories is a series of hearings we held around the country in the 1970's, where we learned of the health care tragedies affecting Americans all over the country.

I remember, especially, one family, the Corbetts of Massachusetts. The child had spina bifida. The Corbetts' insurance did not cover the costs of therapy for their son, and their unpaid bills mounted rapidly. Hounded by bill collectors, Mrs. Corbett began to worry about the cost whenever her children needed care.

Once, her daughter urgently needed hospitalization after a convulsion. She did what she had to do. But I'll never forget what she told me, "I put my child in the hospital, and I cried. I thought we were going to be wiped out for the rest of our lives."

Think of the pain suffered by the Corbett family almost two decades ago. Multiply it by all the American families who have faced similar crises since then. Hasn't there been enough fear and worry?

Should we study the problem for another year, or another decade, so that more American families find themselves in the Corbetts' shoes? Think of all the suffering of so many millions of Americans that could have been avoided if we had acted before now.

I held another round of hearings around the country in 1989. Whether we were in New York, California, Missouri, or Georgia, the issues were the same. Too many people without insurance. Too many people denied the care they needed.

Too many people bankrupted by the cost of the care they received.

I still remember Joseph Sheppard of Sparta, GA, who endured a great deal of pain, because he had to ignore his doctor's advice that he needed hospitalization and surgery. As he told me, "I am a proudful man, and I did not want to make a bill that I could not pay out of my pocket and would put me in debt for the rest of my life." No American should ever have to make that choice.

Great as the need was for universal health insurance in those years, the need is far greater today. The number of uninsured is higher and rising faster. Costs continue to escalate. No American family can feel secure that the health insurance protecting them today will be there tomorrow if a serious illness strikes. Yet, some still say there is no health crisis in America.

When earthquakes struck California, when floods swamped the Midwest, when hurricanes hit Florida and South Carolina, we called it a crisis.

Senators from those States stood here and called for emergency assistance. We acted swiftly to aid the sick and wounded, to repair the damage, to help devastated families and businesses get back on their feet.

But the crisis we face in our health care system dwarfs these natural disasters. More than 10 million children have no health coverage. They do not get the preventive care they need.

Too often, sicknesses that could be prevented or cured at little cost develop into life-threatening conditions that cost vast sums to treat, if treatment is possible at all.

Every minute, 46 Americans lose their insurance. Should chronic illness happen to strike them, they may never obtain coverage again, due to their preexisting condition. How will they pay for treatment on their own?

Premium costs are soaring out of reach for the middle class.

Since 1980, the average family's health insurance bill has more than tripled. To keep up with the bills, many families are giving up dreams of their own home or college for their children. Others are giving up their insurance, gambling that they will not get sick.

Older Americans on fixed budgets are struggling with the costs of medication.

Too many have to choose between buying food and buying prescriptions.

It is a crisis for them. It is a crisis for the country. If anyone in this body visits a senior citizens' home and asks them to raise their hands about how many of the seniors are paying more than $25 a month for their prescription drugs, 75 percent of the hands will go up. If you ask them $50, or $75, 30 or 40 percent of the hands goes up, and the numbers are increasing.

This crisis is different in one obvious way. It cannot be captured easily on television. Instead of rising rivers and rushing winds, it comes quietly, a little piece of paper in the mail canceling a family's coverage or raising their premiums. But its consequences are just as devastating. People are losing their hopes, their homes, their savings, and even their lives.

Every Member of the Senate I am sure has talked to as many people as I have, people, who through no fault of their own, face crushing health and financial burdens because the health insurance system has let them down.

As we approach each vote, I ask you to remember these individuals. They desperately need your help. They are not Harry and Louise. They have no trade organizations. They have no lobbyists. They cannot spend hundreds of thousands of dollars in advertisements to fight reform. The only power they have lies in our votes and in our commitment to serve the people, not the special interests.

We in Congress are fortunate. We have guaranteed health insurance paid for in large part by our employer. Is it not about time we did the same for the people who employ us?

We heard a Senator yesterday demand that we wait until next year to act. We know the difference it will make if we put health reform off for another year. We have put it off for too many years already. This is not an academic debate. Peoples' lives and health are at stake. Every year we delay, we condemn more American children, women, and men to needless suffering and hardship. The American people know that the time for study is over, and the time for action has come. And no excuses are in order.

It has been 80 years since Theodore Roosevelt first proposed national health insurance as part of the Progressive Party platform in 1912. Franklin Roosevelt considered such a plan again in the 1930's, and Harry Truman called for it in the 1940's. We finally made progress in the 1960's when President Kennedy proposed Medicare and President Johnson signed it into law. Medicare was a large step toward meeting the Nation's health care crisis in those days. That crisis primarily affected the elderly, and it would have been irresponsible for Congress not to have acted. But as important as it was, it did not go far enough because too many were left out.

President Nixon knew that. So did Senator PACKWOOD. That is why they introduced the Comprehensive Health Insurance Program legislation 20 years ago. They based this bill on the principle of shared responsibility, requiring employers to offer and contribute to health insurance for their employees. We had hearings with Elliot Richardson and Joe Califano pointing out what President Nixon suggested with regard to shared responsibility. That was part of the American responsibility and was suggested and recommended by President Nixon a number of years ago.

Unfortunately, the rhetoric of the naysayers has not changed much in all these years. A generation ago they said Medicare was "socialized medicine." And so today they are recycling the same, old, tired charges against the Mitchell bill.

While we have delayed and debated, every major industrial nation in the world, except South Africa, has acted to ensure that all its citizens have health insurance. And President Mandela has pledged to make comprehensive health insurance for all one of his top priorities in South Africa. These countries have already made the fundamental right to health care reality for all of their citizens. If Germany, if France, if Canada, if Great Britain, if Italy, if Ireland, if Denmark, and if Spain can provide coverage for all their citizens, we can do it, too. And we can do it and must do it now.

We have been debating health insurance since the beginning of this century. Now we stand poised to enter a new century, and there are still those in this body who say, "We need more time. We have to study it further. This is so complicated. Can't we just wait another year or maybe the year after that or the next century? Is it really that far off?"

The American people deserve a comprehensive response to this crisis. They deserve it this year, and the Mitchell bill that the Senate is now considering is a serious, substantive proposal to deal with the crisis.

During the course of this debate, the guardians of the status quo will try to mislead the American people about the contexts and consequences of this legislation. They will distort it. They will misrepresent it. The powerful, vested interests opposed to meaningful change have already spent tens of millions of dollars trying to discredit the President's plans. Now that the final decision on health reform is at hand, they will stop at nothing to scare the American people into rejecting it.

We have heard it even in the course of the discussion this evening—talking about bureaucrats, appeals to fear; do not do it now; what we propose is bad; what is in the Mitchell bill is bad; it is complicated; it is going to cost too much; let us just have modest adjustments and not confront the central challenge.

Mr. President, the debate in the House and Senate in the weeks ahead is the best possible antidote to these misrepresentations. The American people will hear the phony objections, and the outright lies. But they will have the opportunity to hear the truth and make up their own minds.

I would like to begin the process right now by outlining clearly for the American people the five biggest myths about the Mitchell bill so that people can recognize them when they are repeated over and over and over and over and over in the weeks ahead.

The first big myth about the Mitchell bill is that it will deny the American people the right to choose their own doctor and hospital. The truth is that the Mitchell plan will guarantee every American the right to choose their own doctor and stay with their own doctor. That right will become as rare as the American buffalo if we do not act now to protect it. It will be lost. It will be gone.

Today, half of all Americans offered coverage by their employers have no choice of health plan. If the plan offered by their employer does not cover their family doctor, they are simply out of luck. Under the Mitchell bill, every worker must be offered at least three health plans by their employer, and at least one of those plans must guarantee freedom of choice of doctor and hospital. No one has that guarantee today. And in the unlikely event that someone wants to bypass their insurance plan altogether and pay a doctor directly out of their own pocket, the bill clearly grants that right as well.

The President's plan was criticized because it required most Americans to buy their coverage through large mandatory health alliances. In the Mitchell bill, mandatory alliances are rejected and replaced by voluntary purchasing cooperatives, like credit unions, and co-ops. No American is required to buy coverage through them if they do not want to.

The second big myth about the Mitchell bill is that it will reduce the quality of American medicine. In fact, the bill will improve quality. The proposal will invest additional billions of dollars in biomedical research, in the academic health centers and medical schools that train doctors of the future, and provide the most advanced care to the American people and in outcomes research so that the most effective treatments can be identified.

The most important guarantee of quality in the Mitchell bill is that most Americans—everyone except those who work for the largest businesses—will be entitled to buy their coverage from the same Federal Employees Health Benefit Program used by every Member of Congress and the President too—10 million Federal employees are in it today. I do not hear any complaints during the course of this debate from any of our colleagues

on the other side about their Federal employees' insurance that is shared by 10 million of our fellow citizens, and that the Mitchell bill makes available to the American people.

I have long felt that every American should be entitled to the same standard of care that we in Congress demand for ourselves and our families. And this bill will guarantee it. If it is good enough for the President, good enough for the Senate, and good enough for the House of Representatives, it is good enough for every man, woman, and child in America. That is in the Mitchell bill.

The third myth about the Mitchell bill is that it imposes massive new taxes on the American people. The fact is that the vast majority of the financing in this bill comes from savings in existing Federal health programs. Some of the savings under the bill will be used to finance long-term care and prescription drug benefits that senior citizens need and deserve.

The opponents of the bill propose to cut Medicare, but they do not provide the benefits that the elderly need in return. There are new taxes in this bill, but they are not the major source of financing, and they are a price well worth paying to achieve health security.

The two most important and significant new taxes are a phased-in increase of 45 cents a pack on cigarettes and the 1.75 percent assessment on health insurance premiums.

In view of the $68 billion in health costs that smoking adds to our national health bill and the savings that can be achieved by discouraging young people from smoking, the cigarette tax is one tax increase that I am confident the vast majority of the American people support.

The 1.75 percent assessment is to expand biomedical research and to support the teaching hospitals and medical schools that contribute so much to assuring that America has the world's best quality care. I think it is money well spent.

The fourth myth about the Mitchell bill is that it imposes unaffordable mandates that will damage small business. I support shared responsibility for health care coverage between business and workers. This is the way we finance Social Security and Medicare. Shared responsibility on Social Security. Shared responsibility on Medicare. This is the way most people get their coverage today—shared responsibility. Every American job should carry with it a guarantee of affordable health care. In fact, I would like to see the bill strengthened as the debate moves forward.

But the Mitchell bill is not a mandate bill. It is a universal coverage bill. It is a cautious, moderate bill that follows the recommendations of many conservative critics of the President's program by providing subsidies to low-income citizens while reforming the health insurance market to make it more competitive and attempting to achieve universal coverage in a voluntary manner. Required contributions by business are a last resort, applied only if everything else fails.

The final myth about the Mitchell bill is that it sets up burdensome regulations and bureaucracy that will put the Government too deeply into the practice of medicine. It is utterly nonsense to call this a Government takeover of the health care system. Clearly, there are new regulations in the Mitchell bill. But those regulations are designed to prevent the insurance company abuses that have contributed to the disgraceful state of the health care system today.

Here are some of the things that the regulations in the Mitchell bill do:

No health plan can turn you down because you are sick or unemployed, or because of the color of your skin, or because of where you work or live. I think that is a regulation most American people will support. They cannot turn you down if you are sick, or unemployed, or because of the color of your skin, or because of where you work or live. That is one regulation. Let us hear the opposition to that.

If a health plan is available to some of the people in a geographic area, it has to be available to all of the people in the geographic area. It cannot be just sold in the suburbs and not in the farm communities or in the cities. The American people understand that kind of regulation. I think the American people would feel that that is a fair regulation.

Once you have signed up with an insurance company, they cannot drop you because you are sick. The American people overwhelmingly support that kind of reasonable regulation. Too many of them are being dropped today in every community of this country. We do not permit it, by regulation. Let us hear those that are opposed to that type of regulation.

Every insurance plan must have a time when you can enroll if you want to and must let you know that it is available. They cannot send out their brochures only to the people they think are healthy. They cannot tell you when you ask to enroll that there is no more room in the plan, because they do not like the way you look. We are not going to permit that. Maybe you should not have to have a regulation, but you do because that is the practice today by too many insurance companies and that will be addressed.

I could go on and on. These are the regulations in the bill, but they are regulations to protect the people's right to health care. The special interests may want to continue their current abusive practices without public oversight or control. But that is not what the people want. There is not one word in this bill that would provide any new restrictions on the ability of a doctor and patient to decide together what treatment makes the most sense for the patient—none.

The tactics of the opponents of reform are not new. When I first came to the Senate in 1963, the country was in the middle of the debate over Medicare that finally resulted in the passage of that program in 1965. We heard then from the prophets of doom and division that Medicare was socialized medicine. They said the country could not afford it. They said it would put a bureaucrat in every doctor's office and in every examining room. They said health care would be rationed, and the hospital doors would be shut on December 1 of every year because the money would run out. I have the statements right here. Those preposterous charges were not true then about Medicare, and they are not true about the Mitchell bill today.

As we discuss the Mitchell bill, it is important to understand the two alternatives. The first is to do nothing, and that is simply unacceptable. The second is to adopt the Republican proposal, and that would be equally wrong.

Senator DOLE's proposal has already been cosponsored by 38 of his Republican colleagues even before it was written in legislative language. But the outline of the program makes it clear that the Dole bill will not guarantee universal coverage. It will do little for the hardworking middle class families who cannot afford to insure their families, and who need help the most. It will not control costs. It will cut Medicare while offering nothing to the senior citizens—not long-term care, not prescription drug coverage. It is another example of too little, too late.

It is clear where the American people stand. The vast majority support universal coverage, despite months of irresponsible attacks by those who profit from the status quo. Most Americans support a system that shares costs between employers and employees as well.

The key questions that face the Senate now are these: Are we listening to the pleas of the American people or to the special interest pleaders? Will we guarantee affordable health insurance for all, or settle for partial steps that will only make our current problem worse? Will we remember the people of this country, or will we bow to the special interests? Will we seize this moment to make history and establish a landmark that will rank with Social Security and Medicare, a milestone that will be honored and remembered for years to come? Or will we let the opportunity slip from our grasp because we lack the courage to do what is right for the American people?

Medicare was a defining test for Congress a generation ago. Social security

was a defining test in the years of the Depression. This legislation is the defining test for Congress today. This is the job the American people elected us to do, and I urge the Senate to get the job done.

Mr. MOYNIHAN. Mr. President, will the Senator from Massachusetts allow me to thank him for his extraordinary statement that comes out of 30 years of effort in this area? No one else in this Chamber can say as much. I want to thank him.

I yield the floor.

Mrs. KASSEBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Kansas [Mrs. KASSEBAUM] is recognized.

Mrs. KASSEBAUM. Mr. President, as the ranking member of the Labor and Human Resources Committee, I would like to acknowledge the comments of the Senator from Massachusetts [Mr. KENNEDY]. As chairman of the Labor Committee, he has certainly spent years dedicated to national health care policy. I do not agree with him on his interpretation of what we need in terms of health care policy, but there is no one who has cared more compassionately and passionately about this issue.

As one who introduced, along with Senators DANFORTH and BURNS in the Senate and Congressmen GLICKMAN and MCCURDY in the House, Congress' first bipartisan comprehensive health care reform bill 2½ years ago, I remain deeply concerned about the problems in our health care system—particularly rising costs.

As an outsider I note, Mr. President, that the bill we introduced 2½ years ago, which we believed to be a substantively or, comprehensive bill, was just 190 pages long.

Today we are looking at the majority leader's bill, which is 1,410 pages long. It has grown in strange and mysterious ways.

It is with deepening disappointment that I have watched the evolution of the reform debate in recent months. The leadership legislation that is now before us reflects an unfortunate accumulation of missed opportunities.

We had an opportunity to simplify the current administrative nightmare that is health insurance. Instead, the bill before us is a 1,400-page tangle of new bureaucracy, red tape, and Government regulation.

We had an opportunity to focus on the root of the public's concern, namely, rising costs. Instead, the bill before us, like the Clinton plan that preceded it, has been constructed almost as if cost were no object. Far from streamlining the costly promises in the Clinton proposal, the Mitchell bill would create at least four new entitlements and cost taxpayers a projected $1.1 trillion over the next decade.

Regrettably, the prospects for reasonable reform have been jeopardized, both by those who do not believe any bill goes far enough and by those who believe every bill goes too far. Meanwhile, interest groups of all stripes have spent over $100 million doing their best to arouse the fears and worries of the public.

Mr. President, critics will be spending much time in the coming weeks pointing out flaws and problems in the Mitchell proposal. In particular, the issue of the employer mandate and its accompanying trigger will probably take center stage in some of the debate.

I oppose employer mandates because they would threaten both wages and jobs, and I intend to vote against any provision that would establish such mandates, either directly or indirectly.

However, I do not consider the employer mandate to be the most alarming aspect of the Mitchell bill. Indeed, I worry that heavy focus on the mandate may divert needed attention from other, more serious problems in the bill.

The ranking member of the Finance Committee, Senator PACKWOOD, gave a dramatic illustration of some of those other problems. I think they are enormously important for us to consider.

Far more troubling than the mandate, in my view, is the fact that the Mitchell bill would impose an unprecedented forest of new Government regulations on our health care system, but with little or no consideration of the dramatic changes already taking place in the marketplace, independent of Federal legislation.

Mr. President, the traditional world of free choice of doctor, the independent practitioner, home visits, and the community hospital, is rapidly disappearing, bowing to pressure from ever more sophisticated purchasers of care, especially employers looking to restrain costs.

In its place has come an aggressive expansion of managed care and a seemingly endless progression of mergers and consolidations as insurers, doctors, and hospitals link up in the formation of massive networks of care.

Some of these changes are positive. Many are troubling. But either way, they are redrawing America's health care map just as Congress is struggling to chart a course for reform. The danger is real that Washington may soon pass a bill that could be obsolete before it becomes law.

The startling upheaval in the health care system is very much in evidence in my part of the country. I believe it is very important that we understand, Mr. President, what is indeed happening. This spring, for example, the third-largest insurer in Kansas City, CIGNA, announced plans to terminate its HMO contracts with nine area hospitals and 500 physicians. To many, CIGNA's move was a chilling illustration of managed care's growing power to dictate terms to doctors and hospitals, and to limit patient choice. Defenders counter that such selective contracting with health care providers is essential to a health plan's ability to manage costs and to offer reasonable rates to its subscribers. Ten years ago, managed care represented less than 5 percent of the health insurance market. Today, over 40 percent of Americans are enrolled in some kind of managed system, and the number is growing.

Managed care's main attraction, especially for employers, is its ability to contain costs, mainly by creating integrated systems of care in which participating health care providers share a financial stake with the insurer in managing costs.

Mr. President, the once clear lines distinguishing those who pay for insurance from those who provide it is becoming increasingly blurred. Indeed, even as we in Congress try to write legislation to regulate doctors, hospitals, insurers, and employee benefit plans, it is becoming ever more difficult to determine where one ends and the other begins.

The downside, many say, is that managed care's heightened attention to the bottom line sometimes compromises the personal connection generations of Americans have come to expect from their family doctor, community hospital, or local visiting nurse. The insurance industry's "Harry and Louise" television ads would have us believe that it is legislation in Congress that threatens America's choice of doctor. The truth, however, is that this is already happening as the health care market changes, and it will continue to do so even if Congress does nothing.

Similarly, many of those who complain loudest about the evils of socialized medicine are themselves the pleased beneficiaries of Medicare, which, as many forget, is run by the Federal Government and financed substantially by tax dollars.

Increasing cost pressure is also triggering a virtual frenzy of consolidations and mergers in the health care industry. Perhaps, the most viable example is the case of Columbia/HCA, which has recently moved aggressively in markets across the country. Specifically, a series of acquisitions over the past year has propelled the Louisville-based Columbia into the largest hospital system in the country, with nearly 200 hospitals nationwide and annual revenues of more than $10 billion.

In my State, Columbia has recently purchased five hospitals and several outpatient surgery facilities, and the company is currently exploring further purchases elsewhere in Kansas.

In Kansas City, all of the hospitals in the metropolitan area have now become part of one or another health network or chain. The Government-owned facilities, like the VA, are the only exceptions. Even in Wichita, KS, the

transactions have become so numerous that the local paper has published a telephone line asking readers to call in information about impending health care deals.

To some extent, a shakeout of the health care industry is overdue and probably healthy. For years, hospitals and doctors competed not on the basis of efficiency, but rather on who could provide the highest volume of care. The result, unfortunately, has been the creation of significant and expensive overcapacity in the system.

According to some estimates, there are as many as 250,000 underused hospital beds in the United States, about 30 percent of the total. In Kansas City, which has 25 hospitals, some facilities regularly dip below 50 percent occupancy.

On the other hand, no one yet knows what the end result of the current consolidations will be. The power of giants, like Columbia, is approaching the point that in some parts of the country whole markets are becoming dominated by a single health care conglomerate.

What happens if the company goes bankrupt? Who picks up the pieces? In a marketplace of giants, can we have confidence there will be enough competition to keep the players responsive and honest?

Congress is rarely shy about tinkering with things it does not fully understand, and health care is no exception.

Mr. President, I believe caution is in order. We might do well to hold off enacting sweeping reforms we do not understand long enough to see what kind of health care system emerges from the current market changes. We may just find that much of the streamlining and efficiency we hoped to achieve through legislation has happened on its own. If not, we will at least have a clearer picture of the kinds of problems that we need to fix.

The Mitchell legislation is especially Byzantine in the complexity of Government regulation it would impose on our changing health care system. In this regard, it is even more heavy-handed and bureaucratically burdensome than the original Clinton proposal.

I do not quite understand actually how it has come to be so much more complicated, or why.

In talking about health reform, it is tempting to focus on the high-profile questions, such as taxes, mandates, or price controls. In the case of the Mitchell bill, however, it is the bill's extensive regulatory underbrush that is likely to have the greatest impact on the kind of health care average Americans will have to deal with in decades to come.

The leader's bill provides for the creation of more than 30 new Federal agencies or commissions, and establishes a central national health bureaucracy whose specific regulatory functions number well over 500. Some of those were dramatically illustrated, as I said before, by the Senator from Oregon.

This bill also mandates that State governments assume hundreds of new—and largely unfunded—regulatory authorities, from subsidy administration to risk adjustment to enrollment outreach.

One of the most burdensome of these authorities is the administration of the complex individual subsidy scheme in the Mitchell bill. Specifically, the legislation would set up five separate categories of persons eligible for premium subsidies—and each of these categories would come with its own separate income eligibility standards.

These separate subsidy streams include:

General subsidies for low-income individuals and families; separate subsidies at a higher level for pregnant women and children; subsidiaries for AFDC recipients; subsidies for non-AFDC, but Medicaid-eligible individuals; and a new subsidy program for persons who are temporarily uninsured due to unemployment.

States would be responsible for calculating subsidies for individuals and families and making payments directly to health plans on their behalf. States would then apply to the Federal Government for funding for these payments.

In addition, the bill provides for a separate system of subsidies to employers, as an incentive for them to provide coverage to their employees.

Mr. President, to help illustrate the extent of regulatory complexity in this bill—particularly in the area of the individual and employer subsidies—I would like now to walk through just a few of the most troubling provisions.

To begin with, procedures for calculating the subsidy levels are extremely complex. States would first have to determine a subsidy percentage for each individual, which would vary depending upon which of the five subsidized classes to which he or she belonged. Then, and let me read directly from page 1082 of title VI:

The amount of premium subsidy for a month * * * is—the least of:

I. The subsidy percentage for that individual multiplied by 1/12th of the annual premium paid for coverage under a standard health plan in which the individual is enrolled.

II. The subsidy percentage for that individual multiplied by 1/12th of the weighted average annual premium rate * * * for all community-rated standard plans offered in the community rating area in which the individual resides; or

III. The subsidy percentage for that individual multiplied by 1/12th of the annual reference premium for the community rating area in which the individual resides; minus the amount of any employer contribution made or offered to be made on behalf of the individual for coverage under the standard plan that is available to the individual through an employer.

Am I the only one to think that this might be just a little bit difficult to administer efficiently?

Am I the only one to think that this sounds extremely confusing and would be very difficult for many people to understand?

Also, if I am reading the bill correctly, section 6004 on page 1093 requires individuals and families to notify the State each time there is a change in estimated family income, such as a change in employment status—or perhaps a raise or pay cut. The State, in turn, is required to recalculate the monthly premium subsidy payment to the plan.

Since the size of the subsidy also depends on whether or not a person is pregnant or a child under 18, would individuals and families have to inform the State about pregnancies, the termination of pregnancies, children turning 19, and other very personal information?

Further, would States have to calculate differing subsidy levels for members of the same family, depending on whether they were pregnant or included children under or over the age of 18?

In calculating the subsidies, States would also have to factor in any payments made or offered to be made by employers to health plans on behalf of individuals.

Would this require States to obtain such information—on a per-individual or family basis—from all employers in the State and from multistate employers operating in the State?

Would States not also have to establish a new system to track non-AFDC Medicaid-eligible individuals, since their initial subsidy would last only 6 months and would then have to be redetermined?

Similarly, would States not also have to have in place systems for tracking persons eligible for the unemployed/uninsured subsidy to determine when each individual's 6-month eligibility period has ended, or whether he or she has obtained employment during that period?

In addition to all of these responsibilities, States would also be required to calculate cost-sharing subsidies and make corresponding payments to plans on behalf of individuals and families. This is separate and on top of all of the premium subsidies.

Further, the States are held responsible for collecting against individuals in the event overpayments occur or if a person has filed an inaccurate subsidy application. In effect, this makes the States collection agents for the Federal Government.

Importantly, the bill does not provide any Federal funds to the States for carrying out these many new administrative responsibilities. Instead,

States would be authorized to tax insurance premiums in the State to raise the funds needed to pay for the new bureaucracy and management.

Has anyone estimated how much it will cost the States to implement and administer all of these new subsidies and responsibilities? Given the extent and complexity of these requirements, I expect that the premium tax that States would have to impose could well be pretty hefty?

What might sound complicated at this point would only grow even more complex as we move into implementation.

This bill also provides for a separate system of subsidies to employers as an incentive for them to provide coverage to their employees. This system, too, should raise serious concerns about administrative complexity and cost and personal privacy, as well as about fairness.

Beginning in 1997, employers who expand coverage for the standard benefit package to all employees in a class—such as all part-time workers—would be liable for the lesser of 50 percent of the cost of that coverage or 8 percent of each newly insured employee's wage. This subsidy would be administered by the Department of Labor.

The administrative burdens associated with the subsidy may discourage many employers from applying. For example, since the subsidy is paid according to each newly insured employee's wage, the employer must, under section 6104 of title VI—page 1113—of the bill, file a separate application with the Department of Labor for each employee for whom he wants a subsidy.

Second, for this program to work, the employer would have to notify the Department of Labor when an employee received a raise which increased overall income to a point at which 8 percent of that income equaled or exceeded the amount of the 50-percent employer-premium payment.

I wonder how many Americans would be comfortable with the Government's being notified each time they receive a raise?

Third, section 6104 of title VI—page 1113—indicates that the subsidy is paid over a 5-year period. It is unclear what happens if the employee leaves or is terminated during that period. The employer would clearly have to notify the Federal Government in any case, again raising the issue of personal privacy.

Finally, there is a critical issue of fairness here. This subsidy places businesses that currently do provide health insurance for their employees at a competitive disadvantage. Is it fair to reward only those who have chosen so far not to offer insurance?

Mr. President, my purpose in highlighting examples like these is not to nitpick details, but rather to underscore that this bill contains much more than meets the eye in a quick summary or newspaper overview.

There is danger that we will spend the next few weeks debating high-profile issues like the employer mandate. And meanwhile, great tracts of regulatory detail will slide into law without the careful review they deserve and demand.

Also buried in this bill are dozens, if not hundreds, of provisions that may take up little space in the legislation itself, but that will have profound effects on the lives of Americans.

Section 1602, for example, contains a seemingly innocuous requirement that health plans, employers, and providers may not discriminate against persons based on a variety of personal characteristics, including language, income, and sexual orientation.

What may not immediately be apparent to some is that this is a dramatic expansion of current civil rights law. Perhaps such expansions may be justified, but burying them in the middle of health reform legislation is not an appropriate way to consider such an important social change.

More immediately, the antidiscrimination provisions as drafted would expose all businesses, doctors, hospitals, and insurers to lawsuits if there is so much as an inadvertent instance of a person being disadvantaged.

For instance, under this provision, a doctor practicing in a suburban community could be sued because the location of his practice results in a mix of races, languages, or sexual orientations that does not correspond to the mix in the larger metropolitan area. Potentially, this doctor could be ordered by the courts to practice a certain number of hours a week elsewhere in the city to assure that his practice mix is appropriate.

Certainly, the issue of distribution of health care providers in our health care system is an important one, but I believe it is both dangerous and inappropriate to make plaintiffs' attorneys and the local courts the decisionmakers in our health care system.

Mr. President, greater opportunity for litigation is the last thing the American health care system needs right now. In addition to the specific antidiscrimination provisions I have just described, this bill also rejects any cap on damage awards in malpractice cases—a significant factor in driving up everyone's health care costs today.

Even worse, the bill would allow persons to sue for unlimited damages for the perceived wrongful denial of insurance claims. Clearly, appropriate grievance structures are needed, but subjecting every health care decision to a potential lawsuit poses a serious threat to any meaningful restraint of health care costs.

I agree that fair recourse and remedies can and should be made available. However, I am very troubled that virtually every new requirement imposed by this bill comes with accompanying legal rights of action and administratively complex structures for grievance and appeal.

Mr. President, today's issue of the Washington Post carries a box outlining the highlights of the Mitchell bill. Reading only this 4-inch by 5-inch version of the plan, one can hardly find fault with it. Who could quarrel with the concepts of: Striving to provide insurance coverage for at least 95 percent of Americans by 2000; prohibiting discrimination against people with preexisting medical conditions; allowing other Americans to sign up for the same policies offered to Federal workers; offering subsidies to help the poor buy insurance.

In fact, many of these same goals are embodied in other reform proposals—proposals which take approaches that differ dramatically from the Mitchell bill.

Mr. President, there should be a responsible middle ground in this debate, but it isn't found in the bill before us.

Quite simply, there are other ways—better ways—to accomplish health care goals which enjoy broad support.

We all want health insurance available to Americans. However, we need to move toward universal coverage through straightforward subsidies based on income, not through an expensive and rickety structure of complex subsidies and triggered mandates.

We all want to control health care costs. I contend we should do so through market disincentives against high-cost health plans—not by using heavily regulatory limits on prices in the market.

We all want to protect people against discrimination based on health status, and every reform proposal before Congress attempts to address this concern. We do not, however, need to suffocate the market in endless regulation to achieve this goal.

We all want to provide for responsible pooling of purchasers. What we do not need are the mandatory, State established cooperatives required in the Mitchell bill.

We all want to help low-income Americans in need of health insurance, and most of us are willing to commit serious resources to subsidizing those in need. At the same time, we need a firm fail-safe guarantee that expenditures must not exceed available revenues and worsen our Federal deficit.

The Senator from New York concluded that he was optimistic that, indeed, we could reach some agreement. I however, I am not optimistic that a reasonable bill can emerge from the debate we are beginning today. I am committed, however, to doing what I can to pursue the goals of reform I have advocated for many years, many of these are shared by nearly every one of us here. But clearly, it is going to take a lot of give and take that I have not seen in the legislation before us.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, I congratulate the distinguished Senator from Kansas, the ranking member of the Committee on Labor and Human Resources, and say I hope she becomes more optimistic as the debate proceeds. But I know how carefully she has thought about this subject.

Mr. President, I yield 5 minutes to the distinguished Senator from Washington, Senator MURRAY.

Mrs. MURRAY. I thank the Chairman for all his work on this bill and for Senator MITCHELL's work.

Mr. President, toady, the American people are reclaiming their Government. After so many years of being ignored, you and I, our friends and neighbors, being asked to speak out on the most important public policy issue of the day—health care reform.

And, as we begin this process on the Senate floor, let us not forget why this debate started. People want a voice. We are tried of someone else always having more say in decisions that affect our lives. We want health care decisions made by ourselves, not by big business, insurance companies, and rich politicians.

Over the next several weeks the American people will hear many personal stories and I know that many of my colleagues do not want to hear these. But I want to share with you my personal story, which will push me throughout this legislation.

I remember the day—when I was growing up back in Bothell, WA—when my father was diagnosed with multiple sclerosis. He had to quit his job, and my mother was forced to take a job as a bookkeeper.

She did not get health benefits with her job, and my parents had to buy their own plan. The premiums were astronomical. The benefits were meager. And, the list of disqualifying preexisting conditions, a mile long.

This experience shaped my life. I remember the struggle. My mother spent all day behind a desk. And, she spent many long sleepless nights caring my father and worrying how my family ever would make ends meet.

My six brothers and sisters and I put ourselves through school. We watched our parents grow old, spending all their disposable income on doctor's bills and escalating insurance premiums. While their friends sail to Hawaii enjoying their golden years, my parents count the number of times a week they eat macaroni and cheese for dinner.

My parents are ordinary people. With simple wishes. They do not want to be a burden on any of us. They do not want their health care costs to bankrupt their children.

And, we only want them to be free of these worries. And, not to pass them on to our children.

But, as long we continue under the present system, my parents will worry.

And, so should all Americans, because the same thing could happen to any one of us.

So, when someone tells you universal coverage and cost containment do not matter, tell them my family's story. Until the time when all Americans are responsible for health care, it will just cost more for those who are being responsible today.

Mr. President, there are many stories but I want to share with you another one because it strikes home in this debate. For many years I was a preschoolteacher and we hear today about the 10 million American children who do not have health care.

Let me tell you how it affects them. Not long ago when I was teaching preschool, I had a 3-year-old child with behavior problems. He was a terror and disruptive to the other 24 kids in the class.

And, he quickly gained a reputation around my school as "the bad kid." This reputation would take many years to overcome. He single-handedly brought the level of instruction down for everyone. Education was being squandered.

Observing him, I noticed the problem was not that he would not listen, but that he couldn't hear. I called his mother. And she cried. She told me he had an ear infection, and agreed to take him to the doctor.

Three weeks later, his behavior remained unchanged. I called the mother, and she was distraught. She told me the family was uninsured and could not afford a doctor. Clearing up his ear infection would have been simple. It would have solved a problem affecting two dozen other children's ability to learn.

But instead, because his family was uninsured, this child's future was jeopardized.

Mr. President, there are millions of children like this around this Nation. The social cost is incredible. The time for this debate is right.

I heard the Republican leader say earlier that we have the best health care system in the Nation and we should not jeopardize it. Yes, we have the best health care system in the Nation, but the problem is fewer and fewer of us believe that we will have access to that health care system. That is what this debate is all about. Those are the people I will remember throughout this debate, and I urge every American to think about the people they know who do not have health care insurance, who are afraid to lose their jobs, who are fearful for their own children and their grandchildren, who will not have the kind of lives that they have had themselves.

I look forward to the debate, Mr. President.

The PRESIDING OFFICER (Mr. ROCKEFELLER). Who yields time? The Senator from New York.

Mr. MOYNIHAN. Mr. President, I thank the Senator from Washington for a very graphic description of what we have before us, the opportunity we have before us. Great gratitude.

I yield to the Senator from Minnesota, the very able, distinguished Senator from Minnesota, 5 minutes.

Mr. WELLSTONE. Mr. President, I thank the Senator from New York. I congratulate my colleague from Washington for her fine statement.

I hear voices and I see faces as I speak on the floor of the U.S. Senate tonight in this historic debate:

"Senator, my mother has Alzheimer's disease, and if you don't pass a reform bill, it's going to bankrupt our family."

"Senator, my child is a diabetic, and when she graduates from college and is no longer on our health insurance plan, I don't know whether she can obtain insurance."

"Senator, I lost my job and now I've lost my health care coverage. What am I going to do?"

"Senator, I'm a small business person. I want to be able to cover my employees. I can't afford to. I can't afford to cover myself."

"Senator, we live in rural Minnesota, rural America, and not only can we not afford a doctor, we can't find one."

And "Senator," or rather, "Paul, our son,"—my mother and father, Minnie and Leon—"we both have Parkinson's; we have worked hard all our lives; we never made much money. We want to, Senator MOYNIHAN, leave our savings for our grandchildren to go to college. It is all going to be depleted because of nursing home expenses."

"Senator, I'm a person who is struggling with MS, and I want to be able to live at home in as near a normal circumstance as possible with dignity."

These are the voices that I hear as we debate this reform bill. It is a fact that the vast majority of people in our country are affected by our failure to finance and deliver humane, dignified, affordable health care. Either people are without the health insurance, or they are underinsured, or they are but one job or one illness away from losing their coverage. That is the majority of people in this country. Another formulation, they are not poor enough for Medicaid, which is not comprehensive. They are not well off enough for Medicare, which does not cover catastrophic expenses, and they do not have a job that provides them with the coverage that they can count on.

That is the vast majority of people who fall between the cracks. And to argue otherwise and say we have the best health care system in the world and we do not need any fundamental change is an ostrich-like approach to this issue. I wonder whether or not some of my colleagues perhaps have too much distance from the problems of regular Americans.

Mr. President, this is the standard that I go by: We should not separate the legislation that we introduce from the words that we speak. And I have heard my colleagues over and over and over again say we ought to have as good a health care plan for the people we represent as the plan which we have.

Each and every one of us is covered; it is universal. There is no preexisting conditions because it is universal. Our employers contribute a fair share, and it is fairly comprehensive, good coverage that we can count on. That is what we should be doing on the floor of the U.S. Senate. That is the standard. That is what I am prepared to fight for.

