SENATE—*Wednesday, September 30, 1998*

(Legislative day of Tuesday, September 29, 1998)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

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

Blessed be the Name of the Lord: God of Abraham, Isaac, and Israel. We thank You for this sacred Yom Kippur, the day of atonement. We hear Your whisper in our souls, "I, even I, am He who blots out your transgressions for My own sake; and I will not remember your sins."—Isaiah 43:25.

Guide our confession, Holy God. Remind us of those things that need Your atonement. Forgive us for our sins of omission and commission, for the drift of our culture from Your moral absolutes. Situations should not shape our ethics but Your ethics must shape our situations. Cleanse us from the acts and attitudes that contradict Your will for us. We have broken Your commandments, denied Your justice, and resisted Your righteousness.

As a Nation on this holy day, we ask for Your forgiveness; as individuals, we claim Your forgiveness for the ways we have broken Your heart.

May the assurance of Your grace give us fresh courage to forgive others as You have forgiven us. Liberate our memories from harbored hurts. We commit this day to communicate Your love and forgiveness to others. Through our Lord and Saviour. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The able acting majority leader is recognized.

Mr. MURKOWSKI. Good morning, Mr. President.

SCHEDULE

Mr. MURKOWSKI. Mr. President, the leader has asked me to announce that this morning there will be a period of morning business lasting approximately 3½ hours. Following morning business, it is hoped that the Senate may proceed to the Department of Defense authorization conference report, or the American Wetlands Conservation Act, under a 1-hour time agreement.

Members are reminded that no votes will occur during today's session of the Senate in observance of the Jewish holiday. Any votes ordered today will be postponed to occur at approximately 10 a.m. on Thursday, and all Senators will be notified as soon as Thursday's voting schedule becomes available.

The leader thanks colleagues for their attention.

MORNING BUSINESS

The PRESIDING OFFICER (Mr. THOMAS). Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 12:30 with Senators permitted to speak therein for up to 10 minutes each.

Under the previous order, there will now be 20 minutes under the control of the Senator from Alaska, Senator MURKOWSKI.

Mr. MURKOWSKI. Mr. President, I thank the Chair.

INTERIOR APPROPRIATIONS RIDERS

Mr. MURKOWSKI. Mr. President, I rise today to discuss an issue that was brought up on this floor yesterday by my friend, the senior Senator from Montana, Senator BAUCUS, who proceeded to give us certain views on a number of amendments to the Interior appropriations bill that he proposed be stripped from that particular package.

Mr. President, I think it is appropriate that this body have an opportunity to view the arguments on the other side of the issues, and I think it is fair to perhaps provide a little history on what these amendments are and the rationale associated with the arguments for or against their merits.

There were originally nine proposed amendments in the Baucus package. Two of them have been removed. So we are addressing amendments to strip the Glacier Bay language, King Cove language, and the Tongass language, road decommissioning, section 321 of the forest planning, the issue of the reintroduction of grizzlies in Idaho and Montana, and the Columbia and Snake River Dams, and the likely removal. I am going to enunciate a little further on these as I go along, but I wanted to give you a view of the issues in their entirety so that we can, first of all, recognize that these have certain environmental overtones.

I think it is appropriate that we recognize the extent to which the environmental community has gone to encourage these be stricken. Approximately 2 weeks ago, there was a press conference downtown in one of the restaurants where the media was invited. There was a presentation condemning these issues, and obviously an effort to try to generate a one-sided view from the media.

As chairman of the Energy Committee, and representing the State of Alaska, to which three of these particular amendments to strike are associated, and not having an opportunity to have an invitation extended to me, we felt it necessary to balance the process at that point. So we proceeded with a small press conference in the Energy Library. We invited basically the same media. We had a good attendance. I also invited my friend from Montana to attend in the hopes that we could respond to some questions from the media on these individual points. Unfortunately, he was unable to be there. As a consequence, we have each had an opportunity to express our views to the media.

I think it is also appropriate to recognize that there used to be, more or less, a gentleman's agreement in this body relative to resource issues and issues that affected a particular State. When Senators from the State made specific recommendations with regard to what was in the best interests of their State, it usually stood. But that has changed over the years. I recognize that. Now we have the input of the special interest groups relative to issues. That is kind of where we are today.