Let me just conclude this way—there will be plenty of time for debate, and 5 minutes does not give me much time—let me just conclude this way: Humane, dignified, affordable health care. Let the children go to school without abscesses, because they cannot afford dental care; let them go to school with decent dental treatment. Let the people who struggle with mental illness no longer suffer from the kind of stigma that they have to suffer. Let middle-income Americans not have to worry about premiums they cannot afford. Let older people live the end of their lives with dignity. Let people with disabilities live with dignity. Let us deliver good primary care, good preventive health care out in our communities, be they urban or rural.

Mr. President, I am not talking about Heaven on Earth. I just turned 50. I just had my second grandchild. I do not know whether I believe in Heaven on Earth. But I do believe in a better Earth on Earth, and I believe that if we pass a significant health care reform bill, we will be making a positive contribution and we will be doing something that vastly improves the lives of the people we represent throughout the United States of America.

I do not want to see this reform effort hijacked. I do not want to see us move away from what I think is bold, important, significant reform. That is what I am going to be fighting for.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. Mr. President, I thank the Senator from Minnesota for his passionate statement, and we will hear more of that voice before this debate is over. A good thing, too.

I see the very distinguished chairman, the Senator from Maryland, has risen and, as always, we look forward to hearing from her. Given our constraints, if I can yield 5 minutes to Senator MIKULSKI.

Ms. MIKULSKI. Mr. President, I thank the chairman. I would like my remarks to be associated with his earlier remarks this evening, and with those of the distinguished chairman of our committee on Education and Human Resources.

I rise today to add my enthusiastic voice to the debate and passing of the majority leader's bill, and to pass health insurance reform before the 59th anniversary of the establishment of the Social Security System. In fact, I challenge the United States Senate to pass health insurance reform on the day that Social Security was enacted so that we would have that legacy.

I rise today to say to my liberal colleagues, do not make the perfect the enemy of the good. We need to compromise; we need to synthesize; and we have a core bill in the Mitchell bill that meets, I think, our standards.

And to the naysayers on the other side of the aisle, I urge you to say yes—yes to change, and yes to embrace the future. Because change is here, and we either face it and embrace it or it will overtake us. And here, what we have in the Mitchell bill is a framework for universal coverage by a date certain.

It provides health insurance that is affordable to business and families. It takes steps to assure that the middle class will be better off. It emphasizes prevention, primary care, and personal responsibility. It puts an end to the worst insurance practices that penalize and hurt families. It makes health insurance portable. It rewards work. It ensures that health insurance can never be taken away if you get sick; there are preexisting condition prohibitions; it ensures Americans will be able to choose their own providers; and this bill will help contain skyrocketing health costs.

It says yes to those who believe we must reform health insurance in order to achieve universal coverage. It says yes to Americans who work hard and play by the rules.

I say to those who say the bill does not go far enough, we must remember the history of social programs and of Social Security.

When Social Security was being debated, they said we needed to give it time; we needed to be able to phase it in, and that is exactly what happened. And at the same time there were those who said give the marketplace a chance.

Mr. President, I am going to tell you a story about a guy named Willy. He lived in East Baltimore and was married in August of 1935. That man was my father. When he married my mom, they had just opened a small grocery store and had been proud of the fact that they had voted for Roosevelt. They were strong, unabashed and enthusiastic supporters of Roosevelt. My father believed in Roosevelt, and he also believed in the private market. He was not covered under Social Security until the year I graduated from high school in 1954.

Yes, he bought private insurance. He was a good man. He wanted to take care of my mom. He had an annuity. And then because of the Democrats working with Eisenhower, he had Social Security.

By the time my dear father died of Alzheimer's, while I was a Senator, the annuity had gone, while he was in the nursing home, to the nursing home; it did not go to my mom, and upon his death that annuity was terminated. During all those years, Social Security was there for my mother as were her beloved children.

Now, what would have happened if we had followed the rules of the naysayers, if it only had been for the market? My father would have had the annuity but my mother would not have had the annuity.

We face, as many do with Alzheimer's, I say to the Senator from Minnesota [Mr. WELLSTONE], that difficulty that while we practice family responsibility, our families often face family bankruptcy.

We believe there needs to be a role of Government and a role of the private sector. This is what this bill does.

I will tell you, if we want to have a legacy, if this Congress on the eve of the new century wants to have a legacy, I think the legacy is to pass the Mitchell bill, to say yes to change, to say no to the naysayers, and to be sure on this 59th anniversary of the establishment of Social Security we take one more step in which a democratic society says there is nothing to fear but fear itself because your Congress is not fearful of acting.

Mr. President, I yield the floor.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I think we are all in the debt of the Senator from Maryland for her good counsel and for her very graphic histories.

It is to be noted—it has not been noted tonight—that a provision in the Mitchell bill which was taken from the Finance Committee bill establishes a trust fund for medical education and for medical research, and the day will come when we will have solved the problem of Alzheimer's disease. That day will come. And we are insuring a flow of resources to bring it about.

We have seen in the last 30 years developments in medical science that you did not have a sentence for 50 years ago, and they are now common practice. There are more to come. This legislation will bring them.

I see the Senator from Connecticut is here, and we very much look forward to his remarks. Five minutes is our practice.

Mr. DODD. Mr. President, first of all, let me thank the distinguished Senator from New York. I commend him and the majority leader for the work that they have brought us, the product of this legislation, as well as the distinguished Senator from Massachusetts, whom the Senator from New York

most appropriately described as someone who has spent three decades engaged in the debate over reform of the health care system.

Mr. President, I think it is appropriate to note that some 40 Members of this body, if my count is correct, have been engaged over the past 2 years in a significant set of hearings and markups—roughly 50 percent of the Senate. I heard the distinguished chairman of the Finance Committee mention that there were some 31 hearings which the Finance Committee has held on health care reform. In our Committee of Labor and Human Resources, we held at least 45 hearings on health care. That is 76 hearings. We spent some 9 or 10 days—and I turn to the chairman of the committee—10 days—in the Labor and Human Resources Committee in a markup of the health care bill, Republicans and Democrats working together to fashion a bill. I am told that the Finance Committee spent significant time in their markup—40 Members of the Senate, 76 hearings, and countless hours of markup that brought us to this juncture.

So those who would suggest that this product is somehow a miraculous conception which has occurred out of nowhere have been living someplace other than in this Nation over the past 2 years.

I would argue, Mr. President, after many years—we go back some 7 Presidents, some 30 Congresses and almost 60 years—of debating whether or not we ought to have a health care system in this country that includes all Americans, it is tragic that we arrive at a point in this Nation's history where we exclude 12 million children. Many may argue about adults and their inability or ability to provide for health care coverage. I know of no one in this Chamber who believes that children ought to be excluded from receiving the adequate kind of health care that they need if they are going to mature to adulthood and become productive citizens of our society. And yet the present conditions are such in this Nation that 12 million of the children of our society under the age of 21 are without health care coverage this evening.

As we sit here tonight, there are millions of people who are on welfare. They have health care. As we gather here tonight, regrettably, there are thousands of people in this country incarcerated in our penal system. Every one of them—God forbid that some illness befalls them—gets health care coverage. It has been noted here this evening that Members of this body and the other, as well as some 10 million people under the Federal employee benefit program, are covered.

Now, when people are incarcerated and can get health care, if you are on welfare and can get health care, and are members of the Federal employees benefit program and can get health care—is it really asking too much that 12 million children and working poor should not also be covered with a basic health care package that protects them and their families from the catastrophic problem of a health care crisis?

That is where we really are. We can argue about the peripheral issues of when do we do it, how soon, how late, when do you bring them in, when do you exclude. Those are all legitimate points of debate. But I would hope, Mr. President—I said this the other day—that for 21 days or 28 days we might drop the labels Democrat, Republican, liberal, conservative, moderate, and come together here as representatives of our constituencies, of the citizens of this country, and for a mere 21 days work together to try to fashion a health care bill that serves the needs of the American public.

In 1992, Mr. President, the American people asked for an end to gridlock in this country. They wanted their Congress to work on their problems—not on our problems—on their problems. In the waning days of this Congress, in the waning hours of this Congress, after hours and hours and hours of debate and discussion in fashioning this product, can we not in these remaining 21 days work on this product and fashion a health care bill that serves the overwhelming majority of people's needs in our society?

That is the challenge before us. The decks are clear. Other than one or two other bills, there is no other business before this Congress. My fervent hope this evening is that Democrats and Republicans will come together, that we will shed those labels, and we will, for the first time in this century, craft a health care bill of which all of us can be proud regardless of party, regardless of political persuasion, and do something that the American public has long, long sought—that is a national health care reform package.

Mr. President, we stand now on the edge of history—an opportunity that has defied 7 presidents and 30 Congresses over the past 60 years. I suspect that this is one of the most important debates most of us will ever take part in as U.S. Senators.

The hearings are over. And in this Congress alone there have been 76 such hearings. In the Senate and Human Resources Committee we spent 3 weeks writing our bill. The Finance Committee spent countless days working on their bill—20 Democrats and Republicans working together for one goal.

Mr. President, the interest groups have been heard—and believe me Mr. President, they have been heard and are still being heard. Mr. President, now is the time for us as the Senate to come forward; our turn as a senate to debate tough issues; our turn as a senate to cast tough votes on tough problems. And Mr. President, it is our turn as a senate to finish the job that the American people have given us.

HOW WE'VE GOTTEN HERE

Mr. President, let there be no mistake as to to why we are gathered for this debate. The American people—not the President, not the Congress, and not the interest groups—are the voices calling to be heard, asking for change and reform in our health care system. The families who have lost their homes because of illness have asked to be heard. The children denied needed treatment because they were unlucky enough to be born into a family without insurance have asked to be heard. The small businesses that want to provide insurance but can't afford it have asked to be heard. The employees locked in their jobs for fear of losing their coverage have asked to be heard. The people whose life-threatening conditions have been labeled "preexisting" have asked to be heard.

The affluent and the very poor have not brought us here; they have health care. Working Americans and their families—they are the voices that are crying out for us to address this crisis.

At this point, this cause is about infinitely more than the political fate of a President—and I hope my colleagues recognize that. This cannot be about handing a President a major victory or crippling him with a major defeat—it must be about making health care affordable and accessible for millions and millions of working Americans.

We cheapen and demean those people's needs and ourselves if we look at this debate through a crass political lens. We honor and respect their needs if we—Republicans and Democrats—put our differences aside and set off together on a common journey.

There are a powerful few in this country who are expending every ounce of their energy to prevent that journey from beginning. They are using every scare tactic in the book to frighten the American people away from reform.

I agree that middle-class Americans should be frightened—they should be frightened of what would happen without reform. I base this contention not on scare tactics or propaganda, but on facts:

In 1980, health care cost 9 percent of the average family's income. Now that figure has risen to 13.1 percent. By 2000, without reform, health care will cost the average American family 18.4 percent of its income—that is nearly $1 out of every $5 earned.

The average family in Connecticut spends $8,257 a year for health care.

Without reform, that number will climb to $15,919 by 2000.

There are now 39 million people with no health insurance.

One of four Americans—63 million people—will lose their health coverage at some point during the next 2 years.

Even in Connecticut, which has proportionately fewer uninsured than

most other States, 23,000 people lose their insurance every month.

We are not talking about poor people here. We are talking about the middle class.

More than 80 percent of all the people without coverage in Connecticut are part of working families.

It is an irony that in the America of today, if you are on welfare, you can get health care. If you are in prison, you can get health care. If you are a Member of Congress, you can get health care. But if you are a middle-class American who gets up and goes to work every day to a job without coverage, then you can't get health care. That's what this debate is about.

TWELVE MILLION CHILDREN

During this debate, I want to pay special attention to the 12 million children in this country who have no health insurance. They aren't sending us postcards or hiring lobbyists or putting ads on the air. But it is their future, more than anyone else's, that we will be determining in the next few weeks. I don't know anyone who would want to miss the opportunity to see that these children get decent health care.

EXCELLENT STARTING POINT

The bill before us is an excellent starting point for debate. I am disappointed that it has not drawn more bipartisan support because I think it answers many of the criticisms leveled at the Clinton health care plan.

We heard that the President's bill was too centralized. So this bill is much simpler and more flexible. It eliminates mandatory alliances and replaces them with voluntary, competing alliances.

We heard that the President's bill was too expensive. So this bill includes fail-safe measures to protect against budget deficits.

We heard that the cost controls in the President's bill would throttle the market. So this bill includes no cost controls.

We heard that the President's bill was too burdensome on small business. So this bill requires an employer contribution only if other measures fail. And if the mandate is imposed, it would exempt businesses with fewer than 25 employees and would require other employers to pay only half of the premium.

This bill is a moderate, measured approach. It is a compromise. It builds on the best of our private health care system. Yet we still hear from some that it goes too far.

To this point, it looks like trying to find a compromise on health care reform is like chasing a mirage in a desert. Every time we move toward it, it moves further away.

"COURAGE MOUNTETH"

But there is still time for us to put our narrow interests and objections aside and do the right thing for the American people.

For it is when this body faces the greatest challenges that it does the greatest things. Shakespeare wrote in "King John," "For courage mounteth with occasion."

If we hadn't had courage, this country never would have had a Civil Rights Act or a National Highway System or Social Security or Medicare. This is just such an occasion. We must show some courage—both to strengthen health care and at the same time restore some faith in American democracy.

REVERSE THE CYNICISM

For it is widely known that the American people have grown increasingly cynical about their government. They know the problems we face as a nation, but they are rapidly losing faith in their government's ability to do anything about those problems. The principle that our democratic government is the vehicle of our democratic aspirations is eroding.

This health care debate is an opportunity to either restore or further damage that principle. The American people have identified a national goal: When you strip away labels, poll after poll shows substantial majorities in favor of meaningful health care reform and universal coverage. And we now have before us a bill to meet that goal.

The American people are watching and waiting. They want to know if their government is capable of solving a problem they have identified. In short, we now have an opportunity to do our jobs as elected representatives.

IRRELEVANT SIDE ISSUES

I've heard a great deal of discussion over the last few days about the size of this bill, about how many pages are in this bill, even about the weight of this bill. That discussion is completely irrelevant, completely meaningless, completely beside the point for working people all across this Nation who are hurting.

Those who have lost or are in danger of losing their insurance are drowning. They don't want to see us argue about the size of the lifeboat we are going to dispatch. They just want that lifeboat. They need security and peace of mind, and they are demanding our help.

We haven't had a debate like this for decades, and if we fail this year, we won't have another one for decades more.

We simply cannot fail. I look forward to working with my colleagues to get the job done.

Mr. MOYNIHAN. Mr. President, that is exactly the spirit in which it appears to this Senator that we ought to proceed and are proceeding. I thank the Senator from Connecticut for all he said.

And now we look forward to hearing from the Senator from Iowa, who has asked to be joined in the debate this evening, Senator HARKIN, 5 minutes, I say to the Senator.

Mr. HARKIN. Mr. President, I thank the Senator for yielding.

As Senator KENNEDY said earlier, we have debated this issue for decades. We have deliberated, we have cogitated, we have procrastinated, and as we have, Mr. President, the middle-class Americans are sinking. Costs are skyrocketing. More and more working Americans are losing coverage.

In 1980, the average family cost for coverage was $2,500. Now it is $7,000, average per family in America; $7,000 per family. If we do not act by the year 2000, it will be up to $14,000 per family in America. That is what is happening to the middle class.

In Iowa, in my own State, the cost for a working family has gone up to 245 percent faster than wages in the last 10 years. Businesses in my State pay 167 percent more now than they did 10 years ago. And if we do nothing, it will go up an additional 394 percent by the year 2000. That is what is happening to the middle-class American. That is what is happening to businesses.

Now I hear my colleagues on the other side talk about this great health care system we have in America. I want to correct that, Mr. President. We do not have a health care system in America. We have a "sick care system" in America. If you get sick, you get care. And you get care in the emergency room. What we are trying to do is change that system to provide more preventive health care, keeping people healthy in the first place, changing a sick care system into a health care system.

Senator DOLE said earlier tonight that we are going to roll the dice. Never mind that we have debated this bill for years. Never mind the fact that Senator DODD said the Finance Committee and the Labor Committee have jointly held nearly 100 hearings since last September. Never mind. Senator DOLE said we are going to roll the dice.

Mr. President, that is what is happening every day to millions of working Americans throughout this country. They get up in the morning and they roll the dice. They wonder whether or not they are going to be sick. They wonder whether or not they are going to have health care coverage.

Let me read a couple of examples. Jim and Carol Kaplan of Chelsea, IA, are a middle-aged farm couple, 55 or 56 years of age. Carol had a kidney transplant 10 years ago and requires regular antirejection medication. Jim had cancer 5 years ago but he is now healthy. They pay nearly $15,000 a year in health care costs. They have a small farm. They pay $350 a month for prescription drugs. Their Blue Cross health insurance plan costs nearly $11,000 a year. It went up $2,400 just this year. They have looked for other plans. They are told they could get a

cheaper plan. But, of course, they would have to exclude all of their preexisting conditions, "don't you know."

Jim got word of this increase right around Christmastime. He said he was so depressed he could not talk to anyone. He told me he does not go into town very much anymore because they cannot afford anything beyond the basics because of health care costs. These are hardworking, good Americans paying for that kind of coverage.

I can read example after example. George and Pat Kadrmas of Traer, IA, small business people paying $2,000 a quarter. Or I can read some other people here. Hank Grant, or Harry Ellis, age 56, worked in Des Moines for a tire company for 26 years, took disability retirement in March of this year because he had heart bypass surgery. He is paying $400 a month in medication, $300 a month for oxygen, and his spouse has no coverage. Guess what happened? The Pirelli Tire Co.—this is a union man—had a contract with their people that if they took early retirement because of disability, the company would continue to pick up the 80 percent of the health care benefits until such time as they could get on Medicare.

So Harry Ellis, 56 years of age, 26 years working at the company, thought he had it made until the Pirelli Tire Co. said, "No, we are taking it all away. We are dropping it all. You pick it up yourself. We are abrogating it." What is he going to do? He cannot afford that.

Another example of Americans every day rolling the dice. Every day in America working Americans get up in the morning and they say a prayer. "Please don't let me get sick today. Please don't let me get injured today." Every day they roll the dice. What we want to do is not roll the dice. We want to pick up the dice. We want to replace the dice with a sure bet, universal coverage that cannot be taken away so these working Americans do not have to roll the dice.

Lastly, Mr. President, Senator DOLE says that somebody has to pay. We are already paying. We are paying at the emergency room doors. People may not have health insurance, but they get health care. They get it at the worst possible time, when we pay the most. As long as we are going to pay it, let us spend smarter. Let us get them early, cover them, get preventive health care, and let us spend the money in a little bit smarter way. That is what we are trying to do with this legislation.

Mr. MOYNIHAN. Mr. President, may I say to the Senator from Iowa that is indeed exactly what we are trying to do and what we ought to do. I thank him for his remarks.

The senior Senator from California has been patiently attending to her notes and her address. I am happy to yield 5 minutes to Senator BOXER.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. BOXER. Thank you, Senator MOYNIHAN, very much. I thank him for his leadership.

I will correct the RECORD. I am a junior Senator. However, Senator FEINSTEIN and I actually were elected on the same day. She was sworn in before. I thought I would explain that to the Senator.

Mr. MOYNIHAN. I stand corrected.

Mrs. BOXER. Thank you very much. I feel very proud to be representing the good people of California in this health care debate. I spent 10 years over on the House side and have been on a number of health reform bills. Now the time has come.

I really feel it is very interesting that our first vote on this health care issue may well be a vote to decide if we are even going to take up this health care matter. It appears that there will be a vote on whether to delay. And I am going to address my comments in the brief time I have to this question of delay.

I said I was proud to be here to debate health care. I found it interesting that my Republican colleague, PHIL GRAMM, said he would be proud to do whatever he could to stop the Mitchell bill from coming forward. And I believe that means health care reform will not come forward because the way we work in this U.S. Senate is a bill is introduced, we work our bill will, we compromise, we discuss it and debate it, and it becomes law. So we have to beat back this call for delay or filibuster.

Mr. President, who is going to get hurt if there is a filibuster or a delay? Seventy-six percent of those of us who have insurance have a lifetime benefits cap. If one of us gets sick, we may reach that cap and have no insurance. We will be hurt. Seventy-six percent of us who have insurance will be hurt because health care reform will take care of that problem.

Twenty-five percent of Americans are stuck in a job lock. That is a new terminology. We are afraid to change jobs because we are afraid we will lose our insurance. So 25 percent of us who work will be adversely impacted by delay or filibuster. Obviously, the 37 million Americans who have no health insurance will continue to have no health insurance. So 37 million Americans will be hurt by a delay or a filibuster. And the decent, good employers who already give their employees health insurance will be adversely affected by a delay or a filibuster because when we have universal coverage, insurance will become affordable for those employers as well as for the rest of us.

What about the elderly? They do not have a prescription drug benefit or long-term care. They will get it with this health reform bill.

So I think it is very clear that the voices of filibuster, the voices of delay are not the voices of the American people. They may be the voices of the special interests. That is true.

Let me read for you a quote from the sixties when this body was looking at the Medicare question—and Senator KENNEDY talked about it. I am going to quote Senator Carl Curtis, a Republican Senator from Nebraska. This is what he said during the debate to create the Medicare system, one of the most cherished systems we have in this country.

> We are not doing something for the people today or this week if we pass this bill. We are doing something to the people. We are not doing something for the people.

He said that about Medicare.

> We are doing something to the people, and I am not going to have a part in this. I am not going to let the children of this country point their finger at me and say I led a parade either in Committee or on the floor to vote for two socialized insurance programs, part A and part B of Medicare.

I raise this and bring this quote to your attention because I think we are going to hear those same voices. Those are the voices of delay. Those are the voices of filibuster. Those are the voices of the special interests. Those are the voices we must stand up and fight. This is going to be a very difficult debate. But I say to you that if we ever had any courage or guts, this is the time to show it.

I, frankly, think that if there is a filibuster, it will be a cowardly filibuster. I thought about it a long time before I used those words. But I think it will be a cowardly filibuster or delay because I think there are some in this institution who do not want to cast the tough votes and hard votes. Well, they cast those votes in both committees, Senator MOYNIHAN's committee and Senator KENNEDY's committee. It is our turn and it is our time. I hope the people will call our offices tomorrow. The number is 202-224-3121. I hope they will call tomorrow when they wake up and they are perky, and I hope they will tell us to fight against delay and filibuster.

I yield the floor.

Mr. MOYNIHAN. Mr. President, the Senator from California raised the question that the first vote we will have will be tomorrow on the question of whether we put this off until next year. In the terminology of "sure bets," which the Senator from Iowa made, I will say to her I will give you a sure bet that that amendment will go down hard, and we will have had an affirmative beginning of this debate.

Mrs. BOXER. I look forward to that.

Mr. MOYNIHAN. To conclude this evening, I can just say that this present cycle that brings us to this floor today began 2 years ago when one of the most distinguished men of his generation ran for the U.S. Senate, and raised the simple proposition that if an alleged criminal has a right to a lawyer, why do you not have a right to a

doctor? In that elemental epiphany, we started the journey that brings us here.

I am very happy and honored to yield the remainder of our time to the most distinguished Senator from Pennsylvania.

Mr. WOFFORD. I thank the chairman for all he is doing and has done, and for his good sense of history. Mr. President, I thank the Chair for all he has done in this field; he has worked so hard.

Mr. President, "We cannot escape history." Abraham Lincoln said that. We cannot escape history. We of this Congress and this administration will be remembered in spite of ourselves. But whether we will together rise to the occasion or fall divided, that question remains for us to answer. I would like to believe that in the days and nights ahead we will be guided, as Lincoln said, "by the better angels of our nature," and that those watching us will witness self-government, not civil war. Mr. President, this debate is not about politics, it is about people.

John Heinz, whose seat I filled, was deeply concerned about what our Nation's health care system was doing to people and their lives. "America's health delivery system is fundamentally flawed," he said. "It is absolutely perverse that in a Nation of such great affluence as ours, we operate under a system that is based on ability to pay rather than on medical need."

When I got this job 3 years ago, I vowed to do everything in my power to make something good come out of the tragedy of the loss of John Heinz. When the people of Pennsylvania sent me back here, they did make something good happen—they sent a message to Congress that the conventional wisdom about the politics of health care was wrong. The people told Washington that health reform was not too hot to handle; it was too hot not to handle.

And today, legislation to provide all Americans with affordable, private health insurance is on the floor of the U.S. Senate for the first time in the life of our Nation.

That, in itself, is an achievement that the people of Pennsylvania should be proud of. But to solve the problem, to protect middle-class families from losing the coverage they thought was secure, and from paying more premiums and deductibles and copays than they can afford, we still have far to go.

Pennsylvanians want us to go the distance. They are tired of Washington's finger-pointing and gridlock. They do not want Congress to squander this chance. And they certainly do not want their health security held hostage to anyone's political agenda. The people want action from this Congress.

What action do they want? They want, I believe, the same kind of guaranteed coverage and choice of affordable, private health plans that Members of Congress have arranged for themselves.

Members of Congress do not have Government-run health care; they have a range of private health insurance options. They have a consumer choice system—more choice, in fact, than most Americans get from their employers today.

Our bill will make the Federal employee's plan, that Congress has, available to the American people and make it a model for reform; private health insurance that cannot be taken away; affordable premiums, paid by a shared contribution from employer and employee; a choice of doctor and health plan. That is what the Mitchell bill is, and that is what I am fighting for.

I am going to fight against any so-called reform bill that does nothing to help older citizens and their families, allowing insurance companies to continue to charge a lot more if you are old or have a preexisting condition, failing to include prescription drugs or long-term care, failing to keep promises given to retirees in terms of health care benefits from becoming broken promises. And I am going to fight against any bill that would make things worse for all of the middle-class families who have insurance today, by giving a green light to companies to continue cutting back, by covering fewer workers with less coverage and less choice. That is what I am against.

There are some who are going down a different well-worn path. Their sound bites and slogans have a familiar ring because their predecessors made the same tired old arguments against Social Security and Medicare, against child labor laws and civil rights, against the 40-hour week and the minimum wage, against family and medical leave.

But the scare tactics did not work, and the horror stories did not come true. Freedom did not disappear. Capitalism did not collapse; it got stronger, just as our economy will get stronger when we bring health care inflation under control.

People in this country support the idea of employers contributing something to their employees' health insurance, because that is how most working people get their health insurance today. The only place where that is not understood is in Washington, where special interest lobbyists seem to have more power over the process than the people do.

How dare Members of Congress, who have their health insurance paid for by their employer—the U.S. taxpayers—say it is impossible to provide the same kind of security to the people who sent them here. Why should middle-class Americans, who work hard, pay their taxes, and send their kids to school, not have that kind of security, too? It is a matter of simple justice.

Mr. President, the eyes of the country are upon us. Like the great debates of our history—over war and peace, over civil rights, and over social justice—this debate will say a lot about who we are as a Nation. And it will answer a fundamental question: Who runs America?

Already, the special interests have spent more money on lobbyists and lawyers, on TV and radio ads, campaigns of fear and smear, designed to mislead and misinform, than on any other issues in our Nation's history, more money than the Bush and Clinton campaigns together spent in the entire 1992 election. Who runs America?

At our Nation's founding, Alexander Hamilton took a foreign visitor on a tour of this Capitol and he boasted, "Here, sir, the people govern."

Mr. President, if we are true to our mission and our mandate, we will live up to Hamilton's boast.

But if we do not, then decent, hard-working citizens will point to this place where statesmen once strode and say, "There, friend, the special interests rule."

America deserves better than that, Mr. President. And I have faith that we will prove to be better than that, because this battle that Harry Truman began for guaranteed, private health insurance for all Americans is not about the next election; it is about the next generation.

Thank you, Mr. President.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, as a matter of humility, I rise to thank the Senator from Pennsylvania for the extraordinary eloquence in which he concluded this first opening debate.

This is a historic moment. For the first time ever a proposal for universal health coverage is on the floor of the U.S. Senate, on the floor of either body of the Congress.

If we could have the faith, the vision and the tenacity that the Senator from Pennsylvania has shown from the time in the 1960 election and civil rights seemed an impossible dream, he brought a candidate for President to see that it was a necessary imperative, and it came about not least because of the Senator from Pennsylvania.

I thank him, and I thank the Presiding Officer.

Mr. President, I believe all time will have expired now.

If I may suggest just for a moment, if you will be patient with me for one moment, I have some matters to conclude.

Is the Senator from Oregon ready to go?

Mr. PACKWOOD. Let me check just a moment.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

MORNING BUSINESS

Mr. MOYNIHAN. 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.

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

CRIME

Mr. DOLE. Mr. President, before rushing to embrace the so-called crime bill, I urge all of my colleagues to review a speech by Prof. John DiIulio of Princeton University, who appeared yesterday at a conference sponsored by the Project for a Republican Future.

Professor DiIulio happens to be a registered Democrat, but it's his view that Congress should reject the crime bill because it's not smart and tough, as President Clinton likes to say, but "dim-witted and weak." Professor DiIulio argues that the crime bill "costs far too much, is much too complicated, contains way too many untested and unwise provisions, and will do nothing to reduce the country's crime problem."

In fact, the professor suggests that the crime bill may actually add to the crime problem as a result of something called the "safety valve" provision. He explains, and I quote:

> The Senate version of the crime bill that was drafted . . . at the Federal level, at least, . . . by permitting certain categories of convicted drug defendants to be invited back to court, to be given a virtual retrial under a retroactive law.

Professor DiIulio estimates that as many as 16,000 Federal prisoners could avail themselves of this safety-valve provision.

So, Mr. President, this may be the first crime bill in American history that could actually lead to the early release of thousands of convicted criminals—a "Get-Out-of-Jail-Free" card brought to you by the U.S. Congress.

In his speech, Professor DiIulio rejects the fallacy that our State and Federal prisons are somehow teeming with hundreds of thousands of nonviolent, first-time offenders. In fact, only 6 percent of all State prisoners are nonviolent offenders with no prior sentence to probation or incarceration. And of the 35,000 persons admitted to Federal prison in 1991, only 2 percent—700 inmates—were convicted of simple drug possession.

Finally, Professor DiIulio highlights the danger of overselling the so-called 100,000 new cops-on-the-street provision. After looking at the fine print, he estimates that the crime bill provides full funding for only 20,000 new police positions, an increase that will be spread out across the country. So, Mr. President: Of course, it is worthwhile to hire more police. More police generally means more security. But, at the same time, let is not deceive ourselves into believing that 100,000 new cops will be hitting the streets anytime soon—crime bill or no crime bill.

Professor DiIulio's speech is a welcome dose of reality. I urge everyone to take a few moments to review it before casting a vote on the crime bill.

Mr. President, I ask unanimous consent that Professor DiIulio's speech be reprinted in the RECORD immediately after my remarks.

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

REMARKS BY JOHN J. DIIULIO

Thank you, Bill. I'm glad to be here, not only as a card-carrying Democrat but also as someone who has somewhat reluctantly and begrudgingly come to the conclusion that this crime bill ought to be scrapped.

Let me begin by saying I think there are some very good things in this crime bill, just as there were many good things in each of the major pieces of federal anti-crime legislation that were passed over the last 10 years. I'm talking here about the Comprehensive Crime Control Act of '84 which established the sentencing guidelines, the anti-drug abuse acts of '86 and '88, the Crime Control Act of '90 and the Brady bill of '93. And as I mentioned, the Brady bill may indicate, not among those who would oppose this crime bill because it fosters further federal restrictions on guns, in particular on certain types of assault weapons, I think that its provisions are wise.

By the same token, I wouldn't number myself among those who oppose this bill because it contains billions and billions of dollars for social programs. There is a fair amount of silly business in this bill on that side. Midnight basketball may be silly business. But prison-based drug treatment is not. And so there's a mixed bag there.

Finally, I wouldn't count myself among those who oppose the bill because of the flaws, the limitations in its more sensible or well-intended provisions. It's easy to deconstruct, if you will, the community policy provisions of this bill. The bill calls for 100,000 new cops. But when you read the relevant titles of the bill, what you discover is that that really means about 20,000 fully funded positions.

And when you further look at how this bill is to be administered, you come to recognize that it's to be administered by the Office of Justice Programs, which is the alphabet soup of agencies left over from the days of the old Federal Law Enforcement Assistance Administration, which is to figure out some way of divvying up this money between 85 percent for more manpower, 15 percent for everything else having to do with policing, so much to jurisdictions under 150,000, so much to jurisdictions over 150,000, and so on.

And if you're stouthearted enough to look at this bill in light of the relevant academic literature, you know that it takes about 10 police officers to put the equivalent of one police officer on the streets around the clock. This is factoring in everything from sick leave and disabilities to vacations and three shifts a day and desk work and so on. So that 20,000 funded positions becomes 2,000 around-the-clock cops. And 2,000 around-the-clock cops gets distributed over at least 200 jurisdictions for an average actual street enforcement strength increase of about 10 cops per city.

Moreover, you learn, when you look at the relevant titles, that these positions are not really even fully funded. The money is really seed money that will run out rather quickly. And I suppose that those big-city mayors, Democrat and Republican, who are supporting the bill simply believe that in the out years the federal government will belly up to this bar again and put up more funds.

Nevertheless, I think the community policing provisions of the bill, many of the prison provisions of the bill, represent tiny, perhaps faltering but tiny steps in the right direction. Why, then, should the GOP or responsible legislators of both parties or concerned citizens generally oppose this bill? My answer is that, in the last analysis, this bill, warts, beauty marks and all, simply costs far too much, is much too complicated, contains way too many untested and unwise provisions. It will do nothing, in my view, to reduce the country's crime problem. In fact, as I'll suggest in a moment, it may actually add to it. The bill is not, as the president, I think, likes to say with sincerity, smart and tough. I think rather it is, taken all in all, rather dim-witted and weak.

There are at least four specific realities about crime in this country that this bill does little or nothing to address, or addresses perversely; Revolving-door justice, the youth crime bomb, the black crime gap, and the real root causes of crime. Now, I am going to try to do the impossible—my Princeton students would not believe it—and stay within my 15 minutes. So I will say as much as I can on each of these scores before turning it over to my colleagues on the panel.

First, let me talk about revolving-door justice. Every major public opinion survey shows that the public has lost confidence in the ability of the justice system to arrest and detain and convict and punish violent and repeat criminals. From a number of recent studies published by Brookings and other institutions, it's clear that the facts and the figures support the public's frustrations and fears on crime.

Let me offer just a little bit of the evidence, and I stress a little bit of the evidence, on revolving-door justice. Sixty-five percent of felony defendants are released prior to trial. That includes 63 percent of all violent felony defendants. Now, what happens to them when they're out on the streets? Well, nearly a quarter of them simply never show up in court, for starters. About 11 percent of murder arrestees and about 12 percent of all violent crime arrestees are on pretrial release for an earlier case at the time of the offense. Over 20 percent have 10 or more prior arrests. Over 35 percent have one or more prior convictions.

Case management, which is a bureaucratic euphemism for plea bargaining, means that over 90 percent of all criminal cases today do not go to court because the offender pleads guilty to a lesser charge. That's true as well for violent offenses. Only 44 percent of murder cases go to trial, 23 percent of rape cases, 15 percent of aggravated assault cases.

Now, we hear a lot about the explosion in the prison population, and it's true that the nation's prison population, federal and state, has increased dramatically over the last 15 years. But it's also true that the probation and parole population has increased even faster. Today you have about four and a half million persons under correctional supervision in this country—four and a half million. Three and a half million of them,

roughly, are not incarcerated. Rather, they're under the supervision of probation and parole officers who are handling hundreds of cases and really can't provide effective supervision.

What happens in these cases? Well, a disproportionate number of the three and a half million in probationers and parolees out there circulate in and out of poor minority urban neighborhoods, repeatedly victimizing their truly disadvantaged neighbors. We have data on recidivism that could—probably books and volumes that could fill this room. But just to cite a few of the statistics, within three years of sentencing we know that nearly half of all probationers are placed behind bars for a new crime or abscond.

We know that for parole, the tale is very much the same. If you look on a state-by-state basis, you find, for example, that in Florida between 1987 and 1991 you had over 100,000 prisoners released early. At points in time when they would have been incarcerated were they not released early, these offenders committed over 26,000 new crimes, including some nearly 5,000 new crimes of violence, including 346 murders.

Now, what else do we know about probationers and parolees? Well, we know that with respect to violent crimes, violent crime arrests, 16 percent of violent crime arrestees are on probation and 7 percent are on parole. Now, if you take those two numbers and you add it to a number I gave earlier—that is, 12 percent of violent crime arrestees on pretrial release—you're left with a rather amazing number, that 35 percent of all violent crime arrestees have some criminal justice status at the time of the offense; that is, over a third of all violent crime arrestees are ostensibly in criminal custody at the time of the offense. Now, if that is not revolving-door justice, I don't know what is.

The Senate version of the crime bill that was drafted and put out back in November—November 19th, 1993, to be exact, by a vote of 95 to 4—would, I think, have done something, though I'm not sure exactly how much, to stop revolving-door justice. But now, almost nine months later, we have before us a crime bill that would actually, in my view, grease the revolving door, at the federal level, at least, via such provisions as the so-called safety valve provision, which is essentially a provision that would permit certain categories of convicted drug defendants to be invited back to court, to be given a virtual retrial under a retroactive law.

About 5,000 prisoners would be immediately eligible for this provision and they could get sentence reductions of as much as half or more in some cases of their sentences. Also, the language of the safety valve is quite elastic. I would not be surprised, if this bill passes with this provision, to see the safety valve provision applied to all of the 16,000 or so so-called low-level drug offenders in the federal prison system.

Now, interestingly, the safety valve idea has been supported by a number of Republicans as well as Democrats, including a number of conservative Republicans. And I think I know where they're coming from. I don't think anyone would believe that the federal sentencing structure is perfect. There are lots of sentences, especially, I would say, for drug offenders that are overly harsh. And I myself have taken an interest in some such cases, up to and including joining the clemency petition of one federal inmate who's serving time for a nonviolent first-time drug offense.

But what I would like to point out is that the utterly false argument behind the safety valve provision, and other provisions in this bill like it, is that many, if not most, prisoners are petty first-time offenders with few previous arrests, no previous convictions and no history of violence. The facts, which have been painstakingly put together by the U.S. Bureau of Justice Statistics and by other research organizations and widely published, speak in exactly the opposite voice.

Let me just give you a few of the facts. In 1991, fully 94 percent of state prison inmates had been convicted of a violent crime or had a previous sentence to probation or incarceration. In other words, only 6 percent of state prisoners were nonviolent offenders with no prior sentence to probation or incarceration. Nearly half were serving time for a violent crime and a third had been convicted in the past of one or more violent crimes.

If you look at the state data, you get the same picture. In New Jersey, where I spend a lot of my time, you had in 1992 a prison population in which about half of all prisoners were serving time for a violent crime. Eighty percent had criminal histories involving violence. The average prisoner had nine prior arrests, six prior convictions and so on.

Now, it is true that the federal prison system, compared to the state systems, or most state systems, has relatively fewer violent criminals and more property and drug offenders. But of the 35,000 persons newly admitted to federal prison in 1991, only 2 percent, or about 700, were convicted of mere drug possession. And even in the federal prison system, about half of all prisoners had two or more prior felony convictions and over half of all prisoners in federal penitentiaries had a history of violence.

So one has to understand as well that even these numbers, as depressing as they are, understate the actual amount and severity of crime committed by prisoners when free. For one thing, they don't take into account the effects of plea bargaining. People who may present themselves as first-time nonviolent drug offenders may, in fact, be plea-bargained or violent and repeat offenders.

Second, these numbers don't account for the wholly undetected, unpunished, unprosecuted crimes committed by prisoners when free. There have been a number of large scientific studies, prisoner self-report studies, that have tried to get a handle on this question. And the two most recent such studies indicate that in the year prior to incarceration, the typical prisoner commits a dozen serious crimes a year, violent and property crimes, excluding all drug crimes.

And finally, which brings me quickly, I hope, to my next point, these numbers do not reflect the number of crimes committed by prisoners when they were juveniles. We know that nationally juveniles account for about one-fifth of all weapons offenses. They've committed record numbers of murders in the last several years, several thousand murders a year. Today's high-rate juvenile offenders are tomorrow's adult prisoners, but today's adult criminal records don't comprehend yesteryear's slew of juvenile crimes.

America is facing a ticking youth crime bomb. We have burgeoning numbers of young people who, from all the statistical profiles, are at risk of becoming violent and repeat criminals. The rate of growth in serious youth crime among white teenagers now exceeds the rate of growth in serious youth crimes among black and Hispanic teenagers. Now, given this reality, you might think that this bill would address the problem of juvenile crime in a serious way. But I would submit to you that it does not, not even symbolically.

Let me just quickly mention the third overarching reality which I think this bill ignores, and that is what I would call the black crime gap. Most Americans, most people in this room, are safer today than they were three or four years ago. Crime rates nationally in most categories of crime have dipped down, but not so for black, Hispanic, poor minority inner-city Americans.

In 1992, which is the last year for which we have complete data, the violent crime victimization rate for blacks was the highest ever recorded. You have lots of opinion surveys and polls which show that black Americans find crime as truly the number one issue in their neighborhoods, a majority of black school children afraid to go to and from school, a majority of black school children afraid, believe that they will be shot at some point in their lives.

Now, given this reality, you might think there'd be something in this massive crime bill that would address this problem. Instead, Congress spent a lot of time debating, wasting time with the so-called Racial Justice Act. And without getting into that, at least not getting into it now, we just need to remember that the vast majority of crimes in this country are intraracial. Over 80 percent of all violent crime is intraracial. Over 95 percent of all homicides are intraracial. And we have a series of studies that at a minimum throw into serious doubt the issue of whether, in fact, there are racial disparities in sentencing even in capital cases.

Well, this bill, of course, contains no racial justice provision. But the logic of that provision, I think, informs other provisions of the bill. It informs, I think, a diagnosis in the bill of the root causes of crime, which talk about things like unemployment and so on. Never mind that we have now studies which suggest that that factor is not important. Never mind the basic fact that most prisoners in the year or two prior to incarceration held a job that paid minimum wage or better. This is the diagnosis of root causes in this bill.

Well, where to go from here? To be brief, in closing, I would say that—I would hope that this bill would be scrapped, that Congress would come back in a new legislative season and take another crack at it; in other words, go back to the drawing board, but I would hope not one great big drawing board with $30-plus billion worth of talk, but rather a series of little drawing boards—a prison bill, a cops' bill, if you must, a midnight basketball bill, a prison drug treatment bill. And let's debate the merits and let's have our legislators debate the merits and vote on the merits on each provision separately.

My fonder hope, one that only an academic could bear to speak in a forum such as this, is that Congress would declare a moratorium on federal crime legislation. There is a provision in this bill for a crime commission, a bipartisan commission to study crime. I think it would be much better to have a bipartisan commission that would look at the evolution of the federal government's role in crime control, particularly since 1968, and ask the tough question of what, in fact, has been wrought by the federal government's involvement in making, administering and funding foreign policy, and ask the tough question whether this bill or any conceivable federal crime bill could actually do much to protect the public and its purse better than they're protected by existing policies.

I'll stop there, Bill.

TIME LIMITATION ON VOTES TOMORROW

Mr. MOYNIHAN. Mr. President, on behalf of the majority leader, I ask unanimous consent that the succeeding votes following the first vote in the sequence of votes scheduled to occur tomorrow morning be 10 minutes in duration.

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

EXECUTIVE SESSION

EXECUTIVE CALENDAR

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations:

Cal. 1103. Jose A. Cabranes, to be United States Ciruit Judge; Cal. 1104. Paul D. Borman, to be United States District Judge; Cal. 1105. Denny Chin, to be United States District Judge; Cal. 1106. Harold Baer, Jr., to be United States District Judge; Cal. 1107. Denise Cote, to be United States District Judge; Cal. 1108. John G. Koeltl, to be United States District Judge; Cal. 1109. Rosemary S. Pooler, to be United States District Judge; Cal. 1110. Lewis A. Kaplan, to be United States District Judge; Cal. 1111. Blanche M. Manning, to be United States District Judge; and Cal. 1112. Mark W. Bennett, to be United States District Judge.

I further ask unanimous consent that the nominees be confirmed, en bloc, that any statements appear in the RECORD as if read, that upon confirmation, the motions to reconsider be laid upon the table, en bloc, that the President be immediately notified of the Senate's action.

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

So the nominations considered and confirmed en bloc are as follows:

THE JUDICIARY

Jose A. Cabranes, of Connecticut, to be United States Circuit Judge for the Second Circuit.

Paul D. Borman, of Michigan, to be United States District Judge for the Eastern District of Michigan.

Denny Chin, of New York, to be United States District Judge for the Southern District of New York.

Harold Baer, Jr., of New York, to be United States District Judge for the Southern District of New York.

Denise Cote, of New York, to be United States District Judge for the Southern District of New York.

John G. Koeltl, of New York, to be United States District Judge for the Southern district of New York.

Rosemary S. Pooler, of New York, to be United States District Judge for the Northern District of New York.

Lewis A. Kaplan, of New York, to be United States District Judge for the Southern District of New York.

Blanche M. Manning, of Illinois, to be United States District Judge for the Northern District of Illinois.

Mark W. Bennett, of Iowa, to be United States District Judge for the Northern District of Iowa.

STATEMENT ON THE NOMINATION OF JOSE A. CARBRANES

Mr. MOYNIHAN. Mr. President, may I just note that I take special pride in the elevation of Judge Cabranes to the second circuit, which is, of course, located in Manhattan, and to the other fine New Yorkers who are shortly to become judges.

REMOVAL OF INJUNCTION OF SECRECY—TREATY DOCUMENT NO. 103–27

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the injunction of secrecy be removed from the Convention on the Conservation and Management of Pollock Resources in the Central Bearing Sea, Treaty Document No. 103–27, transmitted to the Senate by the President today; and ask that the treaty be considered as having been read the first time; that it be referred, with accompanying papers, to the Committee on Foreign Relations and order to be printed; and that the President's message be printed in the RECORD.

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

The message of the President is as follows:

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the Convention on the Conservation and Management of Pollock Resources in the Central Bering Sea, with Annex, done at Washington on June 16, 1994. The Convention was signed on that date by the People's Republic of China, the Republic of Korea, the Russian Federation, and the United States. Japan and the Republic of Poland, the other participating countries in the negotiation of the Convention, are expected to sign the Convention in the near future. I transmit also, for the information of the Senate, a report of the Secretary of State concerning the Convention.

This Convention is a state-of-the-art fishing agreement that will aid in ensuring the long-term health of pollock stocks in the central Bering Sea on which the U.S. pollock industry in the Pacific Northwest in part depends. Its strong conservation and management measures will be backed up with effective enforcement provisions. The agreement will require that each vessel fishing for pollock in the central Bering Sea carry scientific observers and use real-time satellite position-fixing transmitters. All vessels of the Parties fishing in the central Bering Sea must consent to boarding and inspection by authorized officials of other States Parties for compliance with the provisions of the Convention.

I recommend that the Senate give early and favorable consideration to the Convention and provide its advice and consent to ratification.

WILLIAM J. CLINTON.

THE WHITE HOUSE, *August 9, 1994.*

Mr. MOYNIHAN. Mr. President, I must confess, as a member of the Committee on Foreign Relations, to be unfamiliar with the injunction of secrecy—covenants openly arrived at, said the learned Senator from Oregon, one of the principles of the Fourteen Points. But we will let it pass, Mr. President.

LEGISLATIVE SESSION

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Senate return to legislative session.

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

COMMUNITY DEVELOPMENT BANKING AND FINANCIAL INSTITUTIONS ACT OF 1993 REGULATORY REFORM ACT OF 1993—CONFERENCE REPORT

Mr. MOYNIHAN. Mr. President, I submit a report of the committee of conference on H.R. 3474 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3474) to reduce administrative requirements for insured depository institutions to the extent consistent with safe and sound banking practices, to facilitate the establishment of community development financial institutions, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

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

(The conference report is printed in the House proceedings of the RECORD of August 2, 1994.)

Mr. RIEGLE. Mr. President, I am pleased that the Senate will now turn its attention to the conference report on H.R. 3474, the Riegle Community Development and Regulatory Improvement Act of 1994. This conference report incorporates a number of provisions designed to foster community development, encourage lending to small businesses, remove unnecessary paperwork, streamline regulation, and protect consumers. It has already passed the House by a vote of 410 to 12.

The Banking Committee has worked together in a bipartisan fashion in crafting and moving this legislation. We have also worked closely with the Administration. I believe this effort is reflected in the overwhelming bipartisan support that this legislation received both in committee, where the

Senate version of the bill was reported favorably by a vote of 18 to 1, and here on the Senate floor, where it was approved without opposition.

I particularly want to commend Senator D'AMATO, the ranking Republican on the Banking Committee, for his leadership and input in developing this legislation.

COMMUNITY DEVELOPMENT

Title I addresses Community Development and Consumer Protection. Subtitle A aims to help revitalize distressed communities by strengthening the capacity of local community development institutions and improving access to capital in these communities. It creates the Community Development Financial Institutions Fund.

The CDFI Fund will promote revitalization by providing financial and technical assistance to new and existing community development financial institutions. These are financial institutions having a primary mission of community development such as community development banks, community development credit unions, and revolving loan funds. To maximize the impact of the Federal assistance provided to these institutions, each Federal dollar must be matched with a dollar of private funds. We have worked particularly closely with the administration on this portion of the legislation which represents the fulfillment of President Clinton's promise to develop a network of community development banks.

The conference report authorizes $382 million over 4 years to carry out this subtitle. Two-thirds of the funds appropriated will be available to the CDFI Fund to support community development financial institutions.

The other one-third of the funds appropriated will be used by the fund to encourage traditional depository institutions to provide loans and services in distressed communities through the Bank Enterprise Act. The Bank Enterprise Act was passed by the Congress in 1991 and originally was designed to incentivize banks and thrifts through credits toward their depository insurance premiums. Under this legislation, the Bank Enterprise Act will be administered by the CDFI Fund, and will have no relation to the deposit insurance system.

The CDFI Fund will be directed by an administrator appointed by the President and confirmed by the Senate. A 15 member Advisory Board will consist of 9 private citizens with community development finance experience, as well as the Secretaries of the Departments of Agriculture, Commerce, Housing and Urban Development, Interior, and Treasury, and the Administrator of the Small Business Administration.

CONSUMER PROTECTION

Title I also included the "Homeownership and Equity Protection Act." This legislation amends the Truth in Lending Act to provide new consumer protections for certain second mortgages with exceptionally high fees or interest rates.

At a February 17, 1993, hearing before the Banking Committee, witnesses testified that homeowners in low income and minority communities have been targeted for abusive mortgage lending practices. This legislation requires lenders who make high rate or high fee home equity loans to provide a separate disclosure that contains the annual interest rate and monthly payment of the loan, as well as a warning that the borrower could lose his or her home. The disclosure must be provided at least 3 days before settlement, creating an additional cooling off period.

The legislation restricts the use of certain loan terms that have proven problematic in these loans, such as balloon payments on short term loans. The Federal Reserve is given authority to exempt loans from these restrictions, however, if such an exemption is in the interest of the borrowing public. Finally, the legislation transfers liability in connection with such mortgages from the originator to any subsequent purchaser of the mortgage. This provision is essential to make the market police itself.

SMALL BUSINESS

Title II, Small Business Capital Formation, contains two provisions designed to ensure that small businesses have access to the credit they need to grow and create jobs.

First, title II includes legislation based on S. 384, a bill introduced by Senator D'AMATO to facilitate the securitization of small business loans. In 1984, Congress enacted legislation to promote the securitization of home mortgages. Most observers believe that securitization of residential mortgages has increased the amount of capital available for home buyers, ensuring a continuous supply and bringing down the cost.

Under this legislation, financial institutions can originate loans to small businesses, and then sell them to an entity that would issue securities to investors. It makes changes to the Federal securities laws that parallel the 1984 statute. These changes will allow issuers sufficient time to pool and sell securities, and to file a single registration statement with the SEC.

The legislation also changes bank capital requirements for small business loans sold with recourse—that is, where the bank remains liable for a portion of any losses on the loan. We have worked closely with the Federal bank regulators and the Treasury to develop an approach that will facilitate securitization of small business loans while maintaining bank safety and soundness.

In fashioning this legislation, we have been mindful that banks are losing market share in the area of small business lending. We realize how crucial bank financing is to small and startup businesses, and we want commercial banks to continue to be players in this market.

Title II also includes a measure providing Federal assistance for State Capital Access Programs; 14 States have adopted Capital Access Programs. These programs encourage banks to make loans to small and medium-sized businesses that they might not make otherwise.

Lenders may choose to participate in a Capital Access Program. For each loan enrolled in a program, the bank and the borrower contribute to a loss reserve fund. The State then matches the contribution of the bank and borrower. The loan loss reserve fund protects the lender against loss on the loan. Participating lenders assume the risk on their loans, if the losses exceed the total contributions to the reserve fund. Unlike a guarantee program, the Government is not exposed to the risk of the entire loan.

The bill authorizes $50 million in Federal funds to match State contributions to Capital Access Programs. This will help States that already have such programs and encourage other States and localities to adopt such programs. The Federal role would be limited to certifying State programs for participation, receiving reports, and matching State contributions.

PAPERWORK REDUCTION AND REGULATORY IMPROVEMENT

Title III of the conference report contains a number of directives to the regulatory agencies to improve the way they carry out their functions. Our goal is to harmonize and simplify the regulatory mandates imposed by multiple agencies. Upon enactment, examinations will be coordinated, and, within 2 years, each institution and its affiliates will receive a unified exam led by one regulator. This will eliminate the costs to banks of duplicative examinations. Also within 2 years, the Federal banking agencies must conduct a top-to-bottom review of regulations, removing inconsistent, outmoded, and duplicative mandates. New regulations won't be issued without scrutiny of the administrative burden that may create—particularly for smaller institutions. The current system, of 4 different agencies adopting 4 different guidelines on the same subject, will come to an end.

The conference report also contains numerous amendments to existing laws that will reduce the paperwork and unnecessary regulatory burden that banks must cope with. For example, institutions with assets of less then $100 million which have received a composite rating of excellent from the bank regulatory agencies are currently exempt from the requirement of annual inspection and instead may be examined on an 18-month cycle. Title II raises that threshold to $250 million for

institutions with an excellent composite condition and allows similar treatment for institutions in the good category with assets less than $100 million. Further, the bank regulatory agencies are given authority to raise the $100 million level to $175 million after 2 years if doing so is consistent with safety and soundness.

Other sections of the conference report provide that call reports no longer need be published in local newspapers. Loans that are made for commercial, agricultural, or governmental purposes are exempted from the forms required under the Real Estate Settlement Practices Act. Securitization of commercial mortgages is simplified. In addition, title III calls for studies of risk-based capital standards, sterile reserves, and regulatory impediments in the consumer lending process.

A number of these provisions are drawn from Senate bills 265 and 1124, introduced by Senators SHELBY, MACK, D'AMATO, BRYAN, SASSER, DOLE, and others. I commend them for their leadership in this area.

The measures in the bill reflect a thorough review and balancing to eliminate unnecessary restrictions while maintaining effective supervision, the safety and soundness of the banking system, protection of the insurance fund, and consumer protections. Establishing, ensuring, and maintaining a lasting framework for safety and soundness of the banking system has been my highest banking priority as chairman of the Banking, Housing, and Urban Affairs Committee. Any actions that hinder effective bank regulation, or undermine bank safety and soundness, may save the banks money today, at the risk of causing losses to the insurance fund tomorrow. This legislation is a major step toward eliminating the duplicative and inconsistent regulation that increases costs for consumers and undermines support for essential regulation.

As chairman of the conference, I would like to make clear our intentions in title III regarding OCC and OTS rulemaking. The statutory language states that the Secretary of the Treasury may not intervene in any matter or proceeding before the OTS and the OCC, including enforcement actions, unless otherwise specifically provided by law. Moreover, with specific regard to rulemaking proceedings, the statutory language states that the Secretary of the Treasury may not delay or prevent the issuance of any rule or the promulgation of any regulation by the OTS and the OCC.

It is the clear intention of the conferees that Treasury adhere to the amendments' terms. In the past, under the existing Treasury review and clearance process, Treasury staff has engaged in line by line veto, including modification and insertion into regulations of the agencies. Treasury staff has also delayed important regulations. Such forms of intervention are not consistent with the impartiality required of a regulatory agency.

The conferees clearly did, and intended to, affect and change the existing working relationship between Treasury and the regulatory bureaus in the area of rulemaking. The conference report also makes this clear. The report states that regulations developed by the OCC and OTS shall no longer be subject to a Treasury Department review or clearance process that allows the Treasury to block, delay or rewrite any proposed or final regulation. However, Treasury is not precluded from communicating during a rulemaking process regarding the Treasury Department's policy goals and objectives.

The conference committee voted against an amendment by a House member to eliminate rulemaking from the above nonintervention provisions. The amendment which was agreed to by the conferees specifies that in the rulemaking area, we mean to stop Treasury vetos and delays of proposed or final rules and regulations. These problems occur under the existing review and clearance process. Nothing in this clarifying amendment allows the continuance of the status quo, or the circumvention of the Conference Committee.

MONEY LAUNDERING

Title IV of the conference report contains a comprehensive package of amendments to improve the Nation's system for combating money laundering. These measures will facilitate compliance with the requirements of the Bank Secrecy Act, enable law enforcement officials to make better use of reports that are filed by financial institutions, and ensure that certain types of financial transactions are not used to circumvent anti-money laundering restrictions.

The Bank Secrecy Act requires depository institutions to file currency transaction reports on most transactions above $10,000. The conference report seeks to facilitate compliance by establishing a two-tier system of mandatory and discretionary exemptions from the reporting requirements of the Act. This will not only reduce the burden on depository institutions, but improve the value of the reports that are filed by eliminating an enormous amount of unnecessary information.

The conference report directs the Secretary of the Treasury to designate a single officer or agency to receive reports of suspicious transactions. Currently, depository institutions file multiple forms on such transactions with different law enforcement agencies. Adoption of a standard form and collection point will eliminate duplication and streamline enforcement.

Title IV also includes provisions designed to fill gaps in the current system. Reporting requirements are broadened to cover bank drafts drawn on foreign financial institutions. Likewise, the Comptroller General is directed to study the extent to which cashiers checks are vulnerable to money laundering schemes.

This legislation is an important step to improve the Nation's anti-money laundering efforts. I want to particularly commend Senator BRYAN for his leadership in this area.

FLOOD INSURANCE

Title V amends the National Flood Insurance Act of 1968 to reform the National Flood Insurance Program. The legislation seeks to improve compliance by lenders in mandating purchase of insurance for properties in flood hazard areas. Improved compliance will increase participation by owners of homes in flood hazard areas, thereby strengthening the financial condition of the flood insurance system and the overall protection that it provides to citizens who are victims of floods.

The legislation creates a new supplemental insurance program to reduce the number of properties that do not comply with current flood protection standards. Structures will be rebuilt up to current building code standards, ultimately reducing the risk of future flood damage.

Title V also codifies the current Community Rating System program implemented by the Federal Emergency Management Agency. This program provides incentives, in the form of reduced flood insurance premiums, for communities that voluntarily adopt and enforce measures that reduce the risk of flood damage.

CONCLUSION

Again, I would like to thank all the members of the Banking Committee, for their efforts in developing this legislation. I also want to thank all of the conferees and my colleagues for naming this bill The Riegle Community Development and Regulatory Improvement Act of 1994.

Finally, I would like to pay special tribute to the staff. This bill was crafted on a bipartisan basis and Senator D'AMATO and his staff, under the able leadership of Howard Menell, deserve tremendous credit. Recognizing the Democratic staff, I would like to compliment the outstanding work done by a number of people. Taking the bill title by title I would like to especially acknowledge and thank the following individuals: Title IA, the Community Development Banking and Financial Institutions Act, Jeannine Jacokes, Mark Kaufman, and Matt Roberts; Title IB, Home Ownership and Equity Protection, Mark Kaufman, Matt Roberts, and Glenn Ivey; Title IIA, Small Business Loan Securitization, Mitchell Feuer and Pat Lawler; Title IIB, Small Business Capital Enhancement, Clem Dinsmore and Mitchell Feuer; Title III, Paperwork Reduction and Regulatory

Improvement, Tim McTaggart, Mark Kaufman, Sarah Bloom-Raskin, Kay Bondehagen and Tim Mitchell; Title IV, Money Laundering, Tim McTaggart and Andy Vermilye; and Title V, National Flood Insurance, Jeannine Jacokes, Jonathan Winer, Paul Weech and Tony Orza. I would also like to acknowledge and highlight the contributions of Mitchell Feuer, Marty Gruenberg and Courtney Ward who were especially helpful throughout the process and, in particular, the conference. The Banking Committee also has a terrific professional administrative staff and I would like to express my deep appreciation for the work done by: Amy Kostanecki, Teresa Ho, Tim Mitchell, Cindy Lasker, Sheila Duffy, Stefani Lako, Kris Warren and Emily Frydrych, as well as Kelly Cordes, Joseph Hepp and Paula Garfinkle.

The conference report on H.R. 3474 is an extremely important legislative accomplishment, and I urge its speedy adoption.

Mr. D'AMATO. Mr. President, I urge the Senate's approval of the conference Report on H.R. 3474, the Riegle Community Development and Regulatory Improvement Act of 1994. The conference report contains numerous provisions and titles intended to facilitate the flow of credit to small- and medium-size business through the securitization and sale of loans, protect consumers from abusive lending practices, provide incentives for community development, and provide relief from burdensome regulation for banks and savings and loans without affecting essential safety and soundness protections. In addition, the conference report contains long overdue reforms to the National Flood Insurance Program.

Mr. President, like all legislation that survives the rigors of the legislative process, the bill is the result of extensive collaboration between Senators on both sides of the aisle and colleagues in the House, between consumer interests and business perspectives and between the administration and Congress. Many individual members have played a role in introducing and perfecting the various titles of the bill.

In the Senate, Senators, BOND, MACK, and KERRY have spent countless hours studying, debating, and finally agreeing on, important and balanced reforms in the National Flood Insurance Program. This bill is the culmination of efforts that began in the previous Congress. I want to commend them for their diligence.

Mr. President, thanks to the leadership of Senators MACK and SHELBY, the bill contains dozens of provisions intended to alleviate some unnecessary and costly regulatory burdens from our banking and thrift institutions. The goals of this regulatory pruning are to make it less costly and easier for these entities make loans to consumers and businesses. Our colleagues deserve credit for their efforts. It must also be said that the administration was helpful to this legislative effort as part of its program to alleviate the credit crunch.

Mr. President, the bill also contains many provisions helpful to small business. I am proud to be the original sponsor of legislation, incorporated into this conference report, to increase the capital available to small business by removing impediments to the securitization of small business loans and leases. I want to acknowledge the efforts and support of Representatives JOHN LAFALCE and PAUL KANJORSKI who introduced legislation in the House of Representatives to achieve this same purpose. While the conferees adopted the Senate provision in large part, the final text reflects the close consultation with and the improvements of my House colleagues. I am sure we will continue to collaborate on legislation in the future to aid the small business community. I also want to acknowledge the cooperation and support of the House Committee on Energy and Commerce in working through the aspects of the bill within their jurisdiction.

Mr. President, the title of the conference report dealing with community development warrants special mention. The chairman of our committee, Senator RIEGLE, deserves enormous credit for his initiative and dedication in developing constructive legislation designed to facilitate increased community development activity by traditional lenders and experimentation with new ideas. While the administration sent Congress a proposal in this area, it was Chairman RIEGLE that presided over many hearings, and dedicated himself to forging a compromise capable of achieving bipartisan support and he deserves a great deal of credit for the final provisions. I am especially pleased, and I want to note, that Representative FLOYD FLAKE, my colleague from New York, has also left a strong and indelible imprint on this legislation. Represenative FLAKE'S previous efforts, in the context of the Bank Enterprise Act, demonstrated his strong commitment to these kinds of programs. His district is a living example of what is achievable when innovation and dedication are joined with capital and credit to develop and redevelop parts of communities that have not been reached by traditional institutions of government or finance. Mr. FLAKE has proven once again that he is a leader in Congress as well as in his district.

Finally, as the ranking minority member among the Senate conferees on the CDFI bill, I want to make clear the intention of the conferees with respect to the independence of the Office of Thrift Supervision and the Office of the Comptroller of Currency from the Department of Treasury with respect to rulemaking. Section 331 of the conference report plainly states that the Secretary of the Treasury "may not delay or prevent the issuance of any rule or the promulgation of any regulation" by the Director of the Office of Thrift Supervision or the Comptroller of the Currency. The accompanying narrative spells out the intent of the conferees in this area unambiguously, when it states "regulations developed by the OCC and OTS shall no longer be subject to a Treasury Department review or clearance process that allows the Treasury to block, delay or rewrite any OCC or OTS proposed or final regulation that the Comptroller of the Currency or the Director of the OTS has determined to issue."

There is nothing ambiguous about either the statutory language or the accompanying narrative. Nevertheless, an effort has been made on the floor of the House to reinterpret this provision as if the conferees intended it to have no effect—as if our real intent was for the Secretary to continue to review proposed regulations of the OCC and OTS, continue to rewrite and revise them, continue to delay or block their issuance, and so forth. Some of the conferees may have desired that outcome, but they did not prevail in the conference committee. Their characterization of the conferees' intentions lacks foundation. It directly contradicts both the legislative language and the narrative explanation of that language. Our intention—and I speak as one of the authors of this language—was not to leave the current review process in place. Our intention was to create a new process in which the Treasury Department would no longer review OTS and OCC rules and regulations. We opted for change. We rejected the status quo. The conference report, duly adopted by the conference committee, plainly and accurately describes the choices the conference committee made. It speaks for itself.

Mr. President, in all, this is a significant legislative achievement. For the Senate Committee on Banking, Housing, and Urban Affairs, it will accomplish a major part of the legislative agenda for this Congress. Chairman RIEGLE and I have consulted closely every step of the way in an effort to work together in the spirit of bipartisanship. He has been exceedingly gracious and fair, since I became the ranking member. I believe all the members of the committee appreciate the hospitable environment he has fostered. It enables us to fashion significant legislation, such as the bill before us today, as well as to debate fully measures on which we disagree.

Mr. President, I want to acknowledge my gratitude to all of the members of the Banking Committee, to the staff, and to my colleagues in the House of Representatives.

Mr. DOMENICI. Mr. President, I would like to thank and compliment Senators RIEGLE, D'AMATO, SHELBY, and MACK for the leadership they have exhibited on one or more titles of this bill.

Title II of this conference report will enhance capital availability for small businesses lending and commercial real estate lending. Since we can't bring these small business and real estate buildings to Wall Street, this bill brings Wall Street resources to main street all over America using the process of securitization.

I am very pleased that the conference report includes the Small Business Securitization Act. This legislation will make more funds available for lending to small business. It is a market driven approach that won't cost the Federal Government a single dollar. It significantly removes current legal impediments to the securitization of small business loans.

Securitization is the banking world's version of recycling. A bank makes a loan to a small business, and rather than waiting for that small business to pay back the loan before the bank can make another loan, the bank sells the loan so that it can be pooled, securitized and sold in the secondary market. Once the local bank sells the loan, it receives the proceeds and it is then in the position to immediately make another loan to help another business. That is why I call securitization financial resources "recycling." It means that more small businesses can be provided credit faster.

This title of the bill will bring new sources of funds to small- and medium-sized businesses. It will enable pension funds, insurance companies, trust departments and other institutional and private investors to invest in small business loans made by other financial institutions. Additionally by increasing the number of market participants it will increase competition and lower interest rates. Eventually, this will enable financial institutions to increase their volume of lending to better meet the credit needs of small businesses.

The bottom line is that this bill means more credit for small businesses at lower rates.

Section 347 of the conference report addresses credit availability for commercial real estate by removing impediments to "securitization" of commercial real estate loans. This is the process Wall Street uses to convert relatively illiquid real estate assets into marketable securities that can be purchased by a broad range of investors including pension funds, banks, insurance companies, mutual funds and investment funds. The securities are backed by pools of commercial mortgages or sometimes by a single property, such as a large urban, mixed use complex.

Securitization makes money for commercial real estate lending "recyclable."

A banker makes a loan, sells it, takes the proceeds and lends it out again. Wall Street buys the loans, pools them, securitizes them and enables banks to make more loans without waiting for repayment years in the future.

The same process has made trillions of dollars available for residential lending and has resulted in millions of families getting the mortgage capital they need to become home owners.

Section 347 of this bill are based upon S. 1728, the Commercial Mortgage Capital Availability Act of 1993 which Senator BRYAN and I introduced earlier this Congress. Section 347 amends the Secondary Mortgage Market Enhancement Act [SMMEA] to allow securities backed by mortgages secured by liens on commercial property to qualify as Mortgage Related Securities [MRS] as defined in SMMEA. This confers several significant benefits. It authorizes various federally and State-chartered institutions to invest in committed MRS. It preempts state blue sky laws—subject to a 7 year opt out mechanism. It provides various exceptions to the Securities Act of 1934 to allow for delayed settlements—up to 180 days—to account for the forward delivery nature of the mortgage market. MRS status is conferred on mortgage securities rated by at least two nationally known rating agencies in their top two investment grades. The mortgages themselves must be originated by federally regulated mortgagees. This section eases the margin requirements under the Federal securities laws and provides permission for depository institutions to purchase these commercial real estate backed securities under conditions established by their regulators.

There are strong reasons to confer the benefits of SMMEA on the commercial real estate market. The expected greater credit availability should add stability to the commercial real estate market. While credit availability alone will not correct the effects of overbuilding, at least it would assure that as rents and values stabilize, credit will be more readily available to help assure orderly disposition of REO and assets acquired by FDIC and RTC liquidators.

The Community Development Financial Institutions title of the bill gives the Government a role in selected private microloan fund lending, and low income credit union lending. This is lending that these nonprofits have been pioneering for years.

These private initiatives have shown us that people and a little money can make a big difference. This bill takes the $382 million we are authorizing over the next 4-year period and puts into place the policies that will make the Federal Government a partner in some of these worthwhile endeavors.

In New Mexico, we have two established community development financial institutions: The New Mexico Community Development Loan Fund and the Women's Economic Self-Sufficiency Team, both located in Albuquerque. We also have several CDFI Coalition Affiliates: Home Education Livelihood Program, Inc., of Albuquerque; Siete del Norte Community Development Corp., Embudo, NM; and the Navajo Townsite Community Development Corp. in Navajo, NM.

Let me take one of these programs, the Navajo Townsite Community Development Corp., and tell you about the big difference it has been making with a little money. In the past 4 years, this group has worked with McKinley County, the New Mexico legislature, the U.S. Department of Health and Human Services, the Bureau of Indian Affairs, and the Navajo Nation's Division of Economic and Community Development.

The Navajo Townsite Community Development Corp. has used $5.4 million for social, economic and infrastructure programs to benefit the 3,100 residents of Navajo, McKinley County, NM. It helped finance a shopping center; provided start-up funds for several businesses; and helped fund a day care center. All in all, the program has created almost 100 jobs.

Another New Mexico fund is WESSTcorp which is a nonprofit agency created to help women start and grow their businesses. Over the past 5 years WESSTcorp has helped more than 250 women develop their businesses. The fund has yet to experience a defaulted loan.

The New Mexico Community Development Loan Fund is a private, nonprofit financial intermediary created in 1989, and dedicated to the economic and social empowerment of the people of the State. It currently has $820,000 in capital under management. Its capital has come from Catholic women religious groups, Protestant religious groups, Jewish synagogues, foundation program-related investments, corporations, and Federal economic development programs. It is well underway. It has made 17 loans totaling $284,571. All loans are current and the fund has experienced no losses.

The New Mexico Community Development Loan Fund has helped people from one end of the State to the other. It has financed an organic grower's purchase of equipment; helped finance inventory for a nonprofit store which sells crafts made by low income New Mexican artisans. It has financed a transitional housing project in Santa Fe. It has financed a grassroots organization which provides various health and social services to low income villages near Las Cruces. It helped finance an expansion of a health care facility used by farm worker families and the elderly.

Another interesting project helped finance the Costilla Co-op's purchase of dollmaking materials. The co-op makes and sells Hispanic folk art dolls. Another loan helped a Southwest fashion cottage industry in Costilla and Amalia buy industrial sewing machines. It helped finance land acquisition for the Grant County Cooperative Ownership Development Corp. in Silver City. This small business incubator center will help other small businesses develop by holding down the costs of offering services. Another loan helped the Santa Fe Housing Authority set a renters' fund for single mothers and fathers who needed down payment assistance.

Nationwide, community development loan funds have loaned more than $100 million which has leveraged $760 million in public and private capital to finance 15,000 housing units and to create 3,500 jobs for poor Americans. This bill will make the Federal Government an investor in some of these worthwhile endeavors.

This bill authorizes $382 million over a 4-year period. This isn't a lot of money when you measure it by the need. For this reason I am pleased that a leveraging provision—section 113—that a group of Senate Banking Committee members worked on is included in the bill.

Senator SHELBY and Senator MACK should be commended for their efforts on regulatory burden relief. This is one of the most significant titles in this bill and I am very pleased that Congress took this initiative to reduce the paperwork required of banks and other financial institutions.

I am pleased that the conference bill includes a data collection provision which will in the future help the Banking Committee and lending institutions evaluate lending practices to women and other minorities.

The conference report includes a provision which includes Indian reservations in the definition of an eligible investment area. Senator CAMPBELL and I authored an amendment to insure that the Indian reservations are treated like the urban and rural enterprise zones. These provisions, in conjunction with the provisions included in the Reconciliation Act of 1993 should help spur investment on Indian reservations.

Another title of this bill is the home equity protection title. Predatory lending operates in a credit vacuum created when mainstream banks abandon direct lending in minority neighborhoods. This legislation will put a stop to some of the most predatory practices that equity skimmers engage in.

I am pleased that the Senate is passing this piece of banking legislation.

Mr. MACK. Mr. President, I would like to ask the managers to clarify a point in this legislation. It is my understanding that nothing in this conference report changes the intent outlined by the chairman of the Banking Committee during the initial consideration of this bill in the Senate, that credit insurance will be treated consistently with the current provisions of the Truth in Lending Act.

Mr. RIEGLE. I am pleased to clarify for my friend from Florida, that his understanding is correct.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the conference report be adopted and the motion to reconsider be laid upon the table; and that any statements relating to this conference report be printed in the RECORD at the appropriate place.

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

So the conference report was agreed to.

AMERICA'S HEALTH CARE OPTIONS ACT

Mr. MOYNIHAN. Now, under rule 14, Mr. President, I understand that S. 2374, America's Health Care Options Act, introduced earlier today by Senators DOLE and PACKWOOD, is at the desk?

The PRESIDING OFFICER. The Senator is correct.

Mr. MOYNIHAN. I ask, then, for its first reading.

The PRESIDING OFFICER. The clerk will read the bill for the first time.

The assistant legislative clerk read as follows:

A bill (S. 2374) to improve the United States private health care delivery system and Federal health care programs, to control health care costs, to guarantee access to health insurance coverage for all Americans, and for other purposes.

Mr. MOYNIHAN. Mr. President, I now ask for its second reading.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. I object.

The PRESIDING OFFICER. Objection is heard.