What I have done here is attempted to set the stage a little bit. I think it is fair to recognize that there are other influences. I noted today a statement of our Vice President in the White House Briefing Room from yesterday. It is relatively brief, but it does criticize the Republican Congress, the Republican leadership, and I think the third paragraph bears some attention. It suggests that there is a sneak attack being perpetrated by the Republicans and by their special interests riders in the budget bills where they hope no one will find them. He further indicates that the proposals are to carve roads through the wilderness, force overcutting in the national forests, sell the taxpayers short, and keep us from addressing global warming, and that these issues cannot stand the light of day.

I think it is appropriate to recognize that there are other influences. I was checking with my staff before I was recognized this morning. Mr. President, I am advised that the Congressional Budget Office has scored all of

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

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these particular riders as revenue neutral.

Since we are in the interest of full disclosure, I think it also is important to recognize another fact; that is, the accusation of putting anti-environmental riders on the Interior appropriations bill for fiscal year 1999. It seems to be a pretty one-sided argument, because I am sure the Senator from Montana would not object to the process of riders, recognizing that there are 150—150—riders on the Interior bill.

From the standpoint of the special interest groups, maybe the Vice President, and others, we could remove all such riders, including the moratorium of offshore oil drilling off the coast of California, and items on mining. I think it is fair to point out that the National Forest System—at least the first 21 million acres of the Forest System—was created by riders and amendments to the 1897 appropriations bill.

So, indeed, we have a history of riders. I think if you look at the issues from the standpoint of the environmental groups, they would say, well, the riders that I have mentioned are good riders. So I think it is fair that we recognize we have a time-honored tradition of riders. And if riders are under attack, so be it. But it is clearly not a reality because many of these riders could be perceived as antienvironment suggests that somehow there is a sleight of hand here.

I think it is appropriate to note that my friend from Montana did not care to go into that, to recognize that all the riders in question here have had hearings. Hearings have been held, which suggests that this was not done in the dark of night, somehow by subterfuge.

So again I would like to examine this a little bit more so that we can get, I think, a better understanding of just what is going on here, and the question of merit: Do these particular seven issues have merit? I am not going to go into detail on all of them because a few of them are not necessarily related to my State, but I think it fair to highlight certainly a few. I am going to start with the issue of Glacier Bay.

The issue of Glacier Bay started a long, long time ago. Back in 1885, long before Glacier Bay was declared a national monument, commercial fishing was recognized as a way of life by the residents around the area.

I should point out, Glacier Bay is in southeastern Alaska. It is west of Juneau. Juneau is over here. I was a little chagrined yesterday in the debate when my friend from Montana could not find Juneau, which is our State capital. I made a point to make sure I knew where Helena is before this morning, before I started the debate.

But in any event, it is in the area across icy straits. It is an extraordinary area of great beauty. As you move out of Glacier Bay and go out west, you run into the Gulf of Alaska or the Pacific Ocean. On a map of Alaska, it would be the northernmost point of southeastern Alaska. But the significance of it is that it is a national monument. As such, it is under special consideration relative to the regulations of the Park Service, which manages Glacier Bay.

Over the years, local residents in the area—and I am suggesting to you there are very few local residents. There is no population in Glacier Bay. There is a lodge there but no year-round population, with the exception of those who are associated with the lodge and a few people in Gustavus, which is out on the edge of Glacier Bay. The general feeling in Alaska was that there would be a compatibility between the Park Service, the management of Glacier Bay, and the traditional uses, and there was no prohibition, no anticipated prohibition, on commercial fishing in the marine waters of Glacier Bay.

I have a small picture here, Mr. President, that shows one of the fishing vessels in Glacier Bay. It gives you an idea that these are small one- and usually two-person operations. This is a small boat, with probably a skipper, a deckhand, maybe the skipper's wife, and this is the kind of fishing that is done there. It is relatively insignificant in the overall magnitude of fishing in southeastern Alaska. The fishery consists of a few vessels fishing salmon, halibut, crab, a few bottom fish; and these fisheries pose no threat—there is no danger to these resources. All are carefully managed for a sustainable harvest by the State of Alaska and most are under a limited entry, which means that you can't expand the fishery, or particularly a fishery associated with that type of vessel.