The bill will be read the second time on the next legislative day.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees and a treaty.

(The nominations received today are printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 11:51 a.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 joint resolution, without amendment:

S.J. Res. 204. Joint resolution recognizing the American Academy in Rome, and American overseas center for independent study and advanced research, on the occasion of the 100th anniversary of its founding.

The message also announced that the House agrees to the amendment of the Senate to the bill (H.R. 1631) to amend title 11, District of Columbia Code, to increase the maximum amount in controversy permitted for cases under the jurisdiction of the Small Claims and Conciliation Branch of the Superior Court of the District of Columbia.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4649) making appropriations for the government of the District of Columbia and other activities chargeable in whole, or in part, against the revenues of said District for the fiscal year ending September 30, 1995, and for other purposes; that the House recedes from its disagreement to the Senate amendment numbered 11 and concurs therein; and that the House recedes and concurs with an amendment to the amendments of the Senate numbered 3, 6, 12, 15, 18, 20, 21, and 23.

At 2:27 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 bill, with an amendment, in which it requests the concurrence of the Senate:

S. 725. An act to amend the Public Health Service Act to provide for the conduct of expanded studies and the establishment of innovative programs with respect to traumatic brain injury, and for other purposes.

The message also announced that the House has passed the following bill and joint resolution, each with amendments, in which it requests the concurrence of the Senate:

S. 1703. An act to expand the boundaries of Piscataway National Park, and for other purposes.

S.J. Res. 153. Joint resolution to designate the week beginning on November 21, 1993 and ending on November 27, 1993, and the week beginning on November 20, 1994 and ending on November 26, 1994, as "National Family Caregivers Week".

The message further announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1562. An act to amend title V of Public Law 96-550, designating the Chaco Culture Archaeological Protection sites, and for other purposes.

H.R. 2942. An act to designate certain lands in the Commonwealth of Virginia as a National Scenic Area for protection of the watershed and scenic values, recreation use,

protection of wildlife and their habitat, and for other purposes.

H.R. 3050. An act to expand the boundaries of the Red Rock Canyon National Conservation Area.

H.R. 3110. An act to designate the United States courthouse and Federal building to be constructed at the southeastern corner of Liberty and South Virginia Streets in Reno, Nevada, as the "Bruce R. Thompson, United States Courthouse and Federal Building."

H.R. 3342. An act to establish a toll free number in the Department of Commerce to assist consumers in determining if products are American-made.

H.R. 3905. An act to provide for the establishment and management of the Opal Creek Forest Preserve in the State of Oregon.

H.R. 3964. An act to expand the boundary of the Santa Fe National Forest, and for other purposes.

H.R. 4230. An act to amend the American Indian Religious Freedom Act to provide for the traditional use of peyote by Indians for religious purposes, and for other purposes.

H.R. 4386. An act to amend title 38, United States Code, authorizing the Secretary of Veterans Affairs to provide compensation to veterans suffering from disabilities resulting from illnesses attributed to service in the Persian Gulf theater of operations during the Persian Gulf War, to provide for increased research into illnesses reported by Persian Gulf War veterans, and for other purposes.

H.R. 4455. An act to authorize the Export-Import Bank of the United States to provide financing for the export of nonlethal defense articles and defense services the primary end use of which will be for civilian purposes.

H.R. 4489. An act to authorize appropriations to the National Aeronautics and Space Administration for human space flight, science, aeronautics, and technology, mission support, and Inspector General, and for other purposes.

H.R. 4543. An act to designate the United States courthouse to be constructed at 907 Richland Street in Columbia, South Carolina, as the "Matthew J. Perry, Jr. United States Courthouse."

H.R. 4545. An act to amend the Federal Railroad Safety Act of 1970, and for other purposes.

H.R. 4653. An act to settle Indian land claims within the State of Connecticut, and for other purposes.

H.R. 4727. An act to designate the Federal building located at 125 Market Street in Youngstown, Ohio, as the "Thomas D. Lambros Federal Building."

H.R. 4751. An act to reauthorize appropriations for the weatherization program under section 422 of the Energy Conservation and Production Act.

H.R. 4752. An act to amend the Energy Policy and Conservation Act to manage the Strategic Petroleum Reserve more effectively, and for other purposes.

H.R. 4772. An act to designate the Federal building and United States courthouse located at 215 South Evans Street in Greenville, North Carolina, as the "Walter B. Jones Federal Building and United States Courthouse."

H.R. 4790. An act to designate the United States courthouse under construction in St. Louis, Missouri, as the "Thomas F. Eagleton United States Courthouse."

H.R. 4812. An act to direct the Administrator of General Services to acquire by transfer the Old U.S. Mint in San Francisco, California, and for other purposes.

ENROLLED JOINT RESOLUTION SIGNED

At 4:21 p.m., a message from the House of Representatives, delivered by Mr. Hays, one of its reading clerks, announced that the Speaker has signed the following joint resolution:

S.J. Res. 178. Joint resolution to proclaim the week of October 16 through October 22, 1994 as "National Character Counts Week."

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 3050. An act to expand the boundaries of the Red Rock Canyon National Conservation Area; to the Committee on Energy and Natural Resources.

H.R. 3110. An act to designate the United States courthouse and Federal building to be constructed at the southeastern corner of Liberty and South Virginia Streets in Reno, Nevada, as the "Bruce R. Thompson, United States Courthouse and Federal Building; to the Committee on Environment and Public Works.

H.R. 3342. An act to establish a toll free number in the Department of Commerce to assist consumers in determining if products are American-made; to the Committee on Commerce, Science, and Transportation.

H.R. 3905. An act to provide for the establishment and management of the Opal Creek Forest Preserve in the State of Oregon; to the Committee on Energy and Natural Resources.

H.R. 4230. An act to amend the American Indian Religious Freedom Act to provide for the traditional use of peyote by Indians for religious purposes, and for other purposes; to the Committee on Indian Affairs.

H.R. 4386. An act to amend title 38, United States Code, authorizing the Secretary of Veterans Affairs to provide compensation to veterans suffering from disabilities resulting from illnesses attributed to service in the Persian Gulf theater of operations during the Persian Gulf War, to provide for increased research into illnesses reported by Persian Gulf War veterans, and for other purposes; to the Committee on Veterans' Affairs.

H.R. 4489. An act to authorize appropriations to the National Aeronautics and Space Administration for human space flight, science, aeronautics, and technology, mission support, and Inspector General, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 4543. An act to designate the United States courthouse to be constructed at 907 Richland Street in Columbia, South Carolina, as the "Matthew J. Perry, Jr. United States Courthouse"; to the Committee on Environment and Public Works.

H.R. 4545 An act to amend the Federal Railroad Safety Act of 1970, and for other purposes; to the Committee on Commerce, Science, and Transportation.

H.R. 4727. An act to designate the Federal building located at 125 market Street in Youngstown, Ohio, as the "Thomas D. Lambros Federal Building"; to the Committee on Environment and Public Works.

H.R. 4751. An act to reauthorize appropriations for the weatherization program under section 422 of the Energy Conservation and Production Act; to the Committee on Energy and Natural Resources.

H.R. 4752. An act to amend the Energy Policy and Conservation Act to manage the Strategic Petroleum Reserve more effectively, and for other purposes; to the Committee on Energy and Natural Resources.

H.R. 4772. An act to designate the Federal building and United States courthouse located at 215 South Evans Street in Greenville, North Carolina, as the "Walter B. Jones Federal Building and United States Courthouse"; to the Committee on Environment and Public Works.

H.R. 4790. An act to designate the United States courthouse under construction in St. Louis, Missouri, as the "Thomas F. Eagleton United States Courthouse"; to the Committee on Environment and Public Works.

MEASURES PLACED ON THE CALENDAR

The following bills were read the first and second times by unanimous consent and placed on the calendar:

H.R. 1562. An act to amend title V of Public Law 96-550, designating the Chaco Culture Archeological Protection sites, and for other purposes.

H.R. 3964. An act to expand the boundaries of the Santa Fe National Forest, and for other purposes.

H.R. 4812. An act to direct the Administrator of General Services to acquire by transfer the Old U.S. Mint in San Francisco, California, and for other purposes.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. KENNEDY, from the Committee on Labor and Human Resources, without amendment:

S. 2344. A bill to authorize appropriations for the National Science Foundation, and for other purposes (Rept. No. 103-328).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. NUNN, from the Committee on Armed Services:

The following named officer for reappointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

To be lieutenant general

Lt. Gen. Michael E. Ryan, 505-54-9889, United States Air Force.

(The above nomination was reported with the recommendation that he be confirmed.)

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. SIMON:

S. 2372. A bill to reauthorize for three years the Commission on Civil Rights, and for other purposes; to the Committee on the Judiciary.

By Mr. HOLLINGS (for himself, Mr. KERRY, Mr. BREAUX, Mr. STEVENS, Mr. LAUTENBERG, and Mr. GORTON):

S. 2373. A bill to authorize appropriations for fiscal year 1995 for the United States Coast Guard, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. DOLE (for himself and Mr. PACKWOOD):

S. 2374. A bill to improve the United States private health care delivery system and Federal health care programs, to control health care costs, to guarantee access to health insurance coverage for all Americans, and for other purposes; read the first time.

By Mr. LEAHY:

S. 2375. A bill to amend title 18, United States Code, to make clear a telecommunications carrier's duty to cooperate in the interception of communications for law enforcement purposes, and for other purposes,; to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SIMON:

S. 2372. A bill to reauthorize for 3 years the Commission on Civil Rights, and for other purposes; to the Committee on the Judiciary.

CIVIL RIGHTS COMMISSION REAUTHORIZATION ACT OF 1994

• Mr. SIMON. Mr. President, I introduce legislation to reauthorize the U.S. Commission on Civil Rights. The authorization for the Commission expires on September 30, 1994, and the Constitution Subcommittee, which I chair, has jurisdiction over reauthorization.

Since 1957, when the U.S. Commission on Civil Rights was first established, our Nation has made considerable progress in fulfilling the promise of equal rights. But the problems of discrimination have hardly been solved; in many ways, they have just grown more complex. The Nation continues to need a Civil Rights Commission that is true to its original purpose as an independent, nonpartisan, fact-finding agency.

Mr. President, it is no secret that there have been some problems at the Commission over the years, particularly during the 1980's. Many who have worked tirelessly in the civil rights community for years, and who have observed and worked with the Commission during that time, continue to have some skepticism about the work of the Commission. Frankly, the Commission needs to do a better job of reaching out to the organizations and communities with which it has worked closely in the past.

The U.S. Commission on Civil Rights should not just react to the civil rights issues of the day, but should provide leadership on these issues. It is my hope that the Commission can once again raise the consciousness of the Nation on civil rights matters. I believe that the Commission is now headed in that direction.

The legislation I introduce today will reauthorize the Commission for a 3 year period through the end of fiscal year 1997. It retains the mission and organizational structure of the Commission but authorizes the preparation of public service announcements and advertising campaigns to discourage discrimination or the denial of equal protection of the laws based on color, race, religion, sex, age, disability, or national origin.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2372

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Civil Rights Commission Reauthorization Act of 1994".

SEC. 2. COMMISSION ON CIVIL RIGHTS.

Section 5(a) of the United States Commission on Civil Rights Act of 1983 (42 U.S.C. 1975c(a)) is amended to read as follows:

"(a) INVESTIGATORY AND OTHER DUTIES.—The Commission shall—

"(1) investigate allegations, in writing, under oath or affirmation, relating to deprivations of civil rights based on color, race, religion, sex, age, disability, or national origin, or as a result of any pattern or practice or fraud, or denial of the right to vote and have votes counted; and

"(2) study, collect, make appraisals of, serve as a national clearinghouse for information on, and prepare public service announcements and advertising campaigns to discourage discrimination or the denial of equal protection of the laws, including the administration of justice, based on color, race, religion, sex, age, disability, or national origin.".

SEC. 3. REAUTHORIZATION.

Section 7 of the United States Commission on Civil Rights Act (42 U.S.C. 1975e) is amended to read as follows:

"SEC. 7. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this Act $9,500,000 for fiscal year 1995.

SEC. 4. TERMINATION.

Section 8 of the United States Commission on Civil Rights Act (42 U.S.C. 1973f) is amended by striking "1994" and inserting "1997".•

By Mr. HOLLINGS (for himself, Mr. KERRY, Mr. BREAUX, Mr. STEVENS, Mr. LAUTENBERG, and Mr. GORTON):

S. 2373. A bill to authorize appropriations for fiscal year 1995 for the U.S. Coast Guard, and for other purposes; to the Committee on Commerce, Science, and Transportation.

COAST GUARD AUTHORIZATION ACT OF 1994

• Mr. HOLLINGS. Mr. President, I introduce the Coast Guard Authorization Act of 1994. This bill provides the core authorization for the Coast Guard for fiscal year 1995. The legislation also contains several provisions which amend existing Coast Guard administrative statutes to improve personnel management. These provisions would authorize: First, an end-of-year military strength level of 39,000, as well as annual training levels; second, child development services for Coast Guard personnel; third, contracts for health care services; and fourth, special programs for recruiting women and minorities into the Coast Guard. Finally, the bill provides the Coast Guard with additional authority to address important marine safety and environmental issues such as recreational boating safety, towing vessel safety, and marine plastic pollution.

The appropriations levels authorized are consistent with the administration's budget request of $3.8 billion for fiscal year 1995, and represent less than a 4-percent overall increase from the level appropriated in fiscal year 1994. Most of this increase would be used to fund growing acquisition costs for major projects, including coastal and seagoing buoy tender replacements, procurement of new motor lifeboats and small patrol boats, continued development of vessel traffic service systems for high-risk ports, and icebreaker-related costs. In addition, over $80 million is needed to fund built-in changes such as pay raises, cost-of-living allowances, and retired pay increases.

As in previous years, the Coast Guard budget does not fully reflect the breadth and complexity of its missions. On any average day in 1993, the Coast Guard: Saved 15 lives; assisted 330 people; responded to 34 oil or hazardous chemical spills; inspected 64 commercial vessels; seized 318 pounds of marijuana and 253 pounds of cocaine with a street value of $7.7 million; serviced 150 aids to navigation; and interdicted 112 illegal aliens. The proposed funding levels in this bill are the minimum needed by the Coast Guard to carry out this impressive array of activities.

On the issue of recreational boating safety, the bill amends the existing funding mechanism for the boat safety account of the aquatic resources trust fund to ensure the availability of grants for State programs to promote recreational boating safety. The legislation builds on provisions of the Clean Vessel Act of 1992 and would make the budget scoring comparable to other State grant programs supported by the trust fund. The bill also would improve recreational boating safety by: First, requiring children under the age of 6 to wear life jackets; second, allocating boating safety grants based on adoption of State laws regarding boating while intoxicated; third, calling for a plan to improve reporting of vessel accidents; and fourth, requiring negligent boaters to complete an approved boating safety course. These provisions respond to a study by the National Transportation Safety Board calling for aggressive action to reduce recreational boating accidents.

With respect to towing vessel safety, the bill authorizes the Coast Guard action to deal with the tragic derailing in

1993 of an Amtrak passenger train near Mobile, AL, that caused the deaths of 47 people. The suspected cause of the accident was poor navigational training and equipment that led a towboat operator to veer off course, ram a railroad bridge, and push the tracks out of alignment. As a result, the Coast Guard and the Federal Railroad Administration initiated an action plan to minimize the risk of any similar tragedy in the future. The plan elements included in this legislation call for stronger licensing requirements for towboat operators, upgraded radar and navigational equipment, reduced accident reporting times, and increased penalties for failure to report accidents.

Finally, the bill would further U.S. implementation of annex V of the International Convention for the Prevention of Pollution from Ships [MARPOL]. Annex V of MARPOL restricts the discharge of garbage from ships and bans at-sea disposal of plastic wastes. The bill before us today would amend existing U.S. statutes that implement MARPOL to strengthen Coast Guard enforcement capability, ensure adequate waste reception facilities at ports and terminals, and encourage public education and reporting programs.

Mr. President, last week we celebrated the 204th birthday of the U.S. Coast Guard. Coast Guard men and women have served our Nation continuously since August 4, 1790, when Secretary of the Treasury Alexander Hamilton ordered the construction of revenue cutters to stop smuggling and enforce tariffs.

Today, Coast Guard active duty, civilian, reserve, and auxiliary personnel perform many more missions than those with which the service was tasked in 1790. Over the past two centuries, the U.S. Coast Guard has built an enduring reputation throughout the world for its humanitarian and lifesaving efforts. We have all watched the valiant and often heroic work of Coast Guard seamen and officers as they rescue desperate Haitian refugees who have taken to the seas in crowded and makeshift boats. On a recent search-and-rescue mission near Humboldt Bay, CA, four Coast Guard helicopter crewmen made the ultimate sacrifice when they lost their lives in an attempt to save others. Even in the remote regions of the world the Coast Guard is present, actively engaged in the enforcement of U.N. embargoes against countries like the former Republic of Yugoslavia and Iraq.

Whether it is search-and-rescue operations or drug interdiction, fisheries law enforcement or marine pollution prevention, the Coast Guard steps forward when called. The men and women of the Coast Guard respond with equal dedication during war and during peacetime. I ask my colleagues to recognize this service by joining me in supporting Coast Guard authorization legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 2373

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Coast Guard Authorization Act of 1994".

(b) TABLE OF CONTENTS.—

1. Short title; table of contents.

I. AUTHORIZATIONS

101. Authorization of Appropriations
102. Authorized Levels of Military Strength and Training

II. PERSONNEL MANAGEMENT IMPROVEMENT

201. Funds for Recruiting
202. Provision of Child Development Services
203. Hurricane Andrew Relief
204. Dissemination of Results of O-6 Continuation Boards
205. Exclude Certain Reserves from End-of-Year Strength
206. Officer Retention until Retirement Eligible
207. Special Recruiting Authority to Achieve Diversity
208. Contracts for health care services

III. MARINE SAFETY AND WATERWAY SERVICES MANAGEMENT

301. State Recreational Boating Safety Grants
302. Boating Access
303. Foreign Passenger Vessel User Fees
304. Increased Penalties for Documentation Violations
305. Outer Continental Shelf Civil Penalties
306. Amendments to Require EPIRBs in the Great Lakes
307. Inspection of Small Passenger Vessels
308. Penalties for Alteration of Marine Safety Equipment

IV. MISCELLANEOUS PROVISIONS

401. Thacher Island Lighthouse
402. Transfer of Coast Guard Property in Ketchikan, Alaska
403. Florida Avenue Bridge
404. Tuna Fishing Vessels

V. RECREATIONAL BOATING SAFETY IMPROVEMENT ACT

501. Personal Flotation Devices Required for Children
502. Adoption of State Laws to Prevent Intoxicated Boaters
503. Marine Casualty Reporting
504. Recreational Boating Safety Course for Violators
505. Technical Corrections

VI. TOWING VESSEL SAFETY

601. Minimum Navigational Safety Equipment
602. Demonstration of Proficiency in Use of Safety Equipment
603. Reporting Marine Casualties
604. Manning and Licensing Report
605. Report on Satellite Navigation and Electronic Charts

VII. ACT TO PREVENT POLLUTION FROM SHIPS AMENDMENTS

701. Definition of Operators
702. Prevention of Pollution from Ships
703. Marine Plastic Pollution Research and Control

TITLE I—AUTHORIZATION

SEC. 101. AUTHORIZATION OF APPROPRIATIONS.

(a) Funds are authorized to be appropriated for necessary expenses of the Coast Guard for fiscal year 1995, as follows:

(1) For the operation and maintenance of the Coast Guard, $2,630,505,000, of which $25,000,000 shall be derived from the Oil Spill Liability Trust Fund.

(2) For the acquisition, construction, rebuilding, and improvement of aids to navigation, shore and offshore facilities, vessels, and aircraft, including equipment related thereto, $439,200,000, to remain available until expended, of which $32,500,000 shall be derived from the Oil Spill Liability Trust Fund to carry out the purposes of section 1012(a)(5) of the Oil Pollution Act of 1990.

(3) For research, development, test, and evaluation of technologies, materials, and human factors directly relating to improving the performance of the Coast Guard's mission in support of search and rescue, aids to navigation, marine safety, marine environmental protection, enforcement of laws and treaties, ice operations, oceanographic research, and defense readiness, $20,310,000, to remain available until expended, of which $3,150,000 shall be derived from the Oil Spill Liability Trust Fund.

(4) For retired pay (including the payment of obligations otherwise chargeable to lapsed appropriations for this purpose), payments under the Retired Serviceman's Family Protection and Survivor Benefit Plans, and payments for medical care of retired personnel and their dependents under chapter 55 of title 10, United States Code, $562,585,000.

(5) For alteration or removal of bridges over navigable waters of the United States constituting obstructions to navigation, and for personnel and administrative costs associated with the Bridge Alteration Program, $13,000,000, to remain available until expended.

(6) For environmental compliance and restoration at Coast Guard facilities, $25,000,000, to remain available until expended.

(b) Section 104 of title 49, United States Code, is amended by adding at the end thereof the following:

"(e) Notwithstanding the provisions of sections 101(d) and 144 of title 23, United States Code, highway bridges determined to be unreasonable obstructions to navigation under the Truman-Hobbs Act may be funded from amounts set aside from the discretionary bridge program. Of the amount authorized for each fiscal year for the discretionary bridge program, not more than $12,880,000 in the case of fiscal year 1995, not more than $14,200,000 in the case of fiscal year 1996, and not more than $17,250,000 in the case of fiscal year 1997 shall be available for such highway bridge projects. The Secretary shall transfer these allocations and the responsibility for administration of these funds to the United States Coast Guard.".

SEC. 102. AUTHORIZED LEVELS OF MILITARY STRENGTH AND TRAINING.

(a) The Coast Guard is authorized an end-of-year strength for active duty personnel of 39,000 as of September 30, 1995. The authorized strength does not include members of the Ready Reserve called to active duty for special or emergency augmentation of regular Coast Guard forces for periods of 180 days or less.

(b) For fiscal year 1995, the Coast Guard is authorized average military training student loads as follows:

(1) For recruit and special training, 2,000 student years.

(2) For flight training, 133 student years.

(3) For professional training in military and civilian institutions, 344 student years.

(4) For officer acquisition, 955 student years.

TITLE II—PERSONNEL MANAGEMENT IMPROVEMENT

SEC. 201. FUNDS FOR RECRUITING.

The text of section 468 of title 14, United States Code, is amended to read as follows:

"The Coast Guard may expend operating expense funds for recruiting activities, including but not limited to advertising and entertainment, in order—

"(1) to obtain recruits for the Service and cadet applicants; and

"(2) to gain support of recruiting objectives from those who may assist in the recruiting effort.".

SEC. 202. PROVISION OF CHILD DEVELOPMENT SERVICES.

(a) Title 14, United States Code, is amended by inserting after section 514 the following new section:

"Sec. 515. Child development services

"(a) The Commandant may make child development services available for members of the armed forces and Federal civilian employees. From funds appropriated to the department in which the Coast Guard is operating, the Commandant may spend such sums as necessary to carry out this program. Child development service benefits provided under the authority of this section shall be in addition to benefits provided under existing programs.

"(b) For purposes of this section, the term 'Coast Guard child development center' includes a 'military child development center', as that term is defined by subsection (b)(1) of the Military Child Care Act of 1989 (10 U.S.C. 113 note), but does not include contractor operated centers or government/contractor cooperatives establishes under section 490b of title 40, United States Code.

"(c)(1) Except as provided in paragraph (2), the Commandant may require child care receipts to be used only for compensation of child development center employees who are directly involved in providing child care.

"(2) If the Commandant determines that compliance with the limitation in paragraph (1) would result in an uneconomical and inefficient use of such fee receipts, the Commandant may (to the extent that such compliance would be uneconomical and inefficient) use such receipts—

"(A) for the purchase of consumable or disposable items for Coast Guard child development centers; and

"(B) if the requirements of such centers for consumable or disposable items for a given fiscal year have been met, for other expenses of those centers.

"(d)(1) The Commandant shall establish a training program for child development center employees. Subject to paragraph (2), satisfactory completion of the training program shall be a condition of employment of any person as a child development center employee.

"(2) The Commandant shall require that each child development center employee complete the training program not later than six months after the date on which the employee is employed as a child development center employee (except that, in the case of a child development center employee hired before the date on which the training program is established, the employee shall complete the program not later than six months after that date).

"(3) The training program established under this subsection shall cover, at a minimum, training in the following:

"(A) Early childhood development;

"(B) Activities and disciplinary techniques appropriate to children of different ages;

"(C) Child abuse prevention and detection; and

"(D) Cardiopulmonary resuscitation and other appropriate emergency medical procedures.

"(e) The Commandant may use funds available to the Coast Guard for operating expenses for Coast Guard child development centers. Such funds shall not be less than the amount of child care fee receipts that are estimated to be received by the Coast Guard during the fiscal year.

"(f) The Commandant may use appropriated funds available to the Coast Guard to provide assistance to family home day care providers so that family home day care services can be provided to uniformed service members and civilian employees of the Coast Guard at a cost comparable to the cost of services provided by Coast Guard child development centers.

"(g) The Commandant shall require that each Coast Guard child development center be inspected not less often than four times a year. Each such inspection shall be unannounced.

"(h) The Secretary shall promulgate regulations to implement this section.".

(b) The table of sections at the beginning of chapter 13 of title 14, United States Code, is amended by inserting after the item related to section 514 the following:

"515. Child development services.".

SEC. 203. HURRICANE ANDREW RELIEF.

Section 2856 of the National Defense Authorization Act for Fiscal Year 1993 (Pub. L. 102-484) applies to the military personnel of the Coast Guard who were assigned to, or employed at or in connection with, any Federal facility or installation in the vicinity of Homestead Air Force Base, Florida, including the areas of Broward, Collier, Dade, and Monroe Counties, on or before August 24, 1992, except that funds available to the Coast Guard, not to exceed $25,000, shall be used. The Secretary of Transportation shall administer the provisions of section 2856 for the Coast Guard.

SEC. 204. DISSEMINATION OF RESULTS OF 0-6 CONTINUATION BOARDS.

Section 289(f) of title 14, United States Code, is amended by striking "Upon approval by the President, the names of the officers selected for continuation on active duty by the board shall be promptly disseminated to the service at large.".

SEC. 205. EXCLUDE CERTAIN RESERVES FROM END-OF-YEAR STRENGTH.

Section 712 of title 14, United States Code, is amended by adding at the end the following new subsection:

"(d) Members ordered to active duty under this section shall not be counted in computing authorized strength in members on active duty or members in grade under this title or under any other law.".

SEC. 206. OFFICER RETENTION UNTIL RETIREMENT ELIGIBLE.

Section 283(b) of title 14, United States Code, is amended—

(1) by inserting "(1)" after "(b)";

(2) by striking the last sentence; and

(3) by adding at the end the following:

"(2) Upon the completion of a term under paragraph (1), an officer shall, unless selected for further continuation—

"(A) except as provided in subparagraph (B), be honorably discharged with severance pay computed under section 286 of this title;

"(B) in the case of an officer who has completed at least 18 years of active service on the date of discharge under subparagraph (A), be retained on active duty and retired on the last day of the month in which the officer completes 20 years of active service, unless earlier removed under another provision of law; or

"(C) if eligible for retirement under any law, be retired.".

SEC. 207. SPECIAL RECRUITING AUTHORITY TO ACHIEVE DIVERSITY.

(a) FINDINGS.—The Congress makes the following findings:

(1) The ability of the United States Coast Guard to perform its functions and duties will be enhanced if the representation of women and minorities in its workforce is increased.

(2) Women and minorities have historically been underrepresented or under utilized in the Coast Guard officer corps.

(3) The number of women and minorities occupying leadership positions in the United States Coast Guard should reflect the proportion of women and minorities in the total workforce.

(4) Women and minorities have historically been underrepresented at the United States Coast Guard Academy.

(5) Notwithstanding intensive application of traditional recruiting programs, the Coast Guard has not been able to rectify the historic underrepresentation or underutilization of women and minorities in the Service and at the Academy and advance beyond the current minority and women recruitment plateau.

(6) Cultural bias in standardized testing or grading procedures may adversely impact on the ability of minorities to compete successfully for admission to the United States Coast Guard Academy.

(7) The education and professional training provided at the United States Coast Guard Academy will be enhanced by the benefits that flow from a diverse student body.

(8) Women and minorities in the United States Coast Guard should be assigned to positions of responsibility that fully utilize their technical, professional and leadership skills.

(9) Because traditional recruiting methods have failed to rectify the historical underrepresentation and under utilization of women and minorities in the United States Coast Guard, it is necessary and appropriate to authorize the use of the special programs for recruiting women and minorities into the United States Coast Guard.

(b) NEW AUTHORITY.—Section 93 of title 14, United States Code, is amended—

(1) by striking "and" after the semicolon at the end of paragraph (t)(2);

(2) by striking the period at the end of paragraph (u) and inserting a semicolon and the word "and"; and

(3) by adding at the end the following:

"(v) obtain research on Coast Guard personnel resource and training needs; and employ special programs for recruiting women and minorities, to include providing financial assistance by grant, cooperative agreement, contract, or otherwise not specifically prohibited by law or regulation, to public or private associations, organizations, or individuals to implement national or local outreach programs intended to rectify underrepresentation or underutilization of women and minorities in the Coast Guard and to meet identified personnel resource requirements and training needs.".

SEC. 208. CONTRACTS FOR HEALTH CARE SERVICES.

(a) Chapter 17 of Title 14, United States Code, is amended by inserting after section 644 the following new section:

"§ 644a. Contracts for health care services

"(a) The Commandant may enter into personal services and other contracts to carry out health care responsibilities pursuant to section 93 of this title and other applicable provisions of law pertaining to the provision of health care services to Coast Guard personnel and covered beneficiaries. The authority provided in this subsection is an addition to any other contract authorities of the Commandant provided by law or as delegated to the Commandant from time to time by the Secretary, including but not limited to authority relating to the management of health care facilities and furnishing of health care services pursuant to title 10 and title 14, United States Code.

"(b) The total amount of compensation paid to an individual in any year under a personal services contract entered into under subsection (a) shall not exceed the amount of annual compensation (excluding allowances for expenses) allowable for such contracts entered into by the Secretary of Defense pursuant to section 1091 of title 10, United States Code.

"(c)(1) The Secretary shall promulgate regulations to assure—

"(A) the provision of adequate notice of contract opportunities to individuals residing in the area of a medical treatment facility involved; and

"(B) consideration of interested individuals solely on the basis of the qualifications established for the contract and the proposed contract price.

"(2) Upon establishment of the procedures under paragraph (1), the Secretary may exempt personal services contracts covered by this section from the competitive contracting requirements specified in section 2304 of title 10, United States Code, or any other similar requirements of law.

"(d) The procedures and exemptions provided under subsection (c) shall not apply to personal services contracts entered into under subsection (a) with entities other than individuals or to any contract that is not an authorized personal services contract under subsection (a).".

(b) The table of sections for chapter 17 of title 14, United States Code, is amended by inserting after the item relating to section 644 the following:

"644a. Contracts for health care services.".

(c) The amendments made by this section shall take effect on October 1, 1994. Any personal services contract entered into on behalf of the Coast Guard in reliance upon the authority of section 1091 of title 10, United States Code, before that date is confirmed and ratified and shall remain in effect in accordance with the terms of the contract.".

TITLE III—NAVIGATION SAFETY AND WATERWAY SERVICES MANAGEMENT

SEC. 301. STATE RECREATIONAL BOATING SAFETY GRANTS.

(a) Transfer of Amounts for State boating Safety Programs.—

(1) TANSFERS.—Section 4(b) of the Act of August 9, 1950 (16 U.S.C. 777c(b); commonly referred to as the "Dingell-Johnson Sport Fish Restoration Act"), is amended to read as follows:

"(b)(1) Of the balance of each annual appropriation remaining after making the distribution under subsection (a), an amount equal to $15,000,000 for fiscal year 1995, $40,000,000 for fiscal year 1996, $55,000,000 for fiscal year 1997, and $69,000,000 for each of fiscal years 1998 and 1999, shall, subject to paragraph (2), be used as follows:

"(A) A sum equal to $7,500,000 of the amount available for fiscal year 1995, and a sum equal to $10,000,000 of the amount available for each of fiscal years 1996 and 1997, shall be available for use by the Secretary of the Interior for grants under section 5604(c) of the Clean Vessel Act of 1992. Any portion of such a sum available for a fiscal year that is not obligated for those grants before the end of the following fiscal year shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for State recreational boating safety programs under section 13106 of title 46, United States Code.

"(B) A sum equal to $7,500,000 of the amount available for fiscal year 1995, $30,000,000 of the amount available for fiscal year 1996, $45,000,000 of the amount available for fiscal year 1997, and $59,000,000 of the amount available for each of fiscal years 1998 and 1999, shall be transferred to the Secretary of Transportation and shall be expended by the Secretary of Transportation for recreational boating safety programs under section 13106 of title 46, United States Code.

"(C) A sum equal to $10,000,000 of the amount available for each of fiscal years 1998 and 1999 shall be available for use by the Secretary of the Interior for—

"(i) grants under section 3(e) of the Boating Improvement Act of 1994; and

"(ii) grants under section 5604(c) of the Clean Vessel Act of 1992.

"(2)(A) Beginning with fiscal year 1996, the amount transferred under paragraph (1)(B) for a fiscal year shall be reduced by the lesser of—

"(i) the amount appropriated for that fiscal year from the Boat Safety Account in the Aquatic Resources Trust Fund established under 9504 of the Internal Revenue Code of 1986 to carry out the purposes of section 13106 of title 46, United States Code; or

"(ii) $35,000,000.

"(B) The amount of any reduction under subparagraph (A) shall be apportioned among the several States under subsection (d) by the Secretary of the Interior.".

(2) CONFORMING AMENDMENT.—Section 5604(c)(1) of the Clean Vessel Act of 1992 (33 U.S.C. 1322 note) is amended by striking "section 4(b)(2) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(2), as amended by this Act)" and inserting "section 5(b)(1) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(1))".

(b) EXPENDITURE OF AMOUNTS FOR STATE RECREATIONAL BOATING SAFETY PROGRAMS.—

(1) Section 13106 of title 46, United States Code, is amended—

(A) by striking the first sentence of subsection (a) and inserting the following: "An amount equal to one-half of the amount transferred for each fiscal year to the Boat Safety Account under section 9503(c)(4) of the Internal Revenue Code of 1986 (26 U.S.C. 9503(c)(4)) is available for appropriation for State recreational boating safety programs authorized under the chapter. Subject to paragraph (2), the Secretary shall expend in each fiscal year an amount equal to the total of the amount appropriated from the Boat Safety Account for State recreational boating safety programs for that fiscal year and the amount transferred to the Secretary under secretary 4(b)(1) of the Act of August 9, 1950 (16 U.S.C. 777c(b)(1) in that fiscal year."; and

(B) by striking subsection (c).

(2) CONFORMING AMENDMENT.—Section 3710(b) of title 46, United States Code, is amended by striking "24 months" and inserting "5 years".

(c) EXCESS FY 1995 BOAT SAFETY ACCOUNT FUNDS TRANSFER.—Notwithstanding any other provision of law, amounts received by the Highway Trust Fund attributable to motorboat fuel taxes received after September 30, 1995, and after October 1, 1996, that are not transferred to the Boat Safety Account or to the land and water conservation fund provided for in title I of the Land and Water Conservation Fund Act of 1965 shall be made available for use by the Secretary of Transportation for State recreational boating safety programs under section 13106 of title 46, United States Code, fiscal year 1996 rather than being transferred into the Sport Fish Restoration Account in the Aquatic Resources Trust Fund.

SEC. 302. BOATING ACCESS.

(a) FINDINGS.—The Congress makes the following findings:

(1) Nontrailerable recreational motorboats contribute 15 percent of the gasoline taxes deposited in the Aquatic Resources Trust Fund while constituting less than 5 percent of the recreational vessels in the United States.

(2) The majority of recreational vessel access facilities constructed with Aquatic Resources Trust Fund moneys benefit trailerable recreational vessels.

(3) More Aquatic Resources Trust Fund money should be spent on recreational vessel access facilities that benefit recreational vessels that are nontrailerable vessels.

(b) PURPOSE.—The purpose of this section is to provide funds to States for the development of public facilities for transient nontrailerable vessels.

(c) SURVEY.—Within 18 months after the date of the enactment of this Act, any State may complete and submit to the Secretary of the Interior a survey which identifies—

(1) the number and location in the State of all public facilities for transient nontrailerable vessels; and

(2) the number and areas of operation in the State of all nontrailerable vessels that operate on navigable waters in the State.

(d) PLAN.—Within 6 months after submitting a survey to the Secretary of the Interior in accordance with subsection (c), an eligible State may develop and submit to the Secretary of the Interior a plan for the construction and renovation of public facilities for transient nontrailerable vessels to meet the needs of nontrailerable vessels operating on navigable waters in the State.

(c) GRANT PROGRAMS—

(1) MATCHING GRANTS.—The Secretary of the Interior may obligate not less than ½ of the amount made available for each of fiscal years 1998 and 1999 under section 4(b)(1)(C) of the Act of August 9, 1950, as amended by section 2(a)(1) of this Act, to make grants to any eligible State to pay not more than 75 percent of the cost of constructing or renovating public facilities for transient nontrailerable vessels.

(2) PRIORITY.—In awarding grants under this subsection, the Secretary of the Interior shall give priority to projects that—

(A) are likely to serve the largest number of nontrailerable vessels; and

(B) consist of the construction or renovation of public facilities for transient nontrailerable vessels in accordance with a plan submitted by an eligible State submitted under subsection (b).