Arguments that this fishing is somehow incompatible with the use of kayaking or some other activity by the concession operators who favor a prohibition is a little hard to justify in real terms. Commercial fishing is important to the smaller communities of Gustavus and Hoonah. Fishing provides a few jobs and local employment. All the communities urge continuation of commercial and sports fishing in Glacier Bay.

We have had our local environmental groups working with us, and we have reached a consensus that management of commercial fishing under the State regulation is entirely appropriate and entirely adequate and the fisheries can be managed on a sustained basis. The interest of the Department of Interior's insistence on an administrative rulemaking instead of legislation has really been a roadblock, and it has had a detrimental effect, if you will, on working together within the local groups. There is a lot of criticism and fear in the communities that both commercial fishing and subsistence fishing will be terminated as a consequence of the pressure by the environmental community.

When we look at the communities we are talking about—I mentioned Gustavus; it has about 346 residents, 55 of whom are engaged in fishing; Elfin Cove, 54 people—that is total residents—47 engaged in fishing; Hoonah, which is a Tlingit Indian village, has 900 people, about 228 in fishing; Pelican has 187 residents, 86 in fisheries.

That might not sound like much, but in reality, if you are one of those people and you are dependent on fishing—that is the livelihood you know—it is recognizable that these communities cannot survive without fishing. And what this appropriation language does as to Glacier Bay is to allow discussions to proceed at the local level and reserve the right of the Congress to make a decision on fisheries in Glacier Bay.

Now, what the Park Service is attempting to do is to phase it out over a 7-year period. Well, to phase it out is to ultimately do away with it, and the rationale behind that is that the Park Service wants to regulate the area. These are inland waters in the State of Alaska, and to suggest the Park Service should initiate another level of regulation I think is without any justification.

We talk about how a fishing boat or a small amount of activity in Glacier Bay would somehow detract from a visitor's experience. Let's talk a little bit about the visitor's experience, because between Memorial Day and Labor Day cruise ships go into Glacier Bay—as I indicated, a very large body of water. The cruise ships pick up at Inlet Bay a Park Service lecturer and proceed up the bay and may go into Tarring or may go up Muir Inlet, depending on whatever the particular direction is that day.

But it is important to note that these are commercial passenger ships. There is a commercial activity associated with this. These are paying passengers. These ships carry 2,500, 3,000, 3,200 passengers. It is a commercial activity that is going on in a national park. It is taking place, if you will, in this general area of the so-called wilderness.

Now, the wilderness, of course, is on the land, and we have yet to have a determination of just what "wilderness waters" means. I am not going to go into that in this debate today. But the point I want to make is, the small amount of commercial fishing that takes place there and the residents in the surrounding area who depend on access into Glacier Bay is what we are talking about.

Now, the Senator from Montana would suggest that somehow this commercial activity is foreign or inappropriate to take place in a national monument. We have nowhere in the

United States any body of water as unique as Glacier Bay. It is open to the ocean. Commercial vessels can come in. It is State of Alaska waters. But within the area, of course, is the national park of Glacier Bay.

The point I want to make is that the Park Service is attempting to eliminate the small amount of commercial fishing and, equally important, the small amount of subsistence fishing that takes place in the park by the Native residents of Hoonah and some of the other communities nearby. There is no justification for this in the sense of any detrimental effects on the fisheries resources which are basically overseen by the State of Alaska.

I might point out that in this area there are no major anadromous streams, that being streams that will support salmon fry. The salmon don't go into these areas because this is all glacial types of water.

As a consequence, they simply cannot survive in the runoff from the glaciers. As a consequence, this is not considered an area that supports significant salmon runs. There is some halibut in here, some salmon, some crab. Again, it is a relatively small area, but the point is, what we are seeing here is more big government, more takeover from the local people who have had access to commercial fishing, who have had access to sport fishing, as well as access to subsistence.