(f) DEFINITIONS.—For the purpose of this section the term—

(1) "eligible State" means a State that—

(A) completes and submits to the Secretary of the Interior a survey in accordance with subsection (c); and

(B) develops and submits to the Secretary of the Interior a plan in accordance with subsection (d);

(2) "nontrailerable vessel" means a recreational vessel greater than 26 feet in length;

(3) "public facilities for transient nontrailerable vessels" means mooring buoys, day-docks, seasonal slips or similar structures located on navigable waters, that are available to the general public and designed for temporary use by nontrailerable vessels;

(4) "recreational vessel" means a vessel—

(A) operated primarily for pleasure; or

(B) leased, rented, or chartered to another for the latter's pleasure; and

(5) "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the United States Virgin Islands, and the Commonwealth of the Northern Marianas.

SEC. 303. FOREIGN PASSENGER VESSEL USER FEES.

Section 3303 of title 46, United States Code, is amended—

(1) by striking "(a) Except as" in subsection (a) and inserting "Except as"; and

(2) by striking subsection (b).

SEC. 304. INCREASED PENALTIES FOR DOCUMENTATION VIOLATIONS.

(a) CIVIL PENALTY.—Section 12122(a) of title 46, United States Code, is amended by striking "$500" and inserting "$25,000."

(b) SEIZURE AND FORFEITURE.—

(1) IN GENERAL.—Section 12122(b) of title 46, United States Code, is amended to read as follows:

"(b) A vessel and its equipment are liable to seizure by and forfeiture to the United States Government—

"(1) when the owner of a vessel or the representative or agent of the owner knowingly falsifies or conceals a material fact, or makes a false statement or representation about the documentation or when applying for documentation of the vessel;

"(2) when a certificate of documentation is knowingly and fraudulently used for a vessel;

"(3) when a vessel is operated after its endorsement has been denied or revoked under section 12123 of this title;

"(4) when a vessel is employed in a trade without an appropriate trade endorsement;

"(5) when a documented vessel with only a recreational endorsement is operated other than for pleasure; or

"(6) when a documented vessel is placed under the command of a person not a citizen of the United States.".

(2) CONFORMING AMENDMENT.—Section 12122(c) of title 46, United States Code, is repealed.

(c) LIMITATION ON OPERATION OF VESSEL WITH ONLY RECREATIONAL ENDORSEMENT.—Section 12110(c) of title 46, United States Code, is amended to read as follows: "A vessel with only a recreational endorsement may not be operated other than for pleasure.".

SEC. 305. OUTER CONTINENTAL SHELF CIVIL PENALTIES.

Section 24(b) of the Outer Continental Shelf Lands Act (43 U.S.C. 1350(b)) is amended—

(1) by striking "paragraph (2)," in paragraph (1) and inserting "paragraphs (2) and (3),"; and

(2) by adding at the end thereof the following:

"(3)(A) If a person fails to comply with or violates a regulation issued under this Act by the Secretary of the department in which the Coast Guard is operating, that person is liable, without regard to the requirement of the expiration of a period allowed for corrective action, to the United States Government for a civil penalty of not more than the amount provided in paragraph (1) for each day of the continuance of that failure or violation.

"(B) The Secretary of the department in which the Coast Guard is operating is authorized to assess the amount of the civil penalty for which a person is liable for failure to comply with or for violating a regulation issued under this Act by the Secretary of the department in which the Coast Guard is operating. The assessment of the civil penalty shall be by written notice and after an opportunity for a hearing.

"(C) In determining the amount of the penalty, the Secretary of the department in which the Coast Guard is operating shall consider the nature, circumstances, extent, and gravity of the prohibited acts committed and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and other matters that justice requires.

"(D) The Secretary of the department in which the Coast Guard is operating may compromise, modify, or remit, with or without consideration, a civil penalty under this Act until referring the assessment to the Attorney General.

"(E) If a person fails to pay an assessment of a civil penalty after it has become final, the Secretary of the department in which the Coast Guard is operating may refer the matter to the Attorney General for collection in an appropriate district court of the United States.".

SEC. 306. AMENDMENT TO REQUIRE EPIRBS ON THE GREAT LAKES.

Paragraph (7) of section 4502(a) of title 46, United States Code, is amended by inserting "or beyond three nautical miles from the coastline of the Great Lakes" after "high seas".

SEC. 307. INSPECTION OF SMALL PASSENGER VESSELS.

Section 3307 of title 46, United States Code, is amended—

(1) by striking "and nautical school vessel" in paragraph (1) and inserting ", nautical school vessel, and small passenger vessel carrying more than 12 passengers on an international voyage",

(2) by inserting "and" after the semicolon in paragraph (1), and

(3) by striking paragraph (2) and redesignating paragraph (3) as (2), and

(4) by striking "2 years" in paragraph (2) (as redesignated) and inserting "5 years".

SEC. 308. PENALTIES DEFECTIVE SERVICING OR ALTERATION OF MAINE SAFETY EQUIPMENT.

Section 3318(b) of title 46, United States Code, is amended—

(1) by inserting "(1) before "A person"; and

(2) adding at the end thereof the following:

"(2) A person that knowingly alters lifesaving, fire safety, or any other equipment subject to this part, so that the equipment altered is so defective as to be insufficient to accomplish the purpose for which it is intended, commits a class D felony.".

TITLE IV—MISCELLANEOUS PROVISIONS

SEC. 401. THACHER ISLAND LIGHTHOUSE.

(a) AUTHORITY TO CONVEY.—

(1) IN GENERAL.—The Secretary of Transportation may convey to the Town of Rockport, Massachusetts, by an appropriate means of conveyance, all right, title, and interest of the United States in and to property comprising Thacher Island, except that the Coast Guard shall retain all right, title, or interest in any historical artifact, including any lens or lantern on the property conveyed pursuant to this section, or belonging to the property, whether located on the property or elsewhere.

(2) IDENTIFICATION of property.—The Secretary may identify, describe, and determine the property to be conveyed pursuant to this section.

(b) TERMS AND CONDITIONS.—

(1) IN GENERAL.—A conveyance of property pursuant to this section shall be made—

(A) without payment of consideration; and

(B) subject to such terms and conditions as the Secretary may consider appropriate.

(2) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to paragraph (1), any conveyance of property pursuant to this section shall be subject to the condition that all right, title, and interest in Thacher Island shall immediately revert to the General Services Administration of the United States of American if Thacher Island ceases to be maintained and used as a nonprofit center for public benefit for the interpretation and preservation of the material culture of the United States Coast Guard and the maritime history of Thacher Island, Massachusetts. In connection therewith, the property may be used for educational, historic, recreational, and cultural programs open to and for the benefit of the general public. Other uses not inconsistent with the foregoing uses are permitted unless the Secretary shall reasonably determine that such uses are incompatible with the historic nature of this property or with other provisions of this section.

(3) MAINTENANCE OF NAVIGATION FUNCTION.—Any conveyance of property pursuant to this section shall be made subject to such conditions as the Secretary considers to be necessary to assure that—

(A) the light, antennas, sound signal, and associated lighthouse equipment, and any electronic navigation equipment located on the property conveyed which are active aids to navigation shall continue to be operated and maintained by the United States for as long as they are needed for this purpose;

(B) the Town of Rockport may not interfere or allow interference in any manner with such aids to navigation without express written permission from the United States;

(C) there is reserved to the United States the right to relocate, replace, or add any aids to navigation, or make any changes on any portion of such property as may be necessary for navigation purposes;

(D) the United States shall have the right, at any time, to enter such property without notice for the purpose of maintaining aids to navigation; and

(E) the United States shall have an easement of access to such property for the purpose of maintaining the aids to navigation in use on the property, and an easement for an arc of visibility.

(c) PROPERTY TO BE MAINTAINED IN ACCORDANCE WITH CERTAIN LAWS.—The Town of Rockport shall maintain Thacher Island in accordance with the provisions of the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq.) and other applicable laws.

(d) DEFINITIONS.—For purposes of this section—

(1) The term "Thacher Island" means the Coast Guard property located on Thacher Island, Massachusetts, which is located off the coast of Cape Ann, Massachusetts, within the boundaries of the Town of Rockport, Massachusetts, including the light tower, sound signal building, any other ancillary buildings, and such land as may be necessary to enable to Town of Rockport operate a non-profit center for public benefit.

(2) The term "Secretary" means the Secretary of the department in which the Coast Guard is operating.

SEC. 402. TRANSFER OF COAST GUARD PROPERTY IN KETCHIKAN, ALASKA.

(a) CONVEYANCE REQUIREMENT.—The Secretary of Transportation shall convey to the Ketchikan Indian Corporation in Ketchikan, Alaska, without reimbursement and by no later than 120 days after the date of enactment of this Act, all right, title, and interest of the United States in and to the property known as the "Former Marine Safety Detachment" as identified in Report of Excess Number CG–689 (GSA Control Number 9–U–AK–0747) and described in subsection (b).

(b) PROPERTY DESCRIBED.—The property referred to in subsection (a) is real property located in the city of Ketchikan, township 75 south, range 90 east, Copper River Meridian, First Judicial District, State of Alaska, and commencing at corner numbered 10, United States Survey numbered 1079, the true point of beginning for this description: Thence north 24 degrees 04 minutes east, along the 10–11 line of said survey a distance of 89.76 feet to corner numbered 1 of lot 5B; thence south 65 degrees 56 minutes east a distance of 345.18 feet to corner numbered 2 of lot 5B; thence south 24 degrees 04 minutes west a distance of 101.64 feet to corner numbered 3 of lot 5B; thence north 64 degrees 01 minute west a distance of 346.47 feet to corner numbered 10 of said survey, to the true point of beginning, consisting of 0.76 acres (more or less), and all improvements located on that property, including buildings, structures, and equipment.

(c) REVERSIONARY INTEREST.—In addition to any term or condition established pursuant to subsection (a), any conveyance of property described in subsection (b) shall be subject to the condition that all right, title, and interest in and to the property so conveyed shall immediately revert to the United States if the property, or any part thereof, ceases to be used by the Ketchikan Indian Corporation as a Native health clinic.

SEC. 403. FLORIDA AVENUE BRIDGE.

For purposes of the alteration of the Florida Avenue Bridge (located approximately 1.63 miles east of the Mississippi River on the Gulf Intracoastal Waterway in Orleans Parish, Louisiana) ordered by the Secretary of Transportation under the Act of June 21, 1940 (33 U.S.C. 511 et seq.; popularly known as the Truman-Hobbs Act), the Secretary shall treat the drainage siphon that is adjacent to the bridge as an appurtenance of the bridge, including with respect to apportionment and payment of costs for the removal of the drainage siphon in accordance with that Act.

SEC. 404. TUNA FISHING VESSELS.

(a) IN GENERAL.—Transferring to foreign registry any tuna fishing vessel which is an agreement vessel documented under the laws of the United States shall not be treated, for purposes of section 607 of the Merchant Marine Act, 1936, (46 App. U.S.C. 1177), or for purpose of the Internal Revenue Code of 1986 or any other law of the United States, as—

(1) the disposition of an agreement vessel, or

(2) a failure to meet any substantial obligation under an agreement entered into between the owner or operator of the vessel and the Secretary if—

(A) the vessel, before registry transfer, either regularly fished for tuna in the Eastern Pacific Ocean or regularly fished in the Pacific Ocean but did not regularly have a license to fish tuna in the Western Pacific Ocean;

(B) the vessel will, after registry transfer, continue to be controlled directly or indirectly by the last agreement holder of record, as of the time of registry transfer, under section 607 of the Merchant Marine Act, 1936, (46 App. U.S.C. 1177); and

(C) the vessel will, after registry transfer, continue to be operated in compliance with section 307 of the Marine Mammal Protection Act of 1972 (46 App. U.S.C. 1417) and subjected to continuous observer coverage under the arrangements provided by the Inter-American Tropical Tuna Commission or under any such other international arrangements as may be approved by the Secretary.

(b) NON-COMPLIANCE.—Noncompliance with any of the provisions above will, for purposes of section 607 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1177), be treated as the disposition of an agreement vessel and a failure to meet a substantial obligation under any agreement entered into between the owner or operator of the vessel and the Secretary as if this section had not applied and as if the vessel's registry had not been transferred.

(c) DEFINITIONS.—Any term defined in section 607(k) of the Merchant Marine Act, 1936 (46 App. U.S.C. 1177(k)), that is used in this section shall have the meaning given that term in that section.

(d) TREATMENT OF INCOME AND EXPENSES.—All vessel income and expense (including pass-throughs to shareholders and partners, if any) will, after registry transfer, continue to be fully subject to the Internal Revenue Code of 1986 and reported as income and taxed in the United States as if the vessel's registry had not been transferred.

(e) EFFECTIVE DATE.—This section shall apply to any registry transfer effected before January 1, 1997.

TITLE V—RECREATIONAL BOATING SAFETY IMPROVEMENT

SEC. 501. PERSONAL FLOTATION DEVICES REQUIRED FOR CHILDREN.

(a) PROHIBITION.—Section 4307(a) of title 46, United States Code, is amended—

(1) by striking "or" after the semicolon in paragraph (2),

(2) by striking the period at the end of paragraph (3) and inserting a semicolon and "or"; and

(3) by adding at the end the following:

"(4) operate a recreational vessel under 26 feet in length unless each individual 6 years of age or younger wears a Coast Guard approved personal flotation device when the individual is on an open deck of the vessel.".

(b) STATE AUTHORITY PRESERVED.—Section 4307 of title 46, United States Code, is amended by adding at the end thereof the following:

"(c) Subsection (a)(4) shall not be construed to limit the authority of a State to establish requirements relating to the wearing of personal flotation devices on recreational vessels that are more stringent than that subsection.".

SEC. 502. ALLOCATION OF FUNDS BASED ON STATE ADOPTION OF LAWS REGARDING BOATING WHILE INTOXICATED.

Section 13103 of title 46, United States Code, is amended—

(1) by redesignating subsections (a), (b), and (c) as (b), (c), and (d), respectively.

(2) by inserting before subsection (b) (as redesignated) the following:

"(a)(1) Beginning in fiscal year 1998, of the amounts transferred to the Secretary each fiscal year pursuant to section 4(b) of the Act of August 9, 1950 (16 U.S.C. 777c(b)), the Secretary shall allocate for State recreational boating safety programs, $10,000,000 as follows:

"(A) One-half shall be allocated in accordance with paragraph (2) among eligible States that—

"(i) prohibit operation of a recreational vessel by an individual who is under the influence of alcohol or drugs; and

"(ii) establish a blood alcohol concentration limit of .10 percent or less.

"(B) One-half shall be allocated in accordance with paragraph (2) among eligible Stated that—

"(1) prohibit operation of a recreational vessel by an individual who is under the influence of alcohol or drugs; and

"(ii) establish an implied consent requirement that specifies that individuals are deemed to have given their consent to evidentiary testing for their blood alcohol concentration or presence of other intoxicating substances.

"(2) Of the amount allocated under subparagraph (A) or (B) of paragraph (1) each fiscal year—

"(A) one-half shall be allocated equally among all eligible States receiving an allocation under that subparagraph for the fiscal year; and

"(B) one-half shall be allocated among those eligible States so that each such State receives an amount bearing the same ratio to the total amount allocated under that subparagraph for the fiscal year as the number of vessels numbered in that State under a system approved under chapter 123 of this title bears to the total number of vessels numbered under approved systems of all States receiving an allocation under that subparagraph for the fiscal year.";

(3) by inserting "the balance of remaining" after "allocate" in subsection (v) as redesignated; and

(4) by adding at the end the following new subsection:

"(e) A State shall not be ineligible for an allocation under subsection (a) because of the adoption by the State of any requirement relating to the operation of a recreational vessel while under the influence of alcohol or drugs that is more stringent than the requirements for receiving the allocation.".

SEC. 503. MARINE CASUALTY REPORTING.

(a) SUBMISSION OF PLAN.—Not later than one year after enactment of this Act, the Secretary of Transportation shall, in consultation with appropriate State agencies, submit to the Committee on Merchant Marine and Fisheries of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate a plan to increase reporting of vessel accidents to appropriate State law enforcement officials.

(b) PENALTIES FOR VIOLATING REPORTING REQUIREMENTS.—Section 6103 (a) of title 46, United States Code, is amended by inserting "or 6102" after "6101" the second place it appears.

SEC. 504. REQUIRING VIOLATORS TO TAKE RECREATIONAL BOATING SAFETY COURSE.

(a) NEGLIGENT OPERATION.—Section 2302 of title 46, United States Code, is amended by adding at the end the following:

"(e) An individual operating a recreational vessel in violation of this section shall complete a boating safety course approved by the Secretary.".

(b) OTHER VIOLATIONS.—Section 4311 of title 46, United States Code, is amended by adding at the end the following:

"(h) A person who operates a recreational vessel in violation of this chapter or a regulation prescribed under this chapter may be ordered to complete a recreational boating safety course approved by the Secretary.".

SEC. 505. TECHNICAL CORRECTIONS.

Section 13108(a)(1) of title 46, United States Code, is amended by—

(1) striking "proceeding" and inserting "preceding"; and

(2) striking "Secertary" and inserting "Secretary".

TITLE VI—TOWING VESSEL SAFETY

SEC. 601. MINIMUM NAVIGATIONAL SAFETY EQUIPMENT FOR TOWING VESSELS.

(a) IN GENERAL.—Section 4102 of title 46, United states Code, is amended by adding at the end the following:

"(f)(1) In prescribing regulations for towing vessels, the Secretary—

"(A) shall consider the characteristics, methods of operation, and nature of the service of towing vessels;

"(B) shall consult with the Towing Safety Advisory Committee; and

"(C) may require, to the extent appropriate, the installation, maintenance, and use of the following equipment on each towing vessel, other than a towing vessel that is used only for towing disabled vessels;

"(i) A radar system.

"(ii) A sonic depth finder.

"(iii) A compass or swing meter.

"(iv) Adequate towing wire and associated equipment.

"(v) Up-to-date navigational charts and publications for the areas normally transited by the vessel.

"(vi) Other safety equipment the Secretary determines to be necessary.

"(2)(A) The Secretary shall establish in regulations under this chapter requirements that—

"(i) any equipment required on a towing vessel under paragraph (1) shall be maintained in effective operating condition; and

"(ii) if such equipment on a vessel ceases to operate, the operator of the vessel shall exercise due diligence to restore the equipment to effective operating condition, or cause it to be restored to that condition, at the earliest practicable date.

"(B) The failure of equipment required on a towing vessel under paragraph (1) shall not, by itself, constitute a violation of this chapter.".

(b) REGULATIONS.—The Secretary of Transportation shall issue regulations by not later than 12 months after the date of the enactment of this Act, prescribing navigational publication and equipment requirements under subsection (f) of section 4102 of title 46, United States Code, as added by subsection (a) of this section.

SEC. 602. DEMONSTRATION OF PROFICIENCY IN USE OF NAVIGATIONAL SAFETY EQUIPMENT REQUIRED.

Section 7101 of title 46, United States Code, is amended by adding at the end the following:

"(j) The Secretary shall require an individual who applies for issuance or renewal of a towing vessel operators license to demonstrate proficiency in the use of navigational safety equipment.".

SEC. 603. REPORTING MARINE CASUALTIES.

(a) EXPEDITED REPORTING REQUIRED.—Section 6101(b) of title 46, United States Code, is amended by striking "within 5 days" and inserting "by as soon as practicable, but in no case later than within 5 days,".

(b) PENALTY FOR FAILURE TO REPORT A CASUALTY.—Section 6103(a) of title 46, United States Code is amended by striking "$1,000" and inserting "not more than $25,000".

(c) REGULATIONS.—Not later than 90 days after the date of the enactment of this Act, the Secretary shall prescribe regulations implementing the amendment made by subsection (a).

SEC. 604. REPORT ON ADEQUACY AND EFFECTIVENESS OF MANNING AND PROGRESS IMPROVING LICENSING REQUIREMENTS FOR OPERATION OF TOWING VESSELS.

Not later than 6 months after the date of the enactment of this Act, the Secretary of Transportation shall submit a report to the Congress on—

(1) the adequacy and effectiveness of manning of towing vessels; and

(2) progress made in implementing improvements in towing vessel operator licensing requirements.

SEC. 605. REPORT ON FEASIBILITY OF ESTABLISHING A DIFFERENTIAL GLOBAL POSITIONING SATELLITE NAVIGATIONAL SYSTEM AND ELECTRONIC CHARTS FOR INLAND WATERWAYS.

Not later than 6 months after the date of the enactment of this Act, the Secretary of Transportation shall submit a report to the Congress on the feasibility of establishing a differential global positioning satellite navigation system and creating electronic charts for the inland waterways of the United States.

TITLE VII—ACT TO PREVENT POLLUTION FROM SHIPS AMENDMENTS

SEC. 701. DEFINITION OF OPERATOR.

(a) IN GENERAL.—Subparagraph (b) of section 2(a)(5) of the Act to Prevent Pollution from Ships (33 U.S.C. 1901(a)(5)(b)) is amended to read as follows: "(b) in the case of a terminal, any person who by law, lease, contract, or other arrangement, provides a berth at a port or terminal or other mooring arrangement for the ship to transfer cargo to or from shore;".

(b) TECHNICAL AMENDMENTS.—Section 6 of such Act (33 U.S.C. 1905) is amended—

(1) by striking "a person in charge" and inserting "an operator"; and

(2) by striking "Persons in charge" in subsection (a)(2) and inserting "Operators"; and

(3) in subsection (c)(2), by striking "person in charge" in subsection (c)(2) and inserting "operator".

SEC. 702. PREVENTION OF POLLUTION FROM SHIPS.

(a) IN GENERAL.—Section 6 of such Act (33 U.S.C. 1905) is amended—

(1) by striking "(2) If" in subsection (c)(2) and inserting "(2)(A) Subject to subparagraph (B), if";

(2) by adding at the end of subsection (c)(2) the following:

"(B) The Secretary may issue a certificate attesting to the adequacy of reception facilities under this paragraph only if, prior to the issuance of the certificate, the Secretary conducts an inspection of the reception facilities of the port or terminal that is the subject of the certificate."; and

(3) by striking subsection (c)(3)(A) and inserting the following:

"(A) is valid for the 5-year period beginning on the date of issuance of the certificate, except that if—

"(i) the charge for operation of the port or terminal is transferred to a person or entity other than the person or entity that is the operator on the date of issuance of the certificate—

"(I) the certificate shall expire on the date that is 30 days after the date of the transfer; and

"(II) the new operator shall be required to submit an application for a certificate before a certificate may be issued for the port or terminal; or

"(ii) the certificate is suspended or revoked by the Secretary,

the certificate shall cease to be valid; and";

(4) by amending subsection (d) to read as follows:

"(d)(1) The Secretary shall maintain a list of ports or terminals with respect to which a certificate issued under this section—

"(A) is in effect; or

"(B) has been revoked or suspended.

"(2) The Secretary shall make the list referred to in paragraph (1) available to the general public.";

(5) in subsection (e)—

(A) by striking "Except in the case" in paragraph (1) and inserting "Except as provided in paragraph (3) and in the case";

(B) by striking "The Secretary" in paragraph (2) and inserting "Except as provided in paragraph (3), the Secretary"; and

(C) by adding at the end the following new paragraph:

"(3)(A) Not later than 18 months after the date of enactment of the Coast Guard Authorization Act of 1994, the Secretary shall, by regulation, establish a procedure by which the Secretary may assess a civil penalty against the operator of a port or terminal in lieu of denying the entry of a ship to the port or terminal pursuant to paragraph (1) or (2).

"(B) The amount of a penalty referred to in subparagraph (A) shall not exceed the maximum amount allowable per day of violation that the Secretary may assess under this Act.

"(C) If a port or terminal remains in violation of an applicable requirement of a regulation referred to in paragraph (1) or (2) on the date that is 30 days after the date on which the Secretary initially determines that the port or terminal is in violation of an applicable requirement of a regulation, the Secretary shall, pursuant to regulations promulgated under subparagraph (D) of this paragraph, revoke the certificate of the port or terminal.

"(D) In addition to carrying out the duties specified in subparagraphs (A) through (C), not later than 18 months after the date of enactment of this paragraph, the Secretary shall develop, and issue regulations for, revocation and reinstatement procedures that the Secretary shall apply in carrying out this paragraph.";

(6) in subsection (f)—

(A) by inserting "(1)" before "The Secretary"; and

(B) by adding at the end of the following new paragraph:

"(2)(A) Not later than 18 months after the date of enactment, the Secretary shall promulgate regulations that require the operator of each port or terminal that is subject to any requirement of the MARPOL Protocol relating to reception facilities to post a placard in a location that can easily be seen by port and terminal users. The placard shall state, at a minimum, that a user of a reception facility of the port or terminal should report to the Secretary any inadequacy of the reception facility.

"(B) The Secretary shall promulgate regulations to carry out this paragraph, including specifications for the placards referred to in subparagraph (A).

"(C) The Secretary shall make available to the general public any report received by the Secretary under this paragraph."; and

(7) by adding at the end the following new subsection:

"(g) THE SECRETARY SHALL—

"(1) establish a program to ensure that the owner, operator, or person in charge of each port or terminal that is not required to apply for a certificate under this section makes available a reception facility that

meets the requirements for reception facilities under the regulations promulgated under subsection (a)(2); and

"(2) not later than 2 years after the date of enactment of this subsection, and every 2 years thereafter, submit a report to Congress on Coast Guard activities regarding the ports and terminals described in paragraph (1).".

(b) REFUSE RECORD BOOKS; WASTE MANAGEMENT PLANS; NOTIFICATION OF CREW AND PASSENGERS.—Section 4(b) of such Act (33 U.S.C. 1903(B)) is amended—

(1) amending subparagraph (A) of paragraph (2) to read as follows:

"(A) not later than 1 year after the date of enactment of the Water Pollution Prevention and Control Act of 1994, issue regulations that require each ship to—

"(i) maintain refuse records (either as part of the log book of the ship or in a separate record book):

"(ii) establish shipboard waste management plans; and

"(iii) display a placard and conduct a briefing that notifies the crew and passengers of the ship of the requirements of Annex V of the Convention;"; and

(2) by adding at the end the following new paragraph:

"(3)(A) The Secretary of Agriculture, acting through the Administrator of the Animal and Plant Health Inspection Service, shall assist the Secretary in carrying out the enforcement of this Act, to the extent that the assistance provided under this subparagraph does not impede the ability of the Secretary of Agriclture, acting through the Administrator of the Animal and Plant Health Inspection Service, to carry out the functions of the Animal and Plant Health Inspection Service.

"(B) The Secretary of Agriculture, in coordination with the Secretary, shall review and revise boarding procedures of the Animal and Plant Health Inspection Service to improve the enforcement of this Act.

"(C) The review and revision of the boarding procedures referred to in subparagraph (B) shall include—

"(i) a revision of any boarding forms used by the Secretary (including adding questions) to provide information in sufficient detail to enable the Secretary to adequately enforce this Act;

"(ii) the coordination of efforts of inspectors of the Animal and Plant Health Inspection Service to facilitate the tracking of ships suspected to be in violation of this Act from port to port;

"(iii) the coordination of the inspection activities of the Animal and Plant Health Inspection Service with the inspection activities of the Coast Guard, to ensure that any violation of this Act may be easily determined, and that an appropriate penalty is assessed for the violation; and

"(iv) methods for using inspectors of the Animal and Plant Health Inspection Service to determine compliance with the regulations promulgated under section 6(a)(2).".

(c) SIZE AND USE.—Section 3(a) of such Act (33 U.S.C. 1902(a)) is amended—

(1) by striking "and" at the end of paragraph (3);

(2) by striking the period at the end of paragraph (4) and inserting ";and"; and

(3) by adding at the end the following new paragraph: "(5) with respect to section 4(b)(2)(A)—

"(A) to—

"(i) a manned oceangoing United States ship of 40 feet or more in length that is engaged in commerce and is documented under the laws of the United States or numbered by a State; and

"(ii) a manned fixed or floating platform subject to the jurisdiction of the United States, or operated under the authority of the United States, wherever located; and

"(B) to any other ship of a size and use specified by the Secretary not later than 18 months after the date of enactment of the Coast Guard Authorization Act of 1994.".

(d) PENALITIES FOR VIOLATIONS.—Section 9 of such Act (33 U.S.C. 1908) is amended—

(1) by redesignating subsection (c) through (f) as (d) through (g), respectively;

(2) by inserting after subsection (b) the following new subsection:

"(c)(1) Any person authorized by the Secretary for the purposes of this subsection may, where reasonable cause exists to believe that an owner, operator, or person in charge of a ship—

"(A) has disposed of garbage in violation of Annex V of MARPOL or regulations issued under this Act; or

"(B) has violated any regulation promulgated under section 4(b)(2)(A) of this Act—

issue a citation to such owner, operator, or person in charge. Such citation shall specify the regulation violated and the applicable penalty amount for such violation, as prescribed by the Secretary in regulations.

"(2) On the thirtieth day following issuance of the citation, such amount shall constitute a final assessment for the purposes of this section and shall be due and payable to the United States, unless prior to that date the owner, operator, or person in charge of the ship submits a written request for a hearing to the Secretary. Subsection (b) of this section shall apply to any case in which such a written request has been submitted.

"(3) For the purposes of paragraph (1) of this subsection, reasonable cause exists to believe that an owner, operator, or person in charge of a ship has disposed of garbage in violation of Annex V or regulations issued under this Act where, inter alia—

"(A) the person in charge refuses, fails, or is unable to produce to the person authorized by the Secretary any recently issued documents demonstrating a recent lawful disposal of ship's garbage or, where a ship's incinerator has been installed, plastic residue from such incinerator, and

"(B) the quantity of plastic waste materials on board the ship is less than the amount of such waste estimated, in accordance with regulations issued by the Secretary, to have been generated on board the ship subsequently to the last lawful disposal which is demonstrated to the person authorized by the Secretary.

"(4) A citation for a violation that requires a civil penalty may be issued by the appropriate Coast Guard official if, on the inspection of a ship, an appropriate official of the Coast Guard determines that—

"(A) the person in charge of the ship has no receipts documenting—

"(i) the disposal of garbage; or

"(ii) in any case in which an incinerator is on board the ship, the disposal of plastic residue, if any, from the incinerator;

"(B) there is no incinerator on board the ship; or

"(C) the quantity of plastic waste materials on board the ship is too small with respect to the quantity of plastic waste materials estimated to have been generated on board the ship (on the basis of documentation from the last legal disposal of plastic waste materials from the ship).

"(5) Not later than 30 days after the issuance of a citation pursuant to paragraph (2), the recipient of the citation shall either—

"(A) pay the amount of the civil penalty; or

"(B) submit a written request for a hearing on the assessment of the civil penalty.

"(6) The Secretary, in consultation with the Secretary of Agriculture, shall issue regulations which ensure that the record in a log book of the disposal of garbage alone does not constitute proof of lawful disposal of garbage."; and

(3) in subsection (g), as redesignated by paragraph (1)—

(A) by inserting "(1)" before "Notwithstanding";

(B) by striking "or (d)" and inserting "or (e)"; and

(C) by adding at the end the following new paragraphs:

"(2) IF THE SECRETARY—

"(A) conducts an investigation and refers a matter pursuant to paragraph (1) to the appropriate official of a foreign country that is a party to the MARPOL Protocol relating to a violation or suspected violation by an owner, operator, or person in charge of a ship that is registered in the foreign country of a requirement of the MARPOL Protocol; and

"(B) the official of the foreign country does not provide a response that the Secretary determines appropriate; paragraph (3) shall apply.

"(3) If the conditions referred to in subparagraphs (A) and (B) of paragraph (2) are met, the Secretary of the Treasury, on the request of the Secretary, may, with respect to the ship referred to in paragraph (2), refuse or revoke—

"(A) a permit to proceed under section 4367 of the Revised Statutes (46 U.S.C. App. 313); or

"(B) a permit to depart (as required under section 443 of the Tariff Act of 1930 (19 U.S.C. 1443));

whichever is applicable.

"(4) The Secretary shall, not later than 1 year after the date of enactment of this paragraph, and annually thereafter, publish a list of any referral described in paragraph (1) including, with respect to each referral—

"(A) the date of transmittal; and

"(B) the date and nature of any response by the appropriate official of the foreign country to whom the referral is sent.".

(e) SHIP INSPECTIONS; REPORTS TO SECRETARY.—Section 8(c) of such Act (33 U.S.C. 1807(c)) is amended by adding at the end the following new paragraphs:

"(3)(A) The Secretary shall make available to the public a toll-free telephone number for reporting violations of the MARPOL Protocol and this Act.

"(B) In carrying out this paragraph, the Secretary may—

"(i) enter into a cooperative agreement with the appropriate official of the National Response Center to use the telephone reporting service of the Center to provide for the reporting of the violations referred to in subparagraph (A) under the telephone reporting service; or

"(ii) establish a separate telephone reporting system.

"(C) The Secretary shall report to Congress annually on the effectiveness of the toll-free telephone reporting system. Each report shall include—

"(i) the number and types of referral calls related to Annex V of the MARPOL Protocol received; and

"(ii) information regarding any investigations conducted and enforcement actions taken in response to a call described in clause (i).

"(4) On receipt of a report from an appropriate official of the Animal and Plant

Health Inspection Service of the Department of Agriculture of a ship in violation of this Act, the Secretary shall take such action as is necessary to ensure a follow-up inspection of the ship.".

(f) CONFORMING AMENDMENT.—Section 11(a)(3) of such Act (33 U.S.C. 1910(a)(3)) is amended by striking "section 9(e)" and inserting "section 9(f)".

SEC. 703. MARINE PLASTIC POLLUTION RESEARCH AND CONTROL.

(a) COMPLIANCE REPORTS.—Section 2201(a) of the Marine Plastic Pollution Research and Control Act of 1987 (Public Law 100-9220(?); 33 U.S.C. 1902 note) is amended—

(1) by striking "for a period of 6 years"; and

(2) by inserting before the period at the end the following: "and, not later than 1 year after the date of enactment of the Water Pollution Prevention and Control Act of 1994, and annually thereafter, shall publish in the Federal Register a list of the enforcement actions taken against any domestic or foreign ship (including any commercial or recreational ship) pursuant to the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.)".

(b) PUBLIC OUTREACH PROGRAM.—Section 2204(a) of such Act (Public Law 100-09220(?); 42 U.S.C. 6981 note) is amended—

(1) in paragraph (1)—

(A) in the matter preceding subparagraph (A), by striking "for a period of at least 3 years,";

(B) in subparagraph (C), by striking "and" at the end;

(C) in subparagraph (D), by striking the period at the end and inserting "; and"; and

(D) by adding at the end the following new subparagraph:

"(E) the requirements under this Act and the Act to Prevent Pollution From Ships (33 U.S.C. 1901 et seq.) with respect to ships and ports, and the authority of citizens to report violations of this Act and the Act to Prevent Pollution From Ships (33 U.S.C. 1901 et seq.).."; and

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

"(2) AUTHORIZED ACTIVITIES.—

"(A) PUBLIC OUTREACH PROGRAM.—A public outreach program under paragraph (1) may include—

"(i) developing and implementing a voluntary boaters' pledge program;

"(ii) workshops with interested groups;

"(iii) public service announcements;

"(iv) distribution of leaflets and posters; and

"(v) any other means appropriate to educating the public.

"(B) CONSULTATION.—In developing outreach initiatives targeted at the interested groups that are subject to the requirements of this title and the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.), the Secretary of the department in which the Coast Guard is operating, in consultation with the Secretary of Commerce, acting through the Administrator of the National Oceanic and Atmospheric Administration, and the Administrator of the Environmental Protection Agency, shall consult with—

"(i) the heads of State agencies responsible for implementing State boating laws; and

"(ii) the heads of other enforcement agencies that regulate boaters of commercial fishermen.

"(C) GRANTS AND COOPERATIVE AGREEMENTS.—To carry out this section, the Secretary of the department in which the Coast Guard is operating, the Secretary of Commerce, and the Administrator of the Environmental Protection Agency are authorized to award grants, enter into cooperative agreements with appropriate officials of other Federal agencies and agencies of States and political subdivisions of States and with public and private entities, and provide other financial assistance to eligible recipients.".

(c) MISCELLANEOUS PROVISIONS.—

(1) IN GENERAL.—The Marine Plastic Pollution Research and Control Act of 1987 (33 U.S.C. 1901 et seq.) is amended by adding at the end the following new subtitle:

"Subtitle D—Miscellaneous Provisions

"SEC. 2401. APPLICABILITY OF WHISTLE BLOWER PROVISIONS.

"Section 2302 of title 5, United States Code, shall apply to any employee of the Department of Transportation, the Department of Defense, or the Department of Agriculture, as described in subsection (a)(2)(B) of such section, who carries out any requirement of this Act or the Act to Prevent Pollution From Ships (33 U.S.C. 1901 et seq.).

"SEC. 2402. REPORTS TO CONGRESS.

"If the Secretary of the department in which the Coast Guard is operating fails to meet a deadline specified in this Act or the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.), the Secretary shall submit a written report to Congress that explains the reasons for the failure.

"SEC. 2403. WASTE MANAGEMENT STUDY.

"Not later than 2 years after the date of enactment of the Coast Guard Authorization Act of 1994, the Secretary of the department in which the Coast Guard is operating, in consultation with the Administrator of the Environmental Protection Agency, shall submit to Congress a written report that identifies potential improvements of the waste management practices at port facilities. The study shall—

"(1) characterize wastes as a function of the type, size, number of crew and passengers, and length of voyage of ships;

"(2) identify incentives to promote onboard waste management practices on ships, including the use of source reduction, reuse and recycling strategies, incinerators, compactors, pulpers, and shredders;

"(3) recommend organizational and business processes required to establish effective and efficient waste management programs, including the design of the roles and responsibilities of all entities involved (including ports and terminals) that would improve the management of shipborne waste; and

"(4) investigate positive incentives to including the use of port reception facilities, including potentially prohibiting separate fees for waste disposal.

"SEC. 2404. SENSE OF CONGRESS REGARDING INSURANCE.

"It is the sense of Congress that—

"(1) certain insurance policies or rules of protection and indemnity clubs that provide insurance for shippers should not provide for the payment of a penalty under the Act to Prevent Pollution from Ships (33 U.S.C. 1901 et seq.); and

"(2) the Secretary of the department in which the Coast Guard is operating, acting through the Commandant of the Coast Guard, should consult with the International Maritime Organization to seek to establish international standards prohibiting the issuance of a contract of insurance for the sale of a policy that would provide for the payment of any penalty under the MARPOL Protocol (as defined in section 2(a) of the Act to Prevent Pollution from Ships (33 U.S.C. 1901(a))) to carry out the MARPOL Protocol.

"SEC. 2405. NOTICE OF ARRIVAL.

"The owner, master, agent, or person in charge of a vessel shall include in the notice of arrival required to be submitted to the Captain of the Port of the port or place of destination pursuant to the Ports and Waterways Safety Act (33 U.S.C. 1221 et seq.) information concerning the intention of the owner, master, or person in charge of the vessel with respect to the disposal of onboard waste at the port or place of destination.

"SEC. 2406. COORDINATION.

"(a) ESTABLISHMENT OF MARINE DEBRIS COORDINATING COMMITTEE.—The Administrator of the Environmental Protection Agency shall establish a Marine Debris Coordinating Committee (referred to in this section as the 'Committee').

"(b) MEMBERSHIP.—The Committee shall include a senior official form—

"(1) the Environmental Protection Agency, who shall serve as the Chairperson of the Committee;

"(2) the National Oceanic and Atmospheric Administration;

"(3) the United States Coast Guard;

"(4) the United States Navy; and

"(5) such other Federal agencies that have an interest in ocean issues or water pollution prevention and control as the Administrator of the Environmental Protection Agency determines appropriate.

"(c) MEETINGS.—The Committee shall meet at least twice a year to provide a forum to ensure the coordination of national and international research, monitoring, education, and regulatory actions addressing the persistent marine debris problem.

"SEC. 2407. MONITORING.

"The Administrator of the Environmental Protection Agency, in cooperation with the Secretary of Commerce, acting through the Administrator of the National Oceanic and Atmospheric Administration, shall utilize the marine debris data derived under title V of the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 2801 et seq.) to assist the United States Coast Guard in assessing the effectiveness of this Act.".

"(2) AMENDMENTS TO TABLE OF CONTENTS.—The table of contents in section 2 of the United States-Japan Fishery Agreement Approval Act of 1987 (101 Stat. 1458) is amended by adding at the end of the items relating to title II of such Act the following new items:

"Subtitle D—Miscellaneous Provisions

"Sec. 2401. Applicability of whistle blower provisions.

"Sec. 2402. Reports to Congress.

"Sec. 2403. Waste management study.

"Sec. 2404. Sense of Congress regarding insurance.

"Sec. 2405. Notice of arrival.

"Sec. 2406. Coordination.

"Sec. 2407. Monitoring.".•

• Mr. KERRY. Mr. President, as the vice chairman of the Senate's National Ocean Policy Study, I am pleased to cosponsor legislation introduced today by the distinguished chairman of the Commerce Committee and chairman of the National Ocean Policy Study, Senator HOLLINGS and Senator STEVENS, the ranking minority member of the National Ocean Policy Study which authorizes funding for the Coast Guard for fiscal year 1995.

The Coast Guard is a vital asset to my State of Massachusetts, all coastal States and, indeed, every State with navigable waters. It is important for

the United States to focus on issues pertaining to our navigable rivers, our coastal bays and harbors, and, looking seaward, our 200-mile exclusive economic zone [EEZ] and beyond. We must be aware of the programs the Coast Guard administers which affect us locally and nationally. More than two-thirds of the total Coast Guard budget funds activities to protect the public safety and the marine environment, enforce laws and treaties, maintain aids to navigation, prevent illegal drug trafficking and alien migration, and preserve defense readiness. With over 50 percent of the U.S. population living within the coastal zone and directly benefiting from the services of the Coast Guard, and with the rest of the Nation affected even if only indirectly by the service's missions it is our responsibility to ensure the Coast Guard has the resources to achieve its existing mandates and recognize the expanding role the Coast Guard is being asked to play in our navigable waters and beyond. We need to adequately invest in the Coast Guard missions of marine safety, maritime law enforcement, aids to navigation, and environmental protection in order to prevent negative effects on vital coastal and ocean activities and on our economy.

This year's reauthorization bill includes several key provisions of national importance including stronger pollution prevention and boating safety requirements and improved personnel and recruiting measures. To increase the quality of life of Coast Guard personnel, the bill allows the Commandant to make child development services available to its uniformed and civilian employees and provides relief for those in the Coast Guard who suffered losses at the hands of Hurricane Andrew. To rectify their underrepresentation or underutilization in the service, the bill authorizes the Coast Guard to use special recruiting programs for women and minorities. In addition, the bill also allows the Secretary of Transportation to convey the Thacher Island Lighthouse to the Town of Rockport, MA, to be used as a nonprofit center to preserve the Coast Guard and maritime history of Thacher Island.

To increase boating safety for children, the bill requires that children under 7 years of age on a recreational vessel under 26 feet must wear a Coast Guard-approved personal flotation device when they are on an open deck of such a vessel. To further encourage safety, the bill allocates funding to States that adopt boating-while-intoxicated laws and requires an individual found guilty of negligent operation of a recreational vessel to complete an approved boating safety course. To increase the safety of commercial vessels, the bill establishes minimum navigational safety equipment for towing vessels. Also included in this bill are various provisions that strengthen the Coast Guard's programs to prevent pollution of the marine environment with debris from vessels, especially plastics.

Mr. President, there are several provisions concerning enhancing the Coast Guard's law enforcement capabilities in which I have a strong interest but which are not included in the committee bill. These provisions would enhance the Coast Guard's ability to interdict vessels smuggling contraband by addressing gaps in current U.S. drug interdiction law. They would do so by increasing the authority of federal law enforcement officers over the movement of vessels and aircraft. The measures would provide for criminal penalties for intentional failure to obey the order of a Federal law enforcement officer to halt a vessel or land an aircraft. Sanctions also would be imposed against persons on board vessels who intentionally fail to comply with an order in connection with the boarding of a vessel, impede or obstruct a boarding, or provide certain false information during a boarding. In addition, since many drug-trafficking aircraft are of foreign registry, the aviation interdiction law provisions would serve as an initiative to facilitate the establishment of agreements between the United States and foreign governments authorizing the United States to exercise jurisdiction over aircraft of those countries. While there are some outstanding issues regarding which committees have jurisdiction over these provisions I hope to work with the appropriate committees; their chairmen and ranking members; and with the administration to resolve any concerns they may have concerning these provisions and to draft an amendment to address them when the bill goes to the floor.

Mr. President, I hope my colleagues will look favorably on this legislation which I believe increases the Coast Guard's effectiveness and overall efficiency and, in turn, benefits the safety and economic well-being of the country. I compliment Chairman HOLLINGS for his leadership in introducing it today and am proud to be a cosponsor.●

Mr. STEVENS. Mr. President, I am pleased to cosponsor this bill with Chairman HOLLINGS to authorize funding for the Coast Guard in fiscal year 1995.

The Coast Guard is celebrating its 204th birthday this year, and I can't emphasize how important its activities are in my State, which has half the coastline of the United States.

To illustrate the Coast Guard's importance in Alaska, I will tell of some of the recent activities in Alaska:

Coast Guard personnel from Sitka rescued three State Troopers from a plane crash on March 21;

At the end of April, a Coast Guard helicopter helped save lives by medivacing two people from Klawock to a bigger hospital in Ketchikan;

The Coast Guard in Kodiak rescued two fishermen from a life raft on May 17;

Coast Guard cutters seized two Canadian fishing vessels caught fishing in United States waters near the Dixon entrance in July; and

Just 2 weeks ago, the Coast Guard rescued 132 crew members from a burning fish processor in Alaska.

These are just some of the ways the Coast Guard has helped to save lives in Alaska and to enforce laws in the exclusive economic zone in recent months.

The bill we are introducing today authorizes the continuation of funding for important Coast Guard programs, and provides new authority for a number of initiatives.

I will defer to Chairman HOLLINGS' summary, but would like to point out that the bill allows for the transfer of property in Ketchikan, AK from the Coast Guard to the Ketchikan Indian Corporation for use as a Native health clinic.

The Coast Guard no longer needs the Ketchikan property, and the Native health clinic in Ketchikan, which is currently located in an inadequate and aging building, really could use this property.

A thanks to Senator HOLLINGS for assisting me in including this provision.

In addition to authorizing Coast Guard funding, the bill includes important new provisions to improve marine safety, recreational boating safety, towing vessel safety, and to help prevent pollution from ships.

The bill would also increase documentation violations on fishing vessels which are being illegally operated by skippers who are not U.S. citizens.

I hope that we can pass this bill in the Senate before the adjournment of Congress, and look forward to working with my colleagues to accomplish this goal.

While on the subject of the Coast Guard authorization bill, I would also like to mention that we Alaskans are pleased with the new Commandant, Adm. Robert Kramek, who took over for Admiral Kime on June 1, 1994.

Admiral Kramek served as Chief of Naval Engineering for the 17th District in Juneau, receiving a masters degree from the University of Alaska, and later served as Commanding Officer aboard a high endurance cutter on enforcement missions in the North Pacific and Bering Sea.

We look forward to working with Admiral Kramek, and are glad that he brings Alaska experience to his new job.

Thank you.

By Mr. LEAHY:

S. 2375. A bill to amend title 18, United States Code, to make clear a telecommunications carrier's duty to cooperate in the interception of communications for law enforcement purposes, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE DIGITAL TELEPHONE ACT OF 1994

Mr. LEAHY. Mr. President, there was a time when law enforcement, if they wanted to listen in to what criminals were saying, the local sheriff could drive down the road, climb on the top of his car, plug a couple alligator clips on to a telephone wire, put on the earphones and know what was being said.

A lot has changed since that time. One of the things that changed, of course, is that we passed legislation laying out who could eavesdrop, when they could listen in and who could be eavesdropped on. We made it very clear: You had to apply to a court and get a warrant. We set good standards to protect your privacy, my privacy, the privacy of everybody in this country. So the standards are there, but the alligator clips have changed.

Now, with digital transmissions, if you were to go down and listen in on a phone line, you probably would just hear a loud buzz. A drug dealer in Boston, MA, who wants to talk with a supplier in Dade County, FL, may pick up a cellular phone that may send out a digital signal, which is nothing more than ones and zeros. This conversation may go through a half-dozen different linkages. It may go any way but a straight line from Boston to Florida, and a lot of it could be over fiber optic cables. And even if you could find the right cable, even if you could find the one conversation out of several thousand conversations carried over the same cable that was the one the court order allowed you to tap, you might hear nothing but a buzz. That is not going to help much to catch that drug kingpin or to stop that kidnapping or to stop a planned assassination or stop any other serious felony.

Because of this loss of ability to keep up with technology, Louis Freeh, the FBI Director, said, "The number one law enforcement, public safety, and national security issue facing us today" is preserving the ability to conduct wiretaps.

So what I am doing is introducing a bill that will give our law enforcement agencies back the confidence that when they get a wiretap order, they will be able to do their jobs and carry out the order. This will allow wiretaps under court orders to be able to be used even with the new digital technology and other emerging telecommunications technologies. This bill will not impede new technologies but ensure they will not confound legitimate law enforcement needs.

Now when this was first proposed—first in the last administration and early on in this administration—I opposed the idea, because it appeared to me that not only were there inadequate safeguards to protect the individual privacy of all of us, but I was very concerned that it was going to set up the Justice Department as some kind of a traffic cop on new technologies.

One of the things that allows us to compete with the rest of the world, especially in our ability to export, is the genius of our technology and our ability to fashion new technology. I was concerned that we would no longer be able to do so and that the Justice Department could say, "Hold it, we don't want you to put in speed dial, we don't want you to put in call forwarding or anything else because it doesn't fit what we want."

This worried me, because, unfortunately, the Federal Government has adamantly and steadfastly stayed 10 to 15 years behind most emerging technologies. We have seen it here in the Senate, where we have had to use antiquated computer systems. We have seen it at the Department of Defense, where they have communications systems that look like they are something out of World War II and not out of the Star Wars they talk about.

Private industry has gone way ahead of the Federal Government in technology and computers and telecommunications, and I did not want it held back.

So what we have done now is put together a bill—Congressman EDWARDS, in the House, and myself—that will help law enforcement. But it also contains important expansions of privacy protection for transactional information, mobile phone communications, certain radio-based communications, and will not impede technology.

Regarding the issue of digital telephony, it should be noted we came an enormous way after countless meetings and literally hundreds of hours of work by people in the private sector, law enforcement, FBI Director Freeh, Members of the House and Senate and staff. But throughout all of this, the person who worked tirelessly and was involved in every single part of it was, and is, attorney Beryl Howell of the Judiciary Committee staff assigned to my Subcommittee on Technology and the Law.

Beryl Howell is a former prosecutor from the U.S. attorney's office in New York. She is a tremendous litigator, brilliant lawyer, and I think it is safe to say that without her work and her dedication, we would not be introducing this bill today.

Now that the crime conference is concluded, we expect to be considering the conference report shortly. The crime bill does not confront what Louis Freeh, the FBI Director, has identified as "the number one law enforcement, public safety, and national security issue facing us today."

That issue is wiretaps, and law enforcement's losing battle to keep up with new technologies that undermine its capability to use this powerful tool in its crime-fighting arsenal.

There is no doubt that wiretaps can produce powerful evidence against our most dangerous criminals. Instead of making deals with other criminals, or putting innocent bystanders at risk in order to have witnesses who can testify about a defendant's crimes, the police use wiretaps to catch and convict criminals with secretly taped words from their own mouths.

But the FBI and other law enforcement agencies have told Congress that their ability to use this tool is being undercut by new communications features and services that were designed with no thought as to how they might affect law enforcement.

Over the past few months, I have worked closely with Representative DON EDWARDS, chairman of the House Judiciary Subcommittee on Civil and Constitutional Rights, to write the bill I introduce today that addresses the No. 1 problem facing law enforcement today. Industry groups, privacy and civil liberties experts, and the FBI have worked diligently with us in this effort, and I applaud them for undertaking this difficult task. I look forward to hearing from these groups at a joint hearing with DON EDWARDS' Subcommittee this Thursday, with a view to making this bill even better.

My goal in this legislation is to assist legitimate law enforcement needs without jeopardizing privacy rights or frustrating the development of new communications technologies or the competitiveness of America's high-technology industry. I believe this bill achieves that goal.

This is not the first time that Congress has had to take a close look at the wiretap statute to take into account developments in communications technology and the structure of the telecommunications industry. We last did so in 1986 when we passed the Electronic Communications Privacy Act.

This law extended the reach of the Federal wiretap law, and its privacy protections, to electronic mail and computer-to-computer communications.

In February, FBI Director Freeh came to me and other Members of Congress to consult about a proposal to revise our wiretap law anew in the face of the increasing pace of advances in telecommunications technology and impediments to execution of court-ordered wiretaps. The Clinton administration followed up last March by sending Congress proposed legislation that made significant improvements to an earlier Bush administration draft proposal. We have built on those improvements to address the significant concerns that remained.

First, to ensure law enforcement's continued ability to conduct court-authorized wiretaps in light of new and emerging digital technologies, the bill sets forth four wiretap capability requirements that telecommunications carriers would be required to meet. This means that when the phone companies set about designing and deploying new services or features, they must consider law enforcement's needs among the numerous other factors that go into such designs.

Just as phone companies make sure that when they plug-in new services, the phone system is not shorted-out, so too we do not want to shortchange the American people's need for effective law enforcement.

Second, on the privacy front, the bill expands privacy and security protections for our telephone and computer communications in ways that were first recommended to me by a privacy and technology task force I organized in 1991. The protections of the Electronic Communications Privacy Act are extended to cordless phones and certain data communications transmitted by radio.

In addition, this bill increases the protection for transactional data on electronic communications services by requiring law enforcement to get a court order for access to those records.

The bill further protects privacy by requiring telecommunications systems to protect communications not authorized to be intercepted and by restricting the ability of law enforcement to use pen register devices for tracking purposes or for obtaining transactional information. Finally, the bill improves the privacy of mobile phones by expanding criminal penalties for stealing the service from legitimate users.

Third, to encourage innovation in telecommunications services, the bill states expressly that law enforcement agencies may not require the specific design of telecommunications systems or features, nor prohibit adoption of any such design, by any telecommunications provider.

The bill sets up a mechanism for ensuring law enforcement's wiretap capability needs while at the same time deferring to industry to decide how best to meet law enforcement's wiretap needs. No Government official will be put in charge of the future of our telecommunications industry.

This legislation leaves it to industry in the first instance.

But I also do not want industry and law enforcement representatives to get together in some back room and figure out how to wiretap America. It is important that this process be subject to public scrutiny, oversight, and accountability. This bill accomplishes this by requiring any standards or technical requirements that industry adopts to ensure wiretap capability be publicly available.

Furthermore, this bill avoids putting industry in the position of guaranteeing wiretap capability, with failure punished by stopping a service or feature that consumers want. If industry is ready to deploy a new phone feature or service, but cannot yet figure out how to give law enforcement access for lawful wiretaps, a court must take that into consideration and may not stop deployment of the service. On the other hand, if industry can fix the service to assist law enforcement, it must do so.

This bill preserves a legitimate law enforcement tool without jeopardizing privacy rights or frustrating innovation and the development of new technologies or undercutting the competitiveness of America's high-technology industries.

Mr. President, I ask unanimous consent that the legislation and a section-by-section analysis be inserted in the RECORD.

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

S. 2375

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. INTERCEPTION OF DIGITAL AND OTHER COMMUNICATIONS.

(a) IN GENERAL.—Part I of title 18, United States Code, is amended by inserting after chapter 119 the following new chapter:

"CHAPTER 120—TELECOMMUNICATIONS CARRIER ASSISTANCE TO THE GOVERNMENT

"Sec.
"2601. Definitions.
"2602. Assistance capability requirements.
"2603. Notices of capacity requirements.
"2604. Systems security and integrity.
"2605. Cooperation of equipment manufacturers and providers of telecommunications support services.
"2606. Technical requirements and standards; extension of compliance date.
"2607. Enforcement orders.
"2608. Reimbursement of telecommunications carriers.

"§ 2601. Definitions

"(a) DEFINITIONS.—In this chapter—

"the terms defined in section 2510 have, respectively, the meanings stated in that section.

"'call-identifying information'—

"(A) means all dialing or signalling information associated with the origin, direction, destination, or termination of each communication generated or received by the subscriber equipment, facility, or service of a telecommunications carrier that is the subject of a court order or lawful authorization; but

"(B) does not include any information that may disclose the physical location of the subscriber (except to the extent that the location may be determined from the telephone number).

"'Commission' means the Federal Communications Commission.

"'government' means the government of the United States and any agency or instrumentality thereof, the District of Columbia, any commonwealth, territory, or possession of the United States, and any State or political subdivision thereof authorized by law to conduct electronic surveillance.

"'information services'—

"(A) means the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications; and

"(B) includes electronic publishing and messaging services; but

"(C) does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.

"'provider of telecommunications support services' means a person or entity that provides a product, software, or service to a telecommunications carrier that is integral to such carrier's switching or transmission of wire or electronic communications.

"'telecommunications carrier'—

"(A) means a person or entity engaged in the transmission or switching of wire or electronic communications as a common carrier for hire (within the meaning of section 3(h) of the Communications Act of 1934 (47 U.S.C. 153(h))); and

"(B) includes—

"(i) a person or entity engaged in providing commercial mobile service (as defined in section 332(d) of the Communications Act of 1934 (47 U.S.C. 332(d))); and

"(ii) a person or entity engaged in providing wire or electronic communication switching or transmission service to the extent that the Commission finds that such service is a replacement for a substantial portion of the local telephone exchange service and that it is in the public interest to deem such a person or entity to be a telecommunications carrier for purposes of this chapter; but

"(C) does not include persons or entities insofar as they are engaged in providing information services.

"§ 2602. Assistance capability requirements

"(a) CAPABILITY REQUIREMENTS.—Except as provided in subsections (b), (c), and (d) of this section, and subject to section 2607(c), a telecommunications carrier shall ensure that its services or facilities that provide a customer or subscriber with the ability to originate, terminate, or direct communications are capable of—

"(1) expeditiously isolating and enabling the government to intercept, to the exclusion of any other communications, all wire and electronic communications carried by the carrier within a service area to or from equipment, facilities, or services of a subscriber of such carrier concurrently with their transmission to or from the subscriber's service, facility, or equipment or at such later time as may be acceptable to the government;

"(2) expeditiously isolating and enabling the government to access call-identifying information that is reasonably available to the carrier—

"(A) before, during, or immediately after the transmission of a wire or electronic communication (or at such later time as may be acceptable to the government); and

"(B) in a manner that allows it to be associated with the communication to which it pertains, except that, with regard to information acquired solely pursuant to the authority for pen registers and trap and trace devices (as defined in section 3127), such call-identifying information shall not include any information that may disclose the physical location of the subscriber (except to the

extent that the location may be determined from the telephone number);

"(3) delivering intercepted communications and call-identifying information to the government in a format such that they may be transmitted by means of facilities or services procured by the government to a location other than the premises of the carrier; and

"(4) facilitating authorized communications interceptions and access to call-identifying information unobtrusively and with a minimum of interference with any subscriber's telecommunications service and in a manner that protects—

"(A) the privacy and security of communications and call-identifying information not authorized to be intercepted; and

"(B) information regarding the government's interception of communications and access to call-identifying information.

"(b) LIMITATIONS.—

"(1) DESIGN OF FEATURES AND SYSTEMS CONFIGURATIONS.—This chapter does not authorize any law enforcement agency or officer—

"(A) to require any specific design of features or system configurations to be adopted by providers of wire or electronic communication service, manufacturers of telecommunications equipment, or providers of telecommunications support services; or

"(B) to prohibit the adoption of any feature or service by providers of wire or electronic communication service, manufacturers of telecommunications equipment, or providers of telecommunications support services.

"(2) INFORMATION SERVICES AND INTERCONNECTION SERVICES AND FACILITIES.—The requirements of subsection (a) do not apply to—

"(A) information services; or

"(B) services or facilities that support the transport or switching of communications for the sole purpose of interconnecting telecommunications carriers or private networks.

"(3) ENCRYPTION.—A telecommunications carrier shall not be responsible for decrypting, or ensuring the government's ability to decrypt, any communication encrypted by a subscriber or customer, unless the encryption was provided by the carrier and the carrier possesses the information necessary to decrypt the communication.

"(c) EMERGENCY OR EXIGENT CIRCUMSTANCES.—In emergency or exigent circumstances (including those described in sections 2518 (7) or (11)(b) and 3125 of this title and section 1805(e) of title 50), a carrier may fulfill its responsibilities under subsection (a)(3) by allowing monitoring at its premises if that is the only means of accomplishing the interception or access.

"(d) MOBILE SERVICE ASSISTANCE REQUIREMENTS.—A telecommunications carrier offering a feature or service that allows subscribers to redirect, hand off, or assign their wire or electronic communications to another service area or another service provider or to utilize facilities in another service area or of another service provider shall ensure that, when the carrier that had been providing assistance for the interception of wire or electronic communications or access to call-identifying information pursuant to a court order or lawful authorization no longer has access to the content of such communications or call-identifying information within the service area in which interception has been occurring as a result of the subscriber's use of such a feature or service, information is available to the government (before, during, or immediately after the transfer of such communications) identifying the provider of wire or electronic communication service that has acquired access to the communications.

"§ 2603. Notices of capacity requirements

"(a) NOTICES OF MAXIMUM AND INITIAL CAPACITY REQUIREMENTS.—

"(1) IN GENERAL.—Not later than 1 year after the date of enactment of this chapter, and after consulting with State and local law enforcement agencies, telecommunications carriers, providers of telecommunications support services, and manufacturers of telecommunications equipment, the Attorney General shall publish in the Federal Register and provide to appropriate telecommunications carrier associations, standard-setting organizations, and for a—

"(A) notice of the maximum capacity required to accommodate all of the communication interceptions, pen registers, and trap and trace devices that the Attorney General estimates that government agencies authorized to conduct electronic surveillance may conduct and use simultaneously; and

"(B) notice of the number of communication interceptions, pen registers, and trap and trace devices, representing a portion of the maximum capacity set forth under subparagraph (A), that the Attorney General estimates that government agencies authorized to conduct electronic surveillance may conduct and use simultaneously after the date that is 4 years after the date of enactment of this chapter.

"(2) BASIS OF NOTICES.—The notices issued under paragraph (1) may be based upon the type of equipment, type of service, number of subscribers, geographic location, or other measure.

"(b) COMPLIANCE WITH CAPACITY NOTICES.—

"(1) INITIAL CAPACITY.—Within 3 years after the publication by the Attorney General of a notice of capacity requirements or within 4 years after the date of enactment of this chapter, whichever is longer, a telecommunications carrier shall ensure that its systems are capable of—

"(A) expanding to the maximum capacity set forth in the notice under paragraph (1)(A); and

"(B) accommodating simultaneously the number of interceptions, pen registers, and trap and trace devices set forth in the notice under paragraph (1)(B).

"(2) PERMANENT CAPACITY.—After the date described in paragraph (1), a telecommunications carrier shall ensure that it can accommodate expeditiously any increase in the number of communication interceptions, pen registers, and trap and trace devices that authorized agencies may seek to conduct and use, up to the maximum capacity requirement set forth in the notice under paragraph (1)(A).

"(c) NOTICES OF INCREASED MAXIMUM CAPACITY REQUIREMENTS.—

"(1) The Attorney General shall periodically provide to telecommunications carriers written notice of any necessary increases in the maximum capacity requirement set forth in the notice under subsection (b)(1).

"(2) Within 3 years after receiving written notice of increased capacity requirements under paragraph (1), or within such longer time period as the Attorney General may specify, a telecommunications carrier shall ensure that its systems are capable of expanding to the increased maximum capacity set forth in the notice.

"§ 2604. Systems security and integrity

"A telecommunications carrier shall ensure that any court ordered or lawfully authorized interception of communications or access to call-identifying information effected within its switching premises can be activated only with the affirmative intervention of an individual officer or employee of the carrier.

"§ 2605. Cooperation of equipment manufacturers and providers of telecommunications support services

"(a) CONSULTATION.—A telecommunications carrier shall consult, as necessary, in a timely fashion with manufacturers of its telecommunications transmission and switching equipment and its providers of telecommunications support services for the purpose of identifying any service or equipment, including hardware and software, that may require modification so as to permit compliance with this chapter.

"(b) MODIFICATION OF EQUIPMENT AND SERVICES.—Subject to section 2607(c), a manufacturer of telecommunications transmission or switching equipment and a provider of telecommunications support services shall, on a reasonably timely basis and at a reasonable charge, make available to the telecommunications carriers using its equipment or services such modifications as are necessary to permit such carriers to comply with this chapter.

"§ 2606. Technical requirements and standards; extension of compliance date

"(a) SAFE HARBOR.—

"(1) CONSULTATION.—To ensure the efficient and industry-wide implementation of the assistance capability requirements under section 2602, the Attorney General, in coordination with other Federal, State, and local law enforcement agencies, shall consult with appropriate associations and standard-setting organizations of the telecommunications industry.

"(2) COMPLIANCE UNDER ACCEPTED STANDARDS.—A telecommunications carrier shall be found to be in compliance with the assistance capability requirements under section 2602, and a manufacturer of telecommunications transmission or switching equipment or a provider of telecommunications support services shall be found to be in compliance with section 2605, if the carrier, manufacturer, or support service provider is in compliance with publicly available technical requirements or standards are adopted by an industry association or standard-setting organization or by the Commission under subsection (b) to meet the requirements of section 2602.

"(3) ABSENCE OF STANDARDS.—The absence of technical requirements or standards for implementing the assistance capability requirements of section 2602 shall not—

"(A) preclude a carrier, manufacturer, or services provider from deploying a technology or service; or

"(B) relieve a carrier, manufacturer, or service provider of the obligations imposed by section 2602 or 2605, as applicable.

"(b) FCC AUTHORITY.—

"(1) IN GENERAL.—If industry associations or standard-setting organizations fail to issue technical requirements or standards or if a government agency or any other person believes that such requirements or standards are deficient, the agency or person may petition the Commission to establish, by notice and comment rulemaking or such other proceedings as the Commission may be authorized to conduct, technical requirements or standards that—

"(A) meet the assistance capability requirements of section 2602;

"(B) protect the privacy and security of communications not authorized to be intercepted; and

"(C) serve the policy of the United States to encourage the provision of new technologies and services to the public.

"(2) TRANSITION PERIOD.—If an industry technical requirement or standard is set aside or supplanted as a result of Commission action under this section, the Commission, after consultation with the Attorney General, shall establish a reasonable time and conditions for compliance with and the transition to any new standard, including defining the obligations of telecommunications carriers under section 2602 during any transition period.

"(c) EXTENSION OF COMPLIANCE DATE FOR FEATURES AND SERVICES.—

"(1) PETITION.—A telecommunications carrier proposing to deploy, or having deployed, a feature or service within 4 years after the date of enactment of this chapter may petition the Commission for 1 or more extensions of the deadline for complying with the assistance capability requirements under section 2602.

"(2) GROUND FOR EXTENSION.—The Commission may, after affording a full opportunity for hearing and after consultation with the Attorney General, grant an extension under this paragraph, if the Commission determines that compliance with the assistance capability requirements under section 2602 is not reasonably achievable through application of technology available within the compliance period.

"(3) LENGTH OF EXTENSION.—An extension under this paragraph shall extend for no longer than the earlier of—

"(A) the date determined by the Commission as necessary for the carrier to comply with the assistance capability requirements under section 2602; or

"(B) the date that is 2 years after the date on which the extension is granted.

"(4) APPLICABILITY OF EXTENSION.—An extension under this subsection shall apply to only that part of the carrier's business on which the new feature or service is used.

"§ 2607. Enforcement orders

"(a) ENFORCEMENT BY COURT ISSUING SURVEILLANCE ORDER.—If a court authorizing an interception under chapter 119, a State statute, or the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.) or authorizing use of a pen register or a trap and trace device under chapter 206 or a State statute finds that a telecommunications carrier has failed to comply with the requirements in this chapter, the court may direct that the carrier comply forthwith and may direct that a provider of support services to the carrier or the manufacturer of the carrier's transmission or switching equipment furnish forthwith modifications necessary for the carrier to comply.

"(b) ENFORCEMENT UPON APPLICATION BY ATTORNEY GENERAL.—The Attorney General may apply to the appropriate United States district court for, and the United States district courts shall have jurisdiction to issue, an order directing that a telecommunications carrier, a manufacturer of telecommunications transmission or switching equipment, or a provider of telecommunications support services comply with this chapter.

"(c) GROUNDS FOR ISSUANCE.—A court shall issue an order under subsection (a) or (b) only if the court finds that—

"(1) alternative technologies or capabilities or the facilities of another carrier are not reasonably available to law enforcement for implementing the interception of communications or access to call-identifying information; and

"(2) compliance with the requirements of this chapter is reasonably achievable through the application of available technology to the feature or service at issue or would have been reasonably achievable if timely action had been taken.

"(d) TIME FOR COMPLIANCE.—Upon issuance of an enforcement order under this section, the court shall specify a reasonable time and conditions for complying with its order, considering the good faith efforts to comply in a timely manner, any effect on the carrier's, manufacturer's, or service provider's ability to continue to do business, the degree of culpability or delay in undertaking efforts to comply, and such other matters as justice may require.

"(e) LIMITATION.—An order under this section may not require a telecommunications carrier to meet the government's demand for interception of communications and acquisition of call-identifying information to any extent in excess of the capacity for which notice has been provided under section 2603.

"(f) CIVIL PENALTY.—

"(1) IN GENERAL.—A court issuing an order under this section against a telecommunications carrier, a manufacturer of telecommunications transmission or switching equipment, or a provider of telecommunications support services may impose a civil penalty of up to $10,000 per day for each day in violation after the issuance of the order or after such future date as the court may specify.

"(2) CONSIDERATIONS.—In determining whether to impose a fine and in determining its amount, the court shall take into account—

"(A) the nature, circumstances, and extent of the violation;

"(B) the violator's ability to pay, the violator's good faith efforts to comply in a timely manner, any effect on the violator's ability to continue to do business, the degree of culpability, and the length of any delay in undertaking efforts to comply; and

"(C) such other matters as justice may require.

"(3) CIVIL ACTION.—The Attorney General may file a civil action in the appropriate United States district court to collect, and the United States district courts shall have jurisdiction to impose, such fines.

"§ 2608. Reimbursement of telecommunications carriers

"(a) IN GENERAL.—The Attorney General shall, subject to the availability of appropriations, reimburse telecommunications carriers for all reasonable costs directly associated with—

"(1) the modifications performed by carriers prior to the effective date of section 2602 or prior to the expiration of any extension granted under section 2606(c) to establish the capabilities necessary to comply with section 2602;

"(2) meeting the maximum capacity requirements set forth in the notice under section 2603(a)(1)(A); and

"(3) expanding existing facilities to accommodate simultaneously the number of interceptions, pen registers and trap and trace devices for which notice has been provided under section 2603(a)(1)(B).

"(b) PROCEDURES AND REGULATIONS.—Notwithstanding any other law, the Attorney General may establish any procedures and regulations deemed necessary to effectuate timely and cost-efficient reimbursement to telecommunications carriers for reimbursable costs incurred under this chapter, under chapters 119 and 121, and under the Foreign Intelligence Surveillance Act of 1978 (50 U.S.C. 1801 et seq.).

"(c) DISPUTE RESOLUTION.—If there is a dispute between the Attorney General and a telecommunications carrier regarding the amount of reasonable costs to be reimbursed under subsection (b), the dispute shall be resolved and the amount determined in a proceeding initiated at the Commission under section 2606(b) or by the court from which an enforcement order is sought under section 2607.

"(d) LACK OF APPROPRIATED FUNDS.—The lack of appropriated funds sufficient to reimburse telecommunications carriers for modifications under subsection (a) shall be considered by the Commission or a court in determining whether compliance is reasonable under section 2607(c).".

(b) TECHNICAL AMENDMENT.—The part analysis for part I of title 18, United States Code, is amended by inserting after the item relating to chapter 119 the following new item:

"120. Telecommunications carrier assistance to the Government ..... 2601".

SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out section 2608 of title 18, United States Code, as added by section 1—

(1) a total of $500,000,000 for fiscal years 1995, 1996, 1997, and 1998; and

(2) such sums as are necessary for each fiscal year thereafter.

SEC. 3. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in paragraph (2), chapter 120 of title 18, United States Code, as added by section 1, shall take effect on the date of enactment of this Act.

(b) ASSISTANCE CAPABILITY AND SYSTEMS SECURITY AND INTEGRITY REQUIREMENTS.—Sections 2602 and 2604 of title 18, United States Code, as added by section 1, shall take effect on the date that is 4 years after the date of enactment of this Act.

SEC. 4. REPORTS.

(a) REPORTS BY THE ATTORNEY GENERAL.—

(1) IN GENERAL.—On or before November 30, 1995, and on or before November 30 of each year for 5 years thereafter, the Attorney General shall submit to the Congress a report on the amounts paid during the preceding fiscal year in reimbursement to telecommunications carriers under section 2608 of title 18, United States Code, as added by section 1.

(2) CONTENTS.—A report under paragraph (1) shall include—

(A) a detailed accounting of the amounts paid to each carrier and the technology, feature or service for which the amounts were paid; and

(B) projections of the amounts expected to be paid in the current fiscal year, the carriers to which reimbursement is expected to be paid, and the technologies, services, or features for which reimbursement is expected to be paid.

(b) REPORTS BY THE COMPTROLLER GENERAL.—

(1) IN GENERAL.—On or before April 1, 1996, and April 1, 1998, the Comptroller General of the United States, after consultation with the Attorney General and the telecommunications industry, shall submit to the Congress a report reflecting its audit of the sums paid by the Attorney General to carriers in reimbursement.

(2) CONTENTS.—A report under paragraph (1) shall include the findings and conclusions of the Comptroller General on the costs to be

incurred after the compliance date, including projections of the amounts expected to be incurred and the technologies, services, or features for which expenses are expected to be incurred.

SEC. 5. CORDLESS TELEPHONES.

(a) DEFINITIONS.—Section 2510 of title 18, United States Code, is amended—

(1) in paragraph (1) by striking "but such term does not include" and all that follows through "base unit"; and

(2) in paragraph (12) by striking subparagraph (A) and redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C), respectively.

(b) PENALTY.—Section 2511 of title 18, United States Code, is amended—

(1) in subsection (4)(b)(i) by inserting "a cordless telephone communication that is transmitted between the cordless telephone handset and the base unit," after "cellular telephone communication,"; and

(2) in subsection (4)(b)(ii) by inserting "a cordless telephone communication that is transmitted between the cordless telephone handset and the base unit," after "cellular telephone communication,".

SEC. 6. RADIO-BASED DATA COMMUNICATIONS.

Section 2510(16) of title 18, United States Code, is amended—

(1) by striking "or" at the end of subparagraph (D);

(2) by inserting "or" at the end of subparagraph (E); and

(3) by inserting after subparagraph (E) the following new subparagraph:

"(F) an electronic communication;"

SEC. 7. PENALTIES FOR MONITORING RADIO COMMUNICATIONS THAT ARE TRANSMITTED USING MODULATION TECHNIQUES WITH NONPUBLIC PARAMETERS.