In summary, the objection that I have is here is Big Brother encroaching more and more upon authority that has been vested within the State of Alaska to manage the fisheries in this area. It just simply makes no sense, and there is no justification for it.

I want to turn now to another issue that is on the list of my friend from Montana, and that is the issue of King Cove, Cold Bay. Many people, of course, are not aware of just where this area is.

Roughly, it is about halfway out in the Aleutian Islands, about 700 miles west of Anchorage. We have a small village of about 700 residents in King Cove. The area is on the Pacific Ocean, and it is surrounded by mountains. It lends itself to a situation where if you want to get out of King Cove, you have to fly over to Cold Bay or go by boat. It doesn't look like much on the map, but the problems we have are extraordinary weather conditions associated in the King Cove/Cold Bay area.

There is a small gravel strip at King Cove. Sometimes we have a windsock blowing one way at one end of the runway and a windsock at the other end blowing the opposite way because of the various types of winds that come over the mountains. The people of the area have suggested it would be appropriate to have a road come over to Cold Bay.

There is going to be an extended debate on this issue tomorrow, so I am not going to go into great detail other than to say that we have had 11 lives lost in the last 10 years in plane crashes half of which involved medivacs. This chart shows pictures of some of the individuals who have passed away in aircraft accidents trying to get over to Cold Bay to get a medivac to Anchorage, AK.

What these people are asking for is simply access out by road. What would this consist of, Mr. President? It would consist of extending the road in an area that is currently a wilderness. The proposed legislation which we are going to be offering tomorrow suggests that we would take the area in the wilderness and do a land exchange. We would take the area out of the wilderness, approximately 85 acres, and put it into a refuge. That will add about 580 acres additional into the wilderness. It would be a net gain into the wilderness of some 580 acres. This road would be about 7 miles long and would allow the residents of King Cove to have access for medical evacuations and transportation when the weather is so severe that the airplanes cannot fly.

Let me show you a picture of the current method by which the medivacs take place, and you can get some idea of the extremes we are up against. Here is what a small boat trying to get across water in that area in the wintertime looks like. You don't get very far doing that. We have other pictures that will make you seasick. This is one of the vessels going across. That is a schooner going across in the wintertime.

You cannot appreciate the terror associated with making one of those trips. Not only do most people get deathly seasick, but there is a fear the storm is going to progress and damage the vessel or sink the vessel. I have been on some of those trips, and I could not begin to describe the terror of the situation where you are trying to get people out so that they can get medical care in an emergency and are subjected to this type of exposure when 7 miles of road circumventing a wilderness area would be adequate.

This airport at Cold Bay was built during the Second World War. It has crosswind runways and is operational virtually year-round. What we have is a small village, less than 700 people, simply trying to have the same right of access for medical evacuation that you and I take for granted, and it is being denied them by objections from some in the environmental community that say that this is striking in the heart of the wilderness.

It is not in the wilderness, Mr. President. We are taking this area out of the wilderness, putting it in the refuge and proposing a right of way that could be used for a road going through and actually adding 580 acres to the wilderness. That, to me, seems like a fair and justifiable proposal.

I will also add that we do not require any funding for this. This is simply a land exchange. The road would be under the control and jurisdiction of the refuge manager and, basically, under the control of the Secretary of the Interior.

The weather in the King Cove area is something that is pretty hard to imagine. It is the third windiest city in the United States. It is the cloudiest city in the United States. It has the third highest number of days of rain, and one can argue it has the worst weather in the Nation. To take a boat or small plane out of King Cove when winds are 60 to 70 miles an hour, with a 10-to-20 foot sea is a tough situation.

We have had babies born in fishing boat galleys on a table, and we have had people who have had to be taken up off the boats in slings. This land exchange will allow a one-lane gravel road to be built. It will be at the option of the State. The State is evaluating the merits of this. We are simply proposing that the State has the ability to consider this option through the land exchange. We see no justification for those who object to what is really a win, win, win for the environment.

I also think it fair to point out that we have seen and have a long history in this body of changes in boundaries