Section 2511(4)(b) of title 18, United States Code, is amended by striking "or encrypted, then" and inserting ", encrypted, or transmitted using modulation techniques the essential parameters of which have been withheld from the public with the intention of preserving the privacy of such communication".

SEC. 8. TECHNICAL CORRECTION.

Section 2511(2)(a)(i) of title 18, United States Code, is amended by striking "used in the transmission of a wire communication" and inserting "used in the transmission of a wire or electronic communication".

SEC. 9. FRAUDULENT ALTERATION OF COMMERCIAL MOBILE RADIO INSTRUMENTS.

(a) OFFENSE.—Section 1029(a) of title 18, United States Code, is amended—

(1) by striking "or" at the end of paragraph (3); and

(2) by inserting after paragraph (4) the following new paragraphs:

"(5) knowingly and with intent to defraud uses, produces, traffics in, has control or custody of, or possesses a telecommunications instrument that has been modified or altered to obtain unauthorized use of telecommunications services; or

"(6) knowingly and with intent to defraud uses, produces, traffics in, has control or custody of, or possesses—

"(A) a scanning receiver; or

"(B) hardware or software used for altering or modifying telecommunications instruments to obtain unauthorized access to telecommunications services,".

(b) PENALTY.—Section 1029(c)(2) of title 18, United States Code, is amended by striking "(a)(1) or (a)(4)" and inserting "(a) (1), (4), (5), or (6)".

(c) DEFINITIONS.—Section 1029(e) of title 18, United States Code, is amended—

(1) in paragraph (1) by inserting "electronic serial number, mobile identification number, personal identification number, or other telecommunications service, equipment, or instrument identifier," after "account number,";

(2) by striking "and" at the end of paragraph (5);

(3) by striking the period at the end of paragraph (6) and inserting "; and"; and

(4) by adding at the end the following new paragraph:

"(7) the term 'scanning receiver' means a device or apparatus that can be used to intercept a wire or electronic communication in violation of chapter 119.".

SEC. 10. TRANSACTIONAL DATA.

(a) DISCLOSURE OF RECORDS.—Section 2703 of title 18, United States Code, is amended—

(1) in subsection (c)—

(A) in subparagraph (B)—

(i) by striking clause (i); and

(ii) by redesignating clauses (ii), (iii), (iv) as clauses (i), (ii), and (iii), respectively; and

(B) by adding at the end the following new subparagraph:

"(C) A provider of electronic communication service or remote computing service shall disclose to a governmental entity the name, billing address, and length of service of a subscriber to or customer of such service and the types of services the subscriber or customer utilized, when the governmental entity uses an administrative subpoena authorized by a Federal or State statute or a Federal or State grand jury or trial subpoena or any means available under subparagraph (B).";

(2) by amending the first sentence of subsection (d) to read as follows: "A court order for disclosure under subsection (b) or (c) may be issued by any court that is a court of competent jurisdiction described in section 3126(2)(A) and shall issue only if the governmental entity offers specific and articulable facts showing that there are reasonable grounds to believe that the contents of a wire or electronic communication, or the records or other information sought, are relevant and material to an ongoing criminal investigation.".

(b) PEN REGISTERS AND TRAP AND TRACE DEVICES.—Section 3121 of title 18, United States Code, is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection:

"(c) LIMITATION.—A government agency authorized to install and use a pen register under this chapter or under State law, shall use technology reasonably available to it that restricts the recording or decoding of electronic or other impulses to the dialing and signalling information utilized in call processing.".

SECTIONAL SUMMARY

The bill consists of the following ten sections:

Sections 1 through 4 deal with law enforcement's wiretap capability and capacity needs.

Sections 5 through 7 expands the privacy protection of the Electronic Communications Privacy Act to cover cordless phones and certain radio-based communications, and Section 8 makes a technical correction to that law.

Section 9 improves the privacy and security of communications over cellular telephones by prohibiting the fraudulent alteration of such telephones for the purpose of stealing service.

Section 10 protects the privacy of electronic communications by requiring a court order for the disclosure of transactional data and by limiting the use of pen registers that intercept information other than dialing or signalling information.

Section 1. Interception of digital and other communications. This section adds a new chapter 120 to title 18, United States Code, to define more precisely the assistance that telecommunications carriers are required to provide in connection with court orders for wire and electronic interceptions, pen registers and trap and trace devices. This new chapter contains eight sections numbered 2601 through 2608.

Section 2601 provides definitions for "call-identifying information," "information services," "government," "providers of telecommunication support services," "telecommunications carrier."

A "Telecommunications carrier" is defined as any person or entity engaged in the transmission or switching of wire or electronic communications as a common carrier for hire, as defined by section 3(h) of the Communications Act of 1934, and includes a commercial mobile service, as defined in section 332(d) of the Communications Act. This definition encompasses such service providers as local exchange carriers, interexchange carriers, competitive access providers (CAPS), cellular carriers, providers of personal communications services (PCS), satellite-based service providers, and any other common carrier who offers wireline or wireless service for hire to the public. It does not include persons or entities to the extent engaged in providing information services, such as electronic mail providers, on-line services providers, such as Compuserve, Prodigy, America On line or Mead Data, or commercial Internet providers. It also does not include "enhanced services" as defined by the FCC at the time of this Act. Such "enhanced services" do not include call forwarding, speed dialing, or the call forwarding portion of a voice mail service.

In addition, for purposes of this Act, the FCC is authorized to deem other persons and entities to be telecommunications carriers subject to the assistance requirements in section 2602 to the extent that such person or entity serves as a replacement for the local telephone service to a substantial portion of the public within a state. Such an entity would satisfy the criteria for a "local exchange carrier" under section 101(b)(jj) H.R. 3626, passed by the U.S. House of Representatives on June 28, 1994. As part of its determination whether the public interest is served by deeming a person or entity a telecommunications carrier for the purposes of this Act, the Commission shall consider whether such determination would promote competition, encourage the development of new technologies, and protect public safety and national security.

The term "call-identifying information" means the dialing or signalling information generated which identifies the origin and destination or a wire or electronic communication placed to, or received by, the facility or service that is the subject of the court order or lawful authorization. For voice communications, this information is typically the electronic pulses, audio tones, or signalling messages that identify the numbers dialed or otherwise transmitted. In pen register investigations, these pulses, tones, or messages identify the numbers dialed from the facility that is the subject of the court order authorization. In trap and trace investigations, these are the incoming pulses,

tones, or messages which identify the originating number of the facility from which the call was placed and which are captured when directed to the facility that is the subject of the court order or authorization.

The term "government" means the government of the United States and any agency or instrumentality thereof, the District of Columbia, any commonwealth, territory, or possession of the United States, and any state or political subdivision thereof authorized by law to conduct electronic surveillance.

The term "provider of telecommunications support services" means any person or entity that provides products, software or services to a common carrier that are integral to the switching of transmissions for wire or electronic communications. There are currently over one hundred such support service providers that provide common carriers with specialized support services.

Section 2602, entitled "Assistance capability requirements," consists of four subsections. Subsection (a) sets forth four "Capability Requirements," which every telecommunications carrier is required to meet in connection with those services or facilities that allow customers to originate, terminate or direct communications. The first requirement is expeditiously to isolate and enable the government to intercept all messages in the carrier's control to or from the equipment, facilities or services of a subscriber, concurrently with the messages' transmission, or at any later time acceptable to the government.

The second requirement is expeditiously to isolate and enable to government to access reasonably available call identifying information about the origin and destination of communications. Access must be provided in such a manner that the information may be associated with the communication to which it pertains and is provided to the government before, during or immediately after the message's transmission to or from the subscriber, or at any later time acceptable to the government. Call identifying information obtained by pen register and trap and trace devices may not include information disclosing the physical location of the subscriber sending or receiving the message, except to the extent that location is indicated by the phone number.

The third requirement is to make intercepted messages and call identifying information available to government so they may be transmitted over lines or facilities leased or procured by law enforcement to a location away from the carrier's premises.

The final requirement is to meet these requirements with a minimum of interference with the subscriber's service and in such a way that protects the privacy or messages and call identifying information that are not targeted by electronic surveillance orders, and that maintains the confidentiality of the government's wiretaps.

Subsection (b) limits the scope of the assistance requirements in several important ways. First, law enforcement agencies are not permitted to require the specific design of systems or features, nor prohibit adoption of any such design, by wire or electronic communication service providers or equipment manufacturers. The legislation leaves it to industry to decide how to comply. A carrier need not insure that each individual component of its network or system complies with the requirements so long as each communications session can be intercepted at some point.

Second, the capability requirements only apply to those services or facilities that enable a subscriber to make, receive or direct calls. They do not apply to information services, such an electronic mail providers, online services providers, such as Compuserve, Prodigy, America On line or Mead Data, or commercial Internet providers. Nor do they apply to services merely supporting the transport or switching of communications for the sole purposes of interconnecting carriers or private networks. Thus, a carrier providing a customer with a service or facility that allows the customer to obtain access to a publicly switched network is responsible for complying with the capability requirements. On the other hand, for communications handled by multiple carriers, a carrier that does not originate or terminate the message, but merely interconnects two other carriers, are not subject to the requirements for the interconnection part of its facilities.

Finally, telecommunications carriers have no responsibility to decrypt encrypted communications that are the subject of court-ordered wiretaps, unless the carrier provided the encryption and can decrypt it. This obligation is consistent with the obligation to furnish all necessary assistance under 18 U.S.C. Section 2518(4). Nothing in this paragraph would prohibit a carrier from deploying an encryption service for which it does not retain the ability to decrypt communications for law enforcement access.

Subsection (c) allows a carrier, in emergency or exigent circumstances, to fulfill its obligation to deliver communications to law enforcement under the third capability requirement by allowing monitoring on the carrier's premises.

Subsection (d), entitled "Mobile Service Assistance Requirement," addresses the responsibility of the carrier who can no longer deliver a message or call identifying information to law enforcement because the subscriber, the message and the call identifying information have left the carrier's service area. In such a case, the carrier that had the assistance responsibility is not required to continue providing the government with the message content of call identifying information, but must notify the government which carrier or service provider has subsequently picked up the message or call identifying information and begun serving the subscriber, subject to limitations on disclosing location information as described in section 2602(a).

Section 2603, entitled "Notice of capacity requirements," places the burden on the government to estimate its capacity needs and to do so in a cost-conscious manner, while also providing carriers with a "safe harbor" for capacity. Subsection (a) requires the Attorney General, within one year of enactment, to publish in the Federal Register and provide to appropriate industry associations and standards bodies notices of both the maximum capacity and the initial capacity required to accommodate all intercepts, pen registers, and trap and trace devices the government (including federal, state and local law enforcement) expects to operate simultaneously.

The maximum capacity relates to the greatest number of intercepts a particular switch or system must be capable of implementing simultaneously. The initial capacity relates to the number of intercepts the government will need to operate upon the date that is four years after enactment.

The Attorney General is directed to develop the notice after consultation with local and state law enforcement authorities and the carriers, equipment manufacturers and providers of support services. The Attorney General is given flexibility in determining the form of the notice. For example, the notice may be in the form of a specific number for a particular geographic area, or a generally applicable formula based on the number of subscribers served by a carrier.

Subsection (b) provides that telecommunications carriers must ensure that, within three years after publication of the notice, or within four years after enactment, whichever is longer, they have the maximum capacity and the initial capacity to execute all electronic surveillance orders. If the Attorney General publishes the first capacity notices before the statutory time of one year has elapsed, compliance by carriers must be achieved at the same time as the effective date in Section 2 of this Act. In the event the Attorney General publishes the notices after the statutory time limit, carriers will have three years thereafter to comply, which time period will fall after the effective date in Section 2 of this Act.

Subsection (c) requires the Attorney General periodically to give telecommunications carriers notice of any necessary increases in maximum capacity. Carriers will have at least three years, and up to any amount of time beyond three years agreed to by the Attorney General, to comply with the increased maximum capacity requirements.

Section 2604 protects systems security and integrity by requiring that any electronic surveillance effected within a carrier's switching premises be activated only with intervention by an employee of the carrier. The switching premises include central offices and mobile telephone switching offices (MTSOs).

This makes clear that government agencies do not have the authority to activate remotely interceptions within the premises of a telecommunications carrier. All executions of court orders or authorizations requiring access to the switching facilities will be made through individuals authorized and designated by the telecommunications carrier. Activation of interception orders or authorizations originating in local loop wiring or cabling can be effected by government personnel or by individuals designated by the telecommunications carrier, depending upon the amount of assistance the government requires.

Section 2605 requires a telecommunications carrier to consult with its own equipment manufacturers and support service providers to identify those services or equipment to which modifications must be made for the carriers to comply with the capability requirements. Manufacturers and support services providers are required to make available to their customers who are telecommunications carriers the necessary modifications on a reasonably timely basis and at a reasonable charge.

These responsibilities of the manufacturers and support services providers make clear that they have a critical role in ensuring that lawful interceptions are not thwarted. Without their assistance, telecommunications carriers likely could not comply with the capability requirements.

Section 2606 establishes a mechanism for implementation of the capability requirements that defers, in the first instance, to industry standards organizations. Subsection (a) directs the Attorney General and other law enforcement agencies to consult with associations and standard-setting bodies of the telecommunications industry. Carriers, manufacturers and support service providers will have a "safe harbor" and be considered in compliance with the capability requirements if they comply with publicly available technical requirements or standards designed in

good faith to implement the assistance requirements.

This section states affirmatively that the absence of standards will not preclude carriers, manufacturers or support service providers from deploying a technology or service, but they must still comply with the assistance requirements.

Subsection (b) provides a forum at the Federal Communications Commission in the event a dispute arises over the technical requirements or standards. Anyone can petition the FCC to establish technical requirements or standards, if none exist, or challenge any such requirements or standards issued by industry associations or bodies under this section. In taking any action under this section, the FCC is directed to protect privacy and security of communications that are not the targets of court-ordered electronic surveillance and to serve the policy of the United States to encourage the provision of new technologies and services to the public.

If an industry technical requirement or standard is set aside or supplanted by the FCC, the FCC is required to consult with the Attorney General and establish a reasonable time and conditions for compliance with and the transition to any new standard. The FCC may also define the assistance obligations of the telecommunications carriers during this transition period.

Subsection (c) gives telecommunications carriers an additional two years to achieve compliance with the Capability Requirements beyond the four years provided in Section 2 of the Act, if they petition for, and the FCC grants, an extension. The FCC may grant a petition for relief from compliance with the Capability Requirements for up to two years in circumstances where the carrier can show that compliance with those requirements is not reasonably achievable through application of technology available within the four year compliance period. The Attorney General will reimburse the carrier for any necessary modifications made during the extension period.

Any extension granted under this subsection applies only to that part of the carrier's business on which the feature or service at issue is used.

Section 2607 provides for enforcement of the Act by the courts. Subsection (a) provides that a court may order telecommunications carriers, equipment manufacturers and support service providers to comply forthwith with the requirements of the Act in circumstances where an electronic surveillance order or authorization has been issued but cannot be effected because a carrier has failed to comply with the requirements of the Act. This provision compliments the existing requirement in 18 U.S.C. §2518(4) that an order authorizing electronic surveillance may direct that providers of wire or electronic communications services or any "other person . . . furnish . . . forthwith all information, facilities, and technical assistance necessary to accomplish the interception."

Subsection (b) authorizes the Attorney General, in the absence of a particular electronic surveillance order or authorization, to apply to an appropriate United States Court for an enforcement order directing a telecommunications carriers, equipment manufacturers and support services provider to comply with the Act. In order to avoid disparate enforcement actions throughout the country which could be burdensome for telecommunications carriers, this authority is vested in the Attorney General of the United States through the Department of Justice and the Offices of the various United States Attorneys.

Subsection (c) places limitations on the court's authority to issue enforcement orders. First, the court must find that law enforcement has no alternatives reasonably available for implementing the order through use of other technologies or by serving the order on another carrier or service provider. Essentially, the court must find that law enforcement is seeking to conduct its interception at the best, or most reasonable, place for such interception.

Second, the court must find that compliance with the requirements of the Act are reasonably achievable through application of available technology, or would have been reasonably achievable if timely action had been taken. Of necessity, a determination of "reasonably achievable" will involve a consideration of economic factors. This limitation is intended to excuse a failure to comply with the Capability Requirements or capacity notices where the total cost of compliance is wholly out of proportion to the usefulness of achieving compliance for a particular type or category of services or features. This subsection recognizes that, in certain circumstances, telecommunications carriers may deploy features or services even though they are not in compliance with the requirements of this Act.

In the event that either of these standards is not met, the court may not issue an enforcement order and the carrier may proceed with deployment, or with continued offering to the public, of the feature or service at issue.

Subsection (d) requires a court upon issuance of an enforcement order to set a reasonable time and conditions for complying with the order. In determining what is reasonable, the court may consider as to each party before it a number of enumerated factors.

Subsection (e) provides that an order may not be issued requiring a carrier to exceed the capacity set forth in the Attorney General's notices under section 2603.

Subsection (f) provides for a civil penalty up to $10,000 per day for any carrier, equipment manufacturer or support service who wilfully violates the section. In setting the appropriate amount of the fine, a court may consider a number of enumerated factors, including the nature, circumstances, and extent of the violation, and, with respect to the violator, ability to pay, good faith efforts to comply in a timely manner, effect on ability to continue to do business, the degree of culpability or delay in undertaking efforts to comply, and such other matters as justice may require.

Section 2608, entitled "Reimbursement of Telecommunications Carriers" provides, in subsection (a), that the Attorney General is required to pay all reasonable costs directly associated with modifications required to comply with the Capability Requirements, either during the period of four years after enactment or during any extension period granted by the FCC. In addition, the Attorney General is required to pay such costs for expanding the carrier's facilities in the event such expansion is necessary to comply with the notices issued under section 2603 of maximum and initial capacity needed by law enforcement.

Subsection (b) authorizes the Attorney General to establish necessary regulations and procedures to reimburse carriers.

Subsection (c) provides that any dispute over costs is to be resolved by the FCC or the court from which an enforcement order is sought.

Subsection (d) provides that if appropriated funds are insufficient to satisfy the Attorney General's obligation under subsection (a) to reimburse carriers for the modifications required under section 2602 and for the capacity required under section 2603, the court may take this into account in determining whether compliance is reasonably achievable before issuing any enforcement order. The FCC may take this into account in determining whether compliance is reasonably achievable during a proceeding to extend the deadline for compliance with the Capability Requirements.

Section 2. Authorization of appropriations. This section authorizes $500,000,000 to be appropriated for 1995 through 1998, which encompasses the four years after enactment, and thereafter any additional amounts that may be necessary to carry out the purposes of the Act.

Section 3. Effective date. This section sets the effective date for compliance with the Capability Requirements in section 2602 and the Systems Security and Integrity requirement in section 2604 as four years after the enactment. All other provisions take effect upon date of enactment.

Section 4. Reports. The Attorney General is required to report annually to Congress periodically for the five years after enactment on the monies expended under the Act. In addition, the General Accounting Office is required to report in 1996 and 1998 on costs of compliance with this Act.

Section 5. Cordless telephones. The Electronic Communications Privacy Act (ECPA), which amended the wiretap statute in 1986, exempted from the protection of the Act "the radio portion of a cordless telephone that is transmitted between the cordless telephone handset and the base unit." 18 U.S.C. §2510 (1) & (12). In view of the current ubiquitous use of such phones and the expectation that such calls are protected just like other calls, Sen. Leahy's 1991 Privacy and Technology Task Force Report ("Task Force") recommended that privacy protection be extended to cordless phones, provided an exception for unintentional or accidental party interception was preserved.

Consistent with the Task Force's recommendations and the Administration's digital telephony proposal, the bill would delete the exceptions for cordless phones and impose a penalty of up to $500 for intentionally intercepting such communications.

Sections 6 & 7. Radio-based communications. ECPA does not protect communications that are "readily accessible to the general public," which includes radio communications, unless they fit into one of the five specified categories. These excepted categories enjoy protection because they usually are not susceptible to interception by the general public.

Consistent with the Task Force's recommendations and the Administration's digital telephony proposal, the bill would add "electronic communication" as a category of radio communication covered by the wiretap statute. This would provide protection for all forms of electronic communications, including data, even when they may be transmitted by radio.

The bill also amends the penalty provision to treat communications using modulation techniques in the same fashion as those where encryption has been employed to secure communications privacy. This paragraph refers to spread spectrum radio communications, which usually involve the transmission of a signal on different frequencies where the receiving station must

possess the necessary algorithm in order to reassemble the signal.

Section 8. Technical correction. The wiretap law permits interception of wire communications by a wire or electronic service provider in the normal course of business to render services or protect rights or property. The bill would make a technical correction and expand the exception to include electronic communications.

Section 9. Clone phones. This section amends the Counterfeit Access Device law to criminalize the use of cellular phones that are altered, or "cloned," to allow free riding on the cellular phone system. Specifically, this section prohibits the use of an altered telecommunications instrument, or a scanning receiver, hardware or software, to obtain unauthorized access to telecommunications services. A scanning receiver is defined as a device used to intercept illegally wire, oral or electronic communications. The penalty for violating this new section is imprisonment for up to fifteen years and a fine of the greater of $50,000 or twice the value obtained by the offense.

Section 10. Transactional data. Recognizing that transactional records from on-line communication systems reveal more than telephone toll records or mail covers, subsection (a) eliminates the use of a subpoena by law enforcement to obtain from a provider or electronic communication services the addresses on electronic messages. In order for law enforcement to obtain such information, a court order is required.

This section imposes an intermediate standard to protect on-line transactional records. It is a standard higher than a subpoena, but not a probable cause warrant. The intent of raising the standard for access to transactional data is to guard against "fishing expeditions" by law enforcement. Under the intermediate standard, law enforcement must show facts which establish why such records are relevant and material to an ongoing criminal investigation.

Law enforcement could still use a subpoena to obtain the name, billing address, and length of service of a subscriber to or customer of such service and the type of services the subscriber or customer utilized.

Subsection (b) requires government agencies installing and using pen register devices to use, when reasonably available, technology that restricts the information captured by such device to the dialling or signaling information necessary to direct or process a call, excluding any further communications conducted through the use of dialled digits that would otherwise be captured.

ADDITIONAL COSPONSORS

S. 993

At the request of Mr. KEMPTHORNE, the names of the Senator from Arkansas [Mr. BUMPERS] and the Senator from Michigan [Mr. LEVIN] were added as cosponsors of S. 993, a bill to end the practice of imposing unfunded Federal mandates on States and local governments and to ensure that the Federal Government pays the costs incurred by those governments in complying with certain requirements under Federal statutes and regulations.

S. 1412

At the request of Mr. LIEBERMAN, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of S. 1412, a bill to amend title 13, United States Code, to require that any data relating to the incidence of poverty, produced or published by the Secretary of Commerce for subnational areas is corrected for differences in the cost of living in those areas.

S. 1513

At the request of Mr. KENNEDY, the names of the Senator from Michigan [Mr. RIEGLE] and the Senator from Rhode Island [Mr. CHAFEE] were added as cosponsors of S. 1513, a bill entitled "Improving America's Schools Act of 1993."

S. 1541

At the request of Mr. COVERDELL, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 1541, a bill to provide that a nongovernmental person may use a private express carriage of certain letters and packets without being penalized by the Postal Service, and for other purposes.

S. 1822

At the request of Mr. DANFORTH, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 1822, a bill to foster the further development of the Nation's telecommunications infrastructure and protection of the public interest, and for other purposes.

S. 1898

At the request of Mr. RIEGLE, the name of the Senator from Tennessee [Mr. MATHEWS] was added as a cosponsor of S. 1898, a bill to amend the Internal Revenue Code of 1986 to make permanent the section 170(e)(5) rules pertaining to gifts of publicly traded stock to certain private foundations, and for other purposes.

S. 1976

At the request of Mr. DODD, the names of the Senator from Texas [Mrs. HUTCHISON] and the Senator from North Dakota [Mr. CONRAD] were added as cosponsors of S. 1976, a bill to amend the Securities Exchange Act of 1934 to establish a filing deadline and to provide certain safeguards to ensure that the interests of investors are well protected under the implied private action provisions of the act.

S. 2192

At the request of Mr. BENNETT, the names of the Senator from Delaware [Mr. ROTH] and the Senator from Washington [Mrs. MURRAY] were added as cosponsors of S. 2192, a bill to amend the Securities Exchange Act of 1934 with respect to the extension of unlisted trading privileges for corporate securities, and for other purposes.

S. 2255

At the request of Mr. GORTON, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of S. 2255, a bill to amend the Budget Enforcement Act of 1990 to establish a new budget point of order against any amendment, bill, or conference report that directs increased revenues from additional taxation of Social Security or railroad retirement benefits to a fund other than the Social Security trust fund or the Social Security equivalent benefit account.

S. 2312

At the request of Mr. DASCHLE, the names of the Senator from Arkansas [Mr. PRYOR], the Senator from Mississippi [Mr. COCHRAN], the Senator from North Dakota [Mr. CONRAD], the Senator from Iowa [Mr. GRASSLEY], the Senator from Montana [Mr. BAUCUS], the Senator from Nebraska [Mr. KERREY], the Senator from North Dakota [Mr. DORGAN], the Senator from Idaho [Mr. CRAIG], the Senator from Pennsylvania [Mr. WOFFORD], the Senator from Iowa [Mr. HARKIN], the Senator from Illinois [Mr. SIMON], the Senator from Wisconsin [Mr. KOHL], the Senator from Montana [Mr. BURNS], the Senator from Wisconsin [Mr. FEINGOLD], the Senator from Oklahoma [Mr. BOREN], the Senator from Kentucky [Mr. MCCONNELL], the Senator from Alabama [Mr. SHELBY], the Senator from South Dakota [Mr. PRESSLER], the Senator from Missouri [Mr. BOND], the Senator from Alabama [Mr. HEFLIN], and the Senator from Mississippi [Mr. LOTT] were added as cosponsors of S. 2312, a bill to maintain the ability of U.S. agriculture to remain viable and competitive in domestic and international markets, to meet the food and fiber needs of United States and international consumers, and for other purposes.

S. 2330

At the request of Mr. ROCKEFELLER, the names of the Senator from New York [Mr. MOYNIHAN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Washington [Mrs. MURRAY], the Senator from Kansas [Mr. DOLE], and the Senator from Delaware [Mr. BIDEN] 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.

AMENDMENTS SUBMITTED

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT FOR FISCAL YEAR 1995

BUMPERS (AND OTHERS) AMENDMENT NO. 2481

Mr. BUMPERS (for himself, Mr. CONRAD, Mr. LEAHY, Mr. FEINGOLD, Mr. KOHL, Mr. WELLSTONE, and Mr. SIMON) proposed an amendment to the bill (H.R. 4650) making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes; as follows:

On page 37, line 7, in lieu of the matter proposed to be inserted, add the following: "$12,111,511,000, to remain available for obligation until September 30, 1996: Provided that of the funds appropriated in this paragraph, none may be obligated or expended for parts or other components associated with the acquisition of Milstar satellites numbers 5 and 6: Provided further that $61,595,000 shall be used to develop an advanced EHF military satellite communications system."

BOXER (AND OTHERS) AMENDMENT NO. 2482

Mr. INOUYE (for Mrs. BOXER, for herself, Mr. STEVENS, and Mr. INOUYE) proposed an amendment to the bill H.R. 4650, supra; as follows:

On page 142, between lines 7 and 8, insert the following:

SEC. 8121. (a) STUDY.—The Secretary of Defense shall conduct a study of the receipt of benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) by the members of the Armed Forces. The study shall include the following elements:

(1) The number of members of the Armed Forces who are eligible to receive benefits under that Act.

(2) The number of such members who receive benefits under that Act.

(3) The location by State and region of the members referred to in paragraphs (1) and (2).

(4) An estimate of the cost of raising the rate of basic pay of members of the Armed Forces to a rate at which such members would no longer be eligible to receive benefits under that Act.

(b) REPORT.—The Secretary shall submit to Congress a report on the study required under subsection (b) not later than 180 days after the date of the enactment of this Act.

BREAUX AMENDMENT NO. 2483

Mr. BREAUX proposed an amendment to the bill H.R. 4650, supra; as follows:

On page 41 on line 9 after "1744)" insert: ": *Provided further*, That the Secretary of Defense shall provide a recommendation for additional funding from the Department of Defense to finance shipbuilding loan guarantees under Title XI of the Merchant Marine Act of 1936 (46 App. U.S.C. 1271)".

REID AMENDMENT NO. 2484

Mr. INOUYE (for Mr. REID) proposed an amendment to the bill H.R. 4650, supra; as follows:

On page 34, line 2, strike out the period at the end and insert in lieu thereof ": *Provided*, That of the amount appropriated in this paragraph, $7,000,000 shall be made available only for the procurement of the Common Automatic Recovery System for the Pioneer Unmanned Aerial Vehicle System.".

PRESSLER AMENDMENT NO. 2485

Mr. INOUYE (for Mr. PRESSLER) proposed an amendment to the bill H.R. 4650, supra; as follows:

On page 142, between lines 7 and 8, insert the following new section:

SEC. 8121. (a) The Secretary of Defense shall submit, on a quarterly basis, a report to the appropriate congressional committees setting forth all costs (including incremental costs) incurred by the Department of Defense during the preceding quarter in implementing or supporting resolutions of the United Nations Security Council, including any such resolution calling for international sanctions, international peacekeeping operations, and humanitarian missions undertaken by the Department of Defense. The quarterly report shall include an aggregate of all such Department of Defense costs by operation or mission.

(b) The Secretary of Defense shall detail in the quarterly reports all efforts made to seek credit against past United Nations expenditures and all efforts made to seek compensation from the United Nations for costs incurred by the Department of Defense in implementing and supporting United Nations activities.

(c) As used in this section, the term "appropriate congressional committees" means—

(1) the Committees on Appropriations of the House of Representatives and the Senate;

(2) the Committees on Armed Services of the House of Representatives and the Senate; and

(3) the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives.

GLENN AMENDMENT NO. 2486

Mr. INOUYE (for Mr. GLENN) proposed an amendment to the bill H.R. 4650, supra; as follows:

On page 29, line 15, before the period, insert: ": *Provided*, That of the funds appropriated in this paragraph, up to $10,500,000 may be used for the procurement of command, control, communications, and computer equipment for a Joint Training, Analysis and Simulation Center for the United States Atlantic Command."

HARKIN AMENDMENT NO. 2487

Mr. INOUYE (for Mr. HARKIN) proposed an amendment to the bill H.R. 4650, supra; as follows:

On page 39, line 2, to add after the word "section", the following: ": *Provided further*, That, of the funds made available under this heading, $5.6 million shall be available for the Integrated Product and Process Development Program.

HELMS AMENDMENT NO. 2488

Mr. HELMS proposed an amendment to the bill H.R. 4650, supra; as follows:

At the appropriate place, add the following:

SEC. . RESPONSIBLE HEALTH CARE REFORM.

(a) FINDINGS.—The Senate finds that—

(1) health care reform proposals to be considered in August 1994 in the Senate and the House of Representatives will significantly affect the health care received by each and every American;

(2) such health care reform proposals impose many new and increased taxes which will be borne by all working Americans;

(3) all health care reform proposals that require employers to purchase and pay for health insurance for their employees will result in hundreds of thousands of Americans losing their jobs;

(4) most Americans oppose having the Federal Government force everyone to buy a standard package of health insurance coverage that is the same for everyone, regardless of age, gender, or religion;

(5) an overwhelming majority of Americans believe that Congress should change only those parts of the health care system that do not work and avoid getting the Federal Government more involved in health care than it already is;

(6) an overwhelming majority of Americans have stated their belief that health care reforms being considered by Congress will lead to health care rationing;

(7) by a wide margin, the American people prefer that rather than rush to enact a health reform bill in 1994, Congress should take time to debate this issue and do it right, even if that means putting off passing a bill until next year;

(8) despite the wishes of the American people, the congressional leadership has imposed arbitrary deadlines on the consideration of health care reform by both Houses of Congress.

(9) in our democracy, the American people should have maximum input into the manner in which health care is reformed; and

(10) the mid-term congressional elections will provide the American people with a means to express their voices on the shape that health care reform should take.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that major health care reform is too important to enact in a rushed fashion, and Congress should take whatever time is necessary to do it right by deferring action until next year to give Congress and the American people ample time to obtain, read, and consider all alternatives and make wise choices unless the Senate has had the full opportunity to debate and amend the proposal after the congressional budget office estimates have been made available.

BUMPERS (AND OTHERS) AMENDMENT NO. 2489

Mr. BUMPERS (for himself, Mr. CONRAD, Mr. FEINGOLD, Mr. KOHL, Mr. HARKIN, and Mr. DORGAN) proposed an amendment to the bill H.R. 4650, supra; as follows:

In lieu of the matter proposed to be inserted at line 8 on page 25, add the following: "$1,418,470,000 to remain available for obligation until September 30, 1997: *Provided*, That of the funds appropriated in this paragraph, none may be obligated or expended on the Trident II Missile program."

BRADLEY AMENDMENT NO. 2490

Mr. BRADLEY proposed an amendment to the bill (H.R. 4650) supra; as follows:

At the end of the bill, add the following:

TITLE ___—APPROPRIATIONS PROCESS ACCOUNTABILITY ACT

SECTION ___1. SHORT TITLE.

This title may be cited as the "Appropriations Process Accountability Act".

SEC. ___2. JOINT RESOLUTION ALLOCATING APPROPRIATED SPENDING.

(a) COMMITTEE APPROPRIATIONS RESOLUTION.—Section 302(b) of the Congressional Budget Act of 1974 is amended to read as follows:

"(b) COMMITTEE SUBALLOCATIONS.—

"(1) COMMITTEES ON APPROPRIATIONS.—(A) As soon as practical after a concurrent resolution on the budget is agreed to, the Committee on Appropriations of each House shall, after consulting with Committee on Appropriations of the other House, report to its House an original joint resolution on appropriations allocations (referred to in the

paragraph as the 'joint resolution') that contains the following:

"(i) A subdivision among its subcommittees of the allocation of budget outlays and new budget authority allocated to it in the joint explanatory statement accompanying the conference report on such concurrent resolution.

"(ii) A subdivision of the amount with respect to each such subcommittee between controllable amounts and all other amounts.

The joint resolution shall be placed on the calendar pending disposition of such joint resolution in accordance with this subsection.

"(B)(i) Except as provided in clause (ii), the provisions of section 305 for the consideration in the Senate of concurrent resolutions on the budget and conference reports thereon shall also apply to the consideration in the Senate of joint resolutions reported under this paragraph and conference reports thereon.

"(ii)(I) Debate in the Senate on any joint resolution reported under this paragraph, and all amendments thereto and debatable motions and appeals in connection therewith, shall be limited to not more than 20 hours.

"(II) The Committee on Appropriations shall manage the joint resolution.

"(C) The allocations of the Committees on Appropriations shall not take effect until the joint resolution is enacted into law.

"(2) OTHER COMMITTEES.—As soon as practicable after a concurrent resolution on the budget is agreed to every committee of the House and Senate (other than the Committees on Appropriations) to which an allocation was made in such joint explanatory statement shall, after consulting with the committee or committees of the other House to which all or part of its allocation was made—

"(A) subdivide such allocation among its subcommittees or among programs over which it has jurisdiction; and

"(B) further subdivide the amount with respect to each subcommittee or program between controllable amounts and all other amounts.

Each such committee shall promptly report to its House the subdivisions made by it pursuant to this paragraph.".

(b) POINT OF ORDER.—Section 302(c) of the Congressional Budget Act of 1974 is amended by striking "such committee makes the allocation or subdivisions required by" and inserting "such committee makes the allocation or subdivisions in accordance with".

(c) ALTERATION OF ALLOCATIONS.—Section 302(e) of the Congressional Budget Act of 1974 is amended to read as follows:

"(e) ALTERATION OF ALLOCATIONS.—

"(1) Any alteration of allocations made under paragraph (1) of subsection (b) proposed by the Committee on Appropriations of either House shall be subject to approval as required by such paragraph.

"(2) At any time after a committee reports the allocations required to be made under subsection (b)(2), such committee may report to its House an alteration of such allocations. Any alteration of such allocations must be consistent with any actions already taken by its House on legislation within the committee's jurisdiction.".

SEC. ___3. AMENDMENTS TO APPROPRIATIONS BILL.

Section 302 of the Congressional Budget Act of 1974 is amended by—

(1) redesignating subsection (g) as subsection (h); and

(2) inserting after subsection (f) the following:

"(g) AMENDMENTS TO APPROPRIATIONS ACT REDUCING ALLOCATIONS.—

"(1) FLOOR AMENDMENTS.—Notwithstanding any other provision of this Act, an amendment to an appropriations bill shall be in order if—

"(A) such amendment reduces an amount of budget authority provided in the bill and reduces the relevant subcommittee allocation made pursuant to subsection (b)(1) and the discretionary spending limits under section 601(a)(2) for the fiscal year covered by the bill; or

"(B) such amendment reduces an amount of budget authority provided in the bill and reduces the relevant subcommittee allocation made pursuant to subsection (b)(1) and the discretionary spending limits under section 601(a)(2) for the fiscal year covered by the bill and the 4 succeeding fiscal years.

"(2) CONFERENCE REPORTS.—(A) It shall not be in order to consider a conference report on an appropriations bill that contains a provision reducing subcommittee allocations and discretionary spending included in both the bill as passed by the Senate and the House of Representatives if such provision provides reductions in such allocations and spending that are less than those provided in the bill as passed by the Senate or the House of Representatives.

"(B) It shall not be in order in the Senate or the House of Representatives to consider a conference report on an appropriations bill that does not include a reduction in subcommittee allocations and discretionary spending in compliance with subparagraph (A) contained in the bill as passed by the Senate and the House of Representatives.".

SEC. ___4. SECTION 602(b) ALLOCATIONS.

Section 602(b)(1) of the Congressional Budget Act of 1974 is amended to read as follows:

(1) SUBALLOCATIONS BY APPROPRIATIONS COMMITTEES.—The Committee on Appropriations of each House shall make allocations under subsection (a)(1)(A) or (a)(2) in accordance with section 302(b)(1).".

NOTICES OF HEARINGS

COMMITTEE ON INDIAN AFFAIRS

Mr. INOUYE. Mr. President, I would like to announce that the Senate Committee on Indian Affairs will be holding a markup on Wednesday, August 10, 1994, beginning at 2 p.m., in 216 Hart Senate Office Building on S. 2036, the Indian Self-Determination Contract Reform Act of 1994; S. 2150, the Native Hawaiian Housing Assistance Act of 1994; S. 2259, the Confederated Tribes of the Colville Reservation Grand Coulee Dam Settlement Act; S. 2269, the Native American Cultural Protection and Free Exercise of Religion Act of 1994; S. 2329, the Mohegan Nation of Connecticut Land Claims Settlement Act; H.R. 4228, the Auburn Indian Restoration Act; and, for other purposes to be followed immediately by confirmation hearings for Harold Monteau to serve as the Chairman of the National Indian Gaming Commission and Gary Kimble to serve as the Commissioner for the Administration for Native Americans.

Those wishing additional information should contact the Committee on Indian Affairs at 224-2251.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

SUBCOMMITTEE ON AGRICULTURAL RESEARCH, CONSERVATION, FORESTRY, AND GENERAL LEGISLATION

Mr. LEAHY. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry, Subcommittee on Agricultural Research, Conservation, Forestry, and General Legislation will hold a field hearing on Monday, August 29, 1994, at 2 p.m., in the Boise City Hall, Les Bois Room, 3d floor, 150 North Capitol Boulevard, Boise, ID, to examine forest health conditions in the Intermountain west, and to review how the new Forest Service appeal regulations serve proposed activities related to forest health.

For further information, please contact Norman Arseneault at (202) 224-4604.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet on Tuesday, August 9, 1994, at 2:30 p.m., in closed session, to receive a briefing, in preparation for the August 11 committee hearing, on the chemical weapons threat and ability of the intelligence community to verify and monitor the chemical weapons convention.

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

COMMITTEE ON SMALL BUSINESS

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Small Business Committee be authorized to meet during the session of the Senate on Tuesday, August 9, 1994, at 10 a.m. The committee will hold a full committee hearing on recommendations to improve the Small Business Administration's Minority Small Business and Capital Ownership Program.

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

SELECT COMMITTEE ON INTELLIGENCE

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Tuesday, August 9, 1994, at 3:30 p.m., to hold a closed briefing on intelligence matters.

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

SUBCOMMITTEE ON PATENTS, COPYRIGHTS AND TRADEMARKS OF THE COMMITTEE ON THE JUDICIARY

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the Subcommittee on Patients, Copyrights and Trademarks of the Committee on the Judiciary, be authorized to meet during the session of the Senate on Tuesday, August 9, 1994, at 10 a.m., to hold a hearing on S. 2272, the Prior User Rights Act and S. 2341, the Patents Reexamination Reform Act.

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

ADDITIONAL STATEMENTS

HOMICIDES BY GUNSHOT IN NEW YORK CITY

• Mr. MOYNIHAN. Mr. President, as I have done each week this session, I rise to report on the terrible toll taken by gun violence in New York City. I regret to inform the Senate that 19 people were killed by gunshot this past week in New York City, bringing this year's total to 603.•

INTERNATIONAL PEACEKEEPING SUPPORT ACT OF 1994

• Mr. SIMON. Mr. President, yesterday I introduced S. 2370. I request that S. 2370 be printed in full in the CONGRESSIONAL RECORD on August 9, 1994.

The bill follows:

S. 2370

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "International Peacekeeping Support Act of 1994".

SEC. 2. FINDINGS.

The Congress makes the following findings:

(1) With the end of the Cold War, the United States is clearly the undisputed world economic and military leader and as such bears major international responsibilities.

(2) Threats to the long-term security and well-being of the United States no longer derive primarily from the risk of external military aggression against the United States or its closest treaty allies but in large measure derive from instability from a variety of causes: population movements, ethnic and regional conflicts including genocide against ethnic and religious groups, famine, terrorism, narcotics trafficking, and proliferation of weapons of mass destruction.

(3) To address such threats, the United States has increasingly turned to the United Nations and other international peace operations, which at times offer the best and most cost-effective way to prevent, contain, and resolve such problems.

(4) In numerous crisis situations, most recently the massacres in Rwanda, the United Nations has been unable to respond with peace operations in a swift manner.

(5) The Secretary-General of the United Nations has asked member states to identify in advance units which are available for contribution to international peace operations under the auspices of the United Nations in order to create a rapid response capability.

(6) United States participation and leadership in the initiative of the Secretary-General is critical to leveraging contributions from other nations and, in that way, limiting the United States share of the burden and helping the United Nations to achieve success.

SEC. 3. DEFINITIONS.

For purposes of this Act—

(1) the term "appropriate congressional consultation" means consultation as described in section 3 of the War Powers Resolution; and

(2) the term "international peace operations" means any such operation carried out under chapter VI or chapter VII of the United Nations Charter or under the auspices of the Organization of American States.

SEC. 4. REPORT ON PLAN TO ORGANIZE VOLUNTEER UNITS.

Not later than 180 days after the date of enactment of this Act, the President shall submit a report to the Congress setting forth—

(1) a plan for—

(A) organizing into units of the Armed Forces a contingency force of up to 3,000 personnel, comprised of current active-duty military personnel, who volunteer additionally and specifically to serve in international peace operations and who receive added compensation for such service;

(B) recruiting personnel to serve in such units; and

(C) providing training to such personnel which is appropriate to such operations; and

(2) proposed procedures to implement such plan.

SEC. 5. AUTHORIZATION.

(a) IN GENERAL.—Upon approval by the United Nations Security Council of an international peace operation, the President, after appropriate congressional consultation, is authorized to make immediately available for such operations those units of the Armed Forces of the United States which are organized under section 4(1)(A).

(c) TERMINATION OF USE OF UNITED STATES ARMED FORCES.—(1) Subject to paragraph (2), the President may terminate United States participation in international peace operations at any time and take whatever actions he deems necessary to protect United States forces.

(2) Notwithstanding section 5(b) of the War Powers Resolution, not later than 180 days after a Presidential report is submitted or required to be submitted under section 4(a) of the War Powers Resolution in connection with the participation of the Armed Forces of the United States in an international peace operation, the President shall terminate any use of the Armed Forces with respect to which such report was submitted or required to be submitted, unless the Congress has extended by law such 180-day period.

SEC. 6. AVAILABILITY OF FUNDS.

Funds available to the Department of Defense are authorized to be available to carry out section 5(a).

SEC. 7. WAR POWERS RESOLUTION REQUIREMENTS.

Except as otherwise provided, this Act does not supersede the requirements of the War Powers Resolution.•

BRIDGEPORT—CONNECTICUT'S EMPOWERMENT CITY

• Mr. LIEBERMAN. Mr. President, just about 1 year ago, Congress passed the Omnibus Budget Reconciliation Act of 1993. There was one provision of OBRA '93 which may have been overshadowed by "the largest deficit reduction in a decade" but, in terms of the long term health of urban and rural America, may be have been more important. The provision I am referring to is the Empowerment Zone/Enterprise Community Program. This program is, without question, the most significant urban initiative since the Model Cities Program in the 1960's or broad-based revenue sharing in the 1970's. And for the first time in well over a decade—under the leadership of President Clinton—we have enacted a program which recognizes that the desperate conditions which exist in many of America's inner cities—the urban decline, the crime, the poverty, the drugs, the unemployment, and the homelessness—have gone untreated for far too long.

An enterprise zone [Empowerment Zone/Enterprise Community] is an economically depressed area that is designated to receive special treatment by the local, State, and Federal Government. This designation is designed to attract business investment, to provide social services, to provide job training, and to promote economic development that might otherwise not occur. This is accomplished through direct spending, tax incentives, and targeted programs.

While the enterprise zone concept was not my idea, I was privileged to have the opportunity to play a leading role as we moved it through the legislative process. And I count the enactment of the empowerment zone/enterprise community program as one of my most significant legislative accomplishments since joining this body in 1989.

Mr. President, over the past 5 years I have spoken many times on the problems plaguing America's inner cities and why I believe enterprise zones must be an integral part of urban and rural revitalization. This morning, I want to talk a little more personally about the effort which was recently completed in Bridgeport, CT. For the past 8 months I have been privileged to participate with literally hundreds of Bridgeport's residents as Bridgeport—Connecticut's Empowerment City—put together a winning application for designation as a Federal empowerment zone. Last month—with a sense of accomplishment—we forwarded the Secretary of Housing and Urban Development our application and we are now awaiting his review.

Bridgeport began the road towards empowerment zone designation last December by creating the Bridgeport Empowerment Vision Partnership and has been hard at work ever since. As evidence of the community's enthusiasm, many members of the partnership traveled all night by bus to Washington last January to pick up the application and launch their effort. At that time, Bridgeport became the first city in the Nation to announce their intention to compete for designation as an empowerment zone. Since then, the partnership has brought together diverse parts of the Bridgeport community, many of which have never coalesced around any one strategic vision until now. This effort included hundreds of members of the community organized into working groups that, I believe, represented the very best in public/private collaboration.

Without question, this program spurred a creative and innovative planning process within the city of Bridgeport. Never before have major corporations, money-center banks, city and State officials, and community-based service providers at work, side-by-side, to solve the problems of Bridgeport.

Mr. President, Bridgeport's application is strong, competitive, and worthy of designation. I believe the contents of the plan they have prepared represents the very best in forward-looking strategies to solve many of the problems plaguing Bridgeport. It includes substantial private sector partnerships with banks, financial services companies, universities, hospitals, and telecommunications. It forges real community partnerships with religious-based organizations, ethnic organizations, community organizations, and local development organizations. And it includes real governmental partnerships. The State of Connecticut, as well as the city government spent months working on this application and have made substantial programmatic and financial resources available. The State was a full partner in the formulation of the plan and is completely committed to its implementation.

I want to stress that Bridgeport's application did not come off the shelf. The residents of the city spent months forging political and community consensus on a new approach to Bridgeport's problems. And I want to stress that Bridgeport's application was not prepared at city hall—it came from the community.

Mr. President, Bridgeport's strategic plan features bold strategies to better coordinate the delivery of human and social services through family support centers. It contains strategies to create new jobs in five new targeted industries and attempts to move away from the city's traditional reliance on heavy manufacturing. These strategies will be pursued in concert with aggressive environmental remediation and new information age technologies. The plan attempts to ensure that its relatively young work force is equipped with the requisite vocational and interpersonal skills to fill those new jobs. It provides for enhanced access to capital for small business entrepreneurs and makes credit for housing more affordable and accessible. Finally, the plan articulates a new methodology for identifying needs at the neighborhood level through the operation of community action councils—a dramatic reformation in the local decisionmaking process centered around community involvement.

Mr. President, when the administration sent the empowerment zone plan to Congress it made a serious commitment to finding new solutions in the problems of inner-city America. This was a vision which Senator Robert Kennedy presented nearly 30 years ago, but it was President Clinton who brought it to fruition. Part of the administration's intent was to test the empowerment zone concept among a small group of cities. In order to successfully test this program it is imperative that a heterogeneous group of cities is selected, including a small city with a history of manufacturing. I believe Bridgeport would be an ideal candidate.

The statute set aside one empowerment zone for a smaller city—with a population of less than 500,000. While the statute did stipulate a population of "500,000 or less," the legislative intent clearly looked toward a smaller city. I believe a city like Bridgeport—with population 142,000—is more appropriately sized for this designation.

I also want to point out that the public perception that poverty is most pervasive in the Nation's largest cities is simply misleading. In fact, 53 of the Nation's 84 cities with poverty rates in excess of 17 percent have populations below 300,000. Therefore, I believe it is imperative that at least one truly smaller urban area be designated for the demonstration program to have real value.

Mr. President, Bridgeport has every physical and social attribute necessary to make this program a success. It is an northeastern manufacturing city. It is situated directly on Interstate 95 and a main commuter rail line. It boasts a deep-water port and a ferry line to Long Island. Bridgeport is a multicultural, proud community. Its citizens are ready to take this program and prove they can make it a success.

Mr. President, while the benefits of this program may represent a ripple of hope for large cities like Los Angeles, New York, or Chicago, they will represent a tidal wave of change for a city like Bridgeport. The smaller urban areas of this Nation are more likely to replicate successfully demonstrated initiatives from a comparably-sized city.

The residents of the city of Bridgeport have submitted a plan that will bring this aging city back to life. The residents are empowered and ready to move forward with implementation. As a long time supporter and part-author of this program I strongly believe they are worthy of empowerment zone designation.●

THE DECLINE AND FALL OF U.S. ANTISEMITISM

● Mr. SIMON. Mr. President, recently, I had the opportunity to read a book by Leonard Dinnerstein, "Antisemitism in America."

Reading it, you have a sense of how far we have come. For example, as late as 1877 someone was denied admission to the New York Bar because he was Jewish. Recently, the Jerusalem Post had an interview with him in an article written by Matt Nesvisky that gives a sense of perspective to all of this. The heading of the story is "The Decline and Fall of U.S. Antisemitism."

I would not agree with inclusion of the words "and fall" in the heading of the article, and I am not sure Leonard Dinnerstein would. What is clear is that there has been a great decline, and the nation is richer for that decline.

Sometimes we get excessively pessimistic about the problems of prejudice in our country and from time to time we have to learn that progress is possible.

I ask to insert the Jerusalem Post article in the CONGRESSIONAL RECORD at this point.

The article follows:

[From the Jerusalem Post]

THE DECLINE AND FALL OF U.S. ANTISEMITISM

(By Matt Nesvisky)

Some Zionists still entertain the notion that antisemitism will drive large numbers of American Jews to Israel some day. "It's not going to happen," asserts Leonard Dinnerstein.

"Of course," Dinnerstein continues, "no one can predict the future with perfect accuracy. But based on what I've documented, antisemitism in the US has clearly declined. It has not disappeared, but has become so minuscule as to be virtually irrelevant.

"Jews are incredibly secure in the United States, and I see no reason whatsoever why that should change."

If Leonard Dinnerstein is especially emphatic on this point, it is because he believes he has the evidence to back it up. Dinnerstein, a 64-year-old professor of American history at the University of Arizona, has just published that evidence in a book entitled Antisemitism in America (Oxford University Press, 369 pp., $25), and his conclusions may dismay not only many Israelis, but many American Jews and Christians.

"The fact is," says the ebullient, Bronx-born professor, "a lot of American Jews just aren't ready to accept just how well-accepted they are. On the one hand, they may have personal experience that they insist doesn't square with what I describe in my book. And I say, 'OK, there's no denying your personal experience. I can only point to what I've documented.'

"On the other hand, you have Jewish defense organizations that in their efforts to combat antisemitism tend to magnify the problem. The Anti-Defamation League, for example, compiles an annual audit of antisemitic incidents in America. Let's say they report 2,000 incidents in a particular year. That might alarm many American Jews. But what are we looking at? That's a few incidents a day emanating from a population of 270 million Americans. All that says to me is that 99.99999% of American Gentiles don't engage in antisemitic acts. It means antisemitism is just a tiny blip on the American consciousness."

Dinnerstein laughs. "Eighteen months ago, Abe Foxman, director of the ADL, publicly condemned me for what he called my minimizing of antisemitism in America. Then he read my book. Now there's a flattering endorsement from him on the back cover.

"Don't misunderstand me," Dinnerstein warns. "Antisemitic attitudes certainly remain, but antisemitic actions are at an all-time low.

"The truth is, most American Jews today simply have never experienced antisemitism. We live wherever we want, go to school wherever we want, work wherever we want, vacation wherever we want. At one time there were severe restrictions on American Jews in all of those areas. No more.

"Should American Jews remain vigilant? Of course. Jews have 2,000 years of history that show antisemitism in every century and every land. But they should also recognize the present reality: Jews in America are accepted."

This, of course, was not always the case, as Dinnerstein's book amply demonstrates.

In the colonial period, Jews were largely tolerated, if only because, as whites, they were helping to establish the Europeans' foothold on the new continent. Jews of that era readily intermarried with Gentiles, not only foreshadowing a trend that would alarm Jews in our era but indicating back then an unusual degree of acceptance by these new American folk.

But despite all the rhetoric about religious freedom in the New World, Jews were perceived as heathens who had yet to see the light. William Penn—founder of Philadelphia, the City of Brotherly Love—implored Jews to recognize the "error of their ways," and accept Jesus.

John Quincy Adams held less-tender views. After visiting an Amsterdam synagogue in 1780—45 years before he became president—he wrote in his diary that Jews "are all wretched creatures, for I think I never saw in my life such a set of miserable-looking people, and would steal your eyes out of your head if they possibly could."

It was Adams' view that more or less prevailed among Americans. Dinnerstein points out that even after the Revolutionary War, Jews were still legally denied the right to vote.

It wasn't until the Civil War, in fact, that any sizable amount of antisemitism manifested itself in the New World. Southerners widely suspected Jews of Northern loyalties, and vice versa, and if both sides agreed on very little, they still agreed that Jews managed to avoid service in their respective armies.

After the war, antipathy toward Jews receded. But following antisemitic developments in Europe, it was revived in the latter part of the 19th century. The hatred grew even more intense as the great waves of immigration began to break against the shores of America at the end of the 1800s.

Yet Dinnerstein, who earlier wrote a book on immigration to the US, points out that Jews were hardly alone in drawing fire from native-born Americans. Virtually all immigrants, especially those from Southern and Eastern Europe, were unwelcome. For generations, anti-Catholic prejudice among Americans was as strong, if not stronger, then antisemitism.

"America," Dinnerstein says, "was founded as a Protestant country by European Protestants, who carried all their prejudices to the New World. The society was built the way the majority wanted it. And for all the diversity in the country today, those Protestant cultural attitudes prevail."

Still, Jews were singled out for a special purgatory, often as a result of the efforts of thoroughly dedicated antisemites. Among these was Henry Ford. During the Red Scare of the 1920s, Ford widely circulated The Protocols of the Elders of Zion. Moreover, his Detroit newspaper, The Dearborn Independent, editorialized against "the international Jew" for 91 consecutive weeks. (Hitler praised Ford in Mein Kampf, and reportedly kept a photo of the automobile manufacturer in his office.)

As in earlier periods of economic difficulty, the Jews were scapegoated during the Great Depression. At this time another "outstanding" antisemite, "radio priest" Father Charles Coughlin, led the charge. By now, antisemitism was reaching unprecedented levels. Hatred of Jews continued to grow through World War II, which antisemites naturally blamed on the Jews.

After the war, however, antisemitism promptly began to decline, Dinnerstein maintains, and it has declined steadily ever since.

In his hotel room a few blocks from the White House, Dinnerstein ticks off the reasons for the modern American acceptance of the Jews.

"First of all," he says, "after the war, there was a lot of guilt about the Jews, as the facts of the Holocaust became known. And as a result, the establishment of Israel earned Jews a lot of sympathy, admiration and respect.

"Beyond that, Americans were busy rebuilding their lives. And soon they were busy enjoying prosperity. Little interfered with that.

"Then came the civil-rights movement of the 1950s and 1960s. If any minority was drawing attention, it was the African-Americans, not the Jews. Eventually, the government would put great resources into promoting fair treatment for all. Prejudices would of course remain, but the Civil Rights Acts and the like had their effect.

"I also don't minimize the impact of Jewish defense organizations. For various reasons they had been largely ineffective during World War II. Now, they were aggressive in combating prejudice and in changing attitudes and behavior. So for all these reasons, things like university quotas on Jews or restricted resorts and neighborhoods became history.

"But the primary reason for the decline of antisemitism in America is the lessening influence of Christianity," Dinnerstein asserts. "The great engine of antisemitism, after all, has always been Christian doctrine. Americans are less devoted to their churches, and their doctrine has been radically modified."

"Today, the catechism no longer teaches: 'Who killed Christ? The wicked Jews. Can Jews be forgiven? Not until they accept the grace of Jesus.' Books used in Sunday schools have similarly changed. And if children don't imbibe it, a prejudice won't take hold.

"You know, at one time the Mother Goose rhymes included. 'Jack sold his egg to a rogue and a Jew, who cheated him out of half of his due.' Presenting that sort of thing to a kid in America now is unthinkable.

"And the evidence speaks for itself. A lot of Jews here thought the oil crisis of 1973 would engender a wave of antisemitism. It didn't happen. A few years back, we had those stockmarket scandals involving Jews like Michael Milken and Ivan Boesky. Many Jews thought that was going to inspire a wave of antisemitism. Again it didn't happen. We had Jonathan Pollard arrested as a spy. Jews feared pogroms. They didn't occur."

So, does antisemitism figure in the consciousness of Jews more prominently than it does in the minds of Gentiles?

Dinnerstein nods, then jerks his thumb over his shoulder toward the White House. "Consider that Clinton has done something that no president has ever dared to before. He named two Jews to the Supreme Court. Was their Jewishness an issue? Ruth Bader Ginsberg was discussed as a woman—no one discussed her Jewishness. And Judge Breyer? His Jewishness, likewise, was never even mentioned. For the mass of Gentiles in this country, it just isn't an issue.

"But of course, the ultimate proof of the acceptance of Jews in this country is intermarriage. You have to consider what an intermarriage rate of over 50% means. For Jews, it may be something to worry about, although with an intermarriage in virtually every Jewish family these days, it's hardly a shock anymore.

"The point is, however, what it means for Gentiles. It means Jews are acceptable as marriage partners, as family members. It means Gentiles aren't afraid of losing status by marrying Jews. It means they don't fear being ostracized or that their kids will be ostracized."

Dinnerstein shrugs off the question of whether this is good for the Jews. "It's inevitable," he says. "I'm a scholar in immigration, and the data show that after the fourth generation, immigrants to this country by and large are fully integrated. Even Japanese-Americans have an intermarriage rate of over 50%.

"You know, at one time people used to marry people from the neighborhood. Now they don't even have neighborhoods. You have little ethnic enclaves here and there, but to the vast majority of Americans, that ethnic heritage has little hold. The American experience is one of amalgamation, homogenization. Yes, in the bosom of their families, many Gentiles still harbor anti-Jewish sentiments. But the incidence of anti-Jewish activity is almost nil.

"So some stupid teenager daubs a swastika on a synagogue. I do not see that as evidence of a surge of neo-Nazism. An awful lot of churches are vandalized, too. You don't hear about waves of anti-Methodism or anti-Lutheranism. Anyone who asserts that Jews are insecure or uncomfortable in America just isn't looking at the evidence."

The one exception to this cheery picture, Dinnerstein admits, is black antisemitism. But he finds nothing surprising in the phenomenon.

"For one thing, it isn't new," he says. "Evidence of antisemitism among African-Americans can be found just about as far back as one can research. And the source was the same as it was for most whites—Protestant doctrine, in this case, Southern fundamentalist Christianity. And that still has a strong hold on the African-American imagination, even when the hatred is articulated by the Nation of Islam.

"Like other people, they want a scapegoat for their troubles. Some no doubt even think they'll win favor with the white majority by demonizing a common antagonist. Only the white society today no more tolerates African-American antisemitism than the Jews do.

"I also don't believe it's any coincidence that antisemitism is given voice most prominently in America these days by the one minority group that remains most excluded from the mainstream. Color prejudice, after all, is the hardest sort to overcome."

But what about the theory that antisemitism is a useful, if messy, glue for holding the Jewish community together?

"I believe there's a lot of truth in that," Dinnerstein says. "If antisemitism should disappear altogether—which of course I'm not predicting—it would certainly weaken the Jewish community. The evidence is clear

that when Jews perceive themselves as accepted, they move into the community, they assimilate. And when they perceive antisemitism as strong, they tend to stick together."

Dinnerstein again shrugs his burly shoulders. "So OK," he says with a smile, "maybe American Jews should worry more about tolerance than about antisemitism. But I'm just a historian. That's not for me to decide."●

ORDERS FOR TOMORROW

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that upon disposition of the Conference Report accompanying H.R. 4426, the foreign operations appropriations bill, the Senate then proceed to the conference report accompanying H.R. 4453, the military construction appropriations bill, under the authority of a previous unanimous consent agreement by virtue of this consent being granted, that all time be yielded back on the conference report, and the Senate then vote on adoption of military construction conference report; that upon disposition of that conference report, the Senate then resume consideration of H.R. 4650, the Department of Defense, provided further that upon resuming the bill, the Senate vote on or in relation to the Bumpers amendment No. 2481 relating to Milstar; that upon disposition of amendment No. 2481, the Senate then vote on or in relation to the Bumpers amendment No. 2489 relating to Trident; that upon disposition of amendment No. 2489, the Senate vote on or in relation to the Helms amendment No. 2480 relating to Colombia; with no amendments in order to these amendments or to any language which may be stricken, with the above occurring without intervening action or debate.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MOYNIHAN. I thank the Presiding Officer.

Mr. MOYNIHAN. 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 9:15 a.m., Wednesday, August 10, 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. 4606, the Labor, HHS appropriations bill and that Senator GRAHAM be recognized to speak for up to 15 minutes relative to his amendment No. 2478, provided further that upon the conclusion of Senator GRAHAM'S remarks, the previous order regarding the Helms amendment No. 2466 be executed, as well as the provisions of a previous agreement relating to rollcall votes.

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

RECESS UNTIL TOMORROW AT 9:15 A.M.

Mr. MOYNIHAN. 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 9:52 p.m., recessed until tomorrow, Wednesday, August 10, 1994, at 9:15 a.m.

NOMINATIONS

Executive nominations received by the Senate August 9, 1994:

CORPORATION FOR PUBLIC BROADCASTING

HENRY J. CAUTHEN, OF SOUTH CAROLINA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE CORPORATION FOR PUBLIC BROADCASTING FOR A TERM EXPIRING JANUARY 31, 2000. (REAPPOINTMENT)

FRANK HENRY CRUZ, OF CALIFORNIA, TO BE A MEMBER OF THE BOARD OF DIRECTORS OF THE CORPORATION FOR PUBLIC BROADCASTING FOR A TERM EXPIRING JANUARY 31, 2000, VICE LLOYD KAISER, TERM EXPIRED.

IN THE COAST GUARD

THE FOLLOWING REGULAR OFFICERS OF THE U.S. COAST GUARD FOR PROMOTION TO THE GRADE OF CAPTAIN:

ROBERT W. VAIL
WILLIAM H. FELS
JOHN M. CRYE
JOHN C. LUTHER
RANDALL P. PARMENTIER
ADOLPH E. ZIMMER II
FREDERICK V. NEWMAN, JR.
KEVIN J. ELDRIDGE
CAROL V. MOSEBACH
JOHN E. VEENTJER
THOMAS J. ALLARD
JOHN R. SPROUSE
BRIAN J. CLARK
GEORGE T. GUNTHER
DAVID R. NICHOLSON
RAY W. CLARK, JR.
TAJR HULL
JOHN V. O'SHEA
GARY S. STEINFORT
GRANT E. LEBER
STEVEN J. BELLONA
ROBERT W. BRUCE, JR.
FREDRICK A. ADAMS
ROBERT G. ROSS
DONALD S. LEWIS
EDWARD P. BOYLE
ROBERT L. SKEWES
PETER A. POPKO
KEITH CODDINGTON
MICHAEL M. ROSECRANS
JAMES R. LOEW
GEORGE F. WRIGHT
MICHAEL A. ROBINETT
FREDDY L. MONTOYA
ROBERT F. PETKO
LARRY L. HERETH
DANIEL J. SCHERER
ROBERT E. DODGE, JR.
DAVID R. INNIS
JAMES M. COLLIN
ROBERT F. RZEMIENIEWSKI
MICHAEL W. BROWN
PETER J. BOYD
JOHN S. CLAY
DAVID W. MOORE
RANDAL K. CORRIGAN
WARREN G. SCHNEEWEIS
MARGARET R. RILEY
FRANK L. WHIPPLE
DWIGHT H. MEEKINS
JEFFREY M. GARRETT
GERALD M. DAVIS
PAUL G. MILLER
JUDITH M. HAMMOND
STEWART L. GINGRICH
ALBERTO J. GASTON
JOHN R. ODOM III
STANLEY J. WALZ
RONALD W. BATSON
JOHN E. SCHRINNER
KURT A. CARLSON
VIVIEN S. CREA
GABRIEL O. KINNEY
DAVID F. MILLER
RICHARD R. BEARDSWORTH
PHILIP M. SANDERS

IN THE AIR FORCE

THE FOLLOWING U.S. AIR FORCE RESERVE OFFICER TRAINING CORPS GRADUATES FOR APPOINTMENT IN THE REGULAR AIR FORCE IN THE GRADE OF SECOND LIEUTENANT UNDER THE PROVISIONS OF TITLE 10, UNITED STATES CODE, SECTION 531, WITH DATES OF RANK TO BE DETERMINED BY THE SECRETARY OF THE AIR FORCE.

LINE OF THE AIR FORCE

INES M. AGOSTO, XXX-XX-X...
THOMAS W. ALLEN, XXX-XX-X...
MARK C. ANARUMO, XXX-XX-X...
JAMES G. ANDERSON, XXX-XX-X...
BRIAN S. ARMSTRONG, XXX-XX-X...
DERECK J. BARNES, XXX-XX-XX...
PETER A. BERUBE, XXX-XX-XX...
JONATHAN N. BLANE, XXX-XX-X...
MATTHEW J. BRECHWALD, XXX-XX-X...
KRISTI K. BROWN, XXX-XX-X...
TIMOTHY J. BURKE, XXX-XX-X...
JOANNE BURNETT, XXX-XX-X...
STEPHEN T. BURRINGTON, XXX-XX-XX...
JAMES T. CASKEY, XXX-XX-X...
TRUDY M. CASSEN, XXX-XX-X...
ANTHONY M. CERMINARO, XXX-XX-X...
JAMES E. COLE, XXX-XX-X...
CHAD COOK, XXX-XX-X...
SAMUEL D. COX, XXX-XX-X...
FAE M. CRISSMAN, XXX-XX-X...
JENNIFER I. CUI, XXX-XX-XX...
AMY J. DEBATES, XXX-XX-X...
WILLIAM D. DRISCOLL II, XXX-XX-X...
JONATHAN P. ELLIOTT, XXX-XX-XX...
JUPE A. ETHERIDGE, XXX-XX-XX...
PETER M. FESLER, XXX-XX-XX...
DAVID M. FIDLER, XXX-XX-X...
ROBERT C. FINCH, XXX-XX-X...
KATHRYN E. FRESEMAN, XXX-XX-XX...
ROBIN GALLANT, XXX-XX-X...
JOE B. GAMERTSFELDER, XXX-XX-XX...
LEONARD GARCIA, XXX-XX-X...
NEIL J. GIBSON, XXX-XX-XX...
ANGELA P. GIDDINGS, XXX-XX-X...
CHRISTOPHER W. GILMORE, XXX-XX-XX...
JASON GIRARD, XXX-XX-X...
MARK D. GLISSMAN, XXX-XX-X...
NATHAN C. GREEN, XXX-XX-X...
JOHN P. GREENAWAY, XXX-XX-X...
ETHAN C. GRIFFIN, XXX-XX-XX...
GARRY A. HAASE, XXX-XX-X...
GRACE A. HALL, XXX-XX-X...
MARK L. HALL, XXX-XX-X...
LOUIS W. HANSEN, XXX-XX-X...
RICHARD J. HARGRAVE, XXX-XX-X...
TED W. HARRIS, JR, XXX-XX-XX...
KELLY A. HERD, XXX-XX-X...
LANCE A. HOBSON, XXX-XX-X...
DEAN L. HOEKSTRA, XXX-XX-X...
DAVID M. HOLLIDAY, XXX-XX-X...
DAVID R. HOPPER, XXX-XX-X...
DALE E. HYBL, XXX-XX-X...
RICHARD L. JARRELL, XXX-XX-XX...
JOHNNIE G. JERNIGAN, XXX-XX-XX...
CURTIS W. JOHNSON, XXX-XX-X...
JOHN W. JURGENSEN, XXX-XX-XX...
LESLIE L. KASSL, XXX-XX-XX...
KARLETON LEROY KERR, XXX-XX-X...
SCOTT M. KIEFFER, XXX-XX-X...
LEE E. KLOOS, XXX-XX-X...
JASON E. KOLTES, XXX-XX-XX...
CHRISTOPHER J. LACHANCE, XXX-XX-XX...
RANDALL C. LAMBERT, XXX-XX-X...
KINDRA A. LARSON, XXX-XX-X...
JULIA M. LAURENZANO, XXX-XX-X...
MINNA A. LAVALLEY, XXX-XX-X...
CHRISTOPHER J. LEEMAN, XXX-XX-XX...
JOHN C. LOWE, XXX-XX-X...
JOSEPH R. MAREK, XXX-XX-XX...
JOHN W. MARUSA, XXX-XX-X...
ANTHONY J. MASTALIR, XXX-XX-XX...
BRIAN E. MAUE, XXX-XX-X...
JENNIFER A. MCCARY, XXX-XX-X...
CHARLES D. MCCURRY, XXX-XX-X...
MATTHEW E. MCQUINN, XXX-XX-X...
DAVID C. MERKEL, XXX-XX-X...
MICHAEL A. MILLER, XXX-XX-X...
DAVID K. MOELLER, XXX-XX-X...
SEAN D. MURPHY, XXX-XX-X...
ANDREW J. MUSER, XXX-XX-X...
NEIL G. NICHOLS, XXX-XX-X...
MATTHEW J. NICOLETTA, XXX-XX-XX...
NATHAN L. NIEDERHAUSER, XXX-XX-XX...
ROGER M. NOREIGA, XXX-XX-X...
JAMES A. OLDENBURG, XXX-XX-X...
SCOTT R. OLSEN, XXX-XX-X...
DANIEL S. PAPPA, XXX-XX-XX...
JOHN C. PETERSON, XXX-XX-XX...
JEREMY C. PHILLIPS, XXX-XX-XX...
MICHAEL J. POIRIER, XXX-XX-XX...
JOSEPH D. PRICE, XXX-XX-XX...
MARK J. PROCTOR, XXX-XX-X...
JONATHAN QUINN, XXX-XX-X...
JOHN E. RANDOLPH, XXX-XX-X...
RANDALL D. RATHMANN, XXX-XX-X...
GLEN S. RICHARDS, XXX-XX-X...
DIANE E. RIDGLEY, XXX-XX-X...
MICHELLE G. ROBINSON, XXX-XX-X...
CHRISTINA M. RODRIGUEZ, XXX-XX-X...
SCOTT A. ROMBERGER, XXX-XX-X...
ROBERT D. ROY, XXX-XX-X...
MICHAEL T. RYAN, XXX-XX-X...
BRETT J. SCHOEPFLIN, XXX-XX-XX...
RICHARD T. SCOTT, XXX-XX-X...
MARK T. SKOSICH, XXX-XX-X...
BRADLEY K. SMITH, XXX-XX-X...
NICHOLAS A. SMITH, XXX-XX-X...
NICK A. SPANKOWSKI, XXX-XX-X...
JEFFREY R. SPRAIN, XXX-XX-XXXX
RICHARD V. STEELE, XXX-XX-XX...
TIMOTHY J. STEFFEN, XXX-XX-XX...
MICHAEL J. STEPANIAK, XXX-XX-XX...
JASON P. STOCK, XXX-XX-X...
STEPHEN R. STOLZ, XXX-XX-XX...
JUDE R. SUNDERBRUCH, XXX-XX-XX...
JASON W. TAYLOR, XXX-XX-X...
DOUGLAS G. THIES, XXX-XX-X...
CHAD C. TILLEY, XXX-XX-X...
LINDA M. TIMIAN, XXX-XX-X...
WILLIAM D. TRAUTMANN, XXX-XX-X...
ERIC N. TRESCHUK, XXX-XX-X...
J. SCOTT TYO, XXX-XX-X...
DAVID J. WALLER, XXX-XX-X...
SHANNON M. WERNDLI, XXX-XX-X...
RANDY C. A. WHITECOTTON, XXX-XX-X...
MICHAEL G. WHYTE, XXX-XX-X...
JOHN B. WILBOURNE, XXX-XX-X...
BRIAN K. WINKLEPLECK, XXX-XX-X...
KENNETH P. WOODCOCK, XXX-XX-X...
JOSEPH B. WURMSTEIN, XXX-XX-XX...
SANG H. YOO, XXX-XX-X...
KATHERINE A. ZUKOR, XXX-XX-X...

CONFIRMATIONS

Executive nominations confirmed by the Senate August 9, 1994:

THE JUDICIARY

JOSE A. CABRANES, OF CONNECTICUT, TO BE U.S. CIRCUIT JUDGE FOR THE SECOND CIRCUIT.

PAUL D. BORMAN, OF MICHIGAN, TO BE U.S. DISTRICT JUDGE FOR THE EASTERN DISTRICT OF MICHIGAN.

DENNY CHIN, OF NEW YORK, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF NEW YORK.

HAROLD BAER, JR., OF NEW YORK, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF NEW YORK.

DENISE COTE, OF NEW YORK, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF NEW YORK.

JOHN G. KOELTL, OF NEW YORK, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF NEW YORK.

ROSEMARY S. POOLER, OF NEW YORK, TO BE U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF NEW YORK.

LEWIS A. KAPLAN, OF NEW YORK, TO BE U.S. DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF NEW YORK.

BLANCHE M. MANNING, OF ILLINOIS, TO BE U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF ILLINOIS.

MARK W. BENNETT, OF IOWA, TO BE U.S. DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF IOWA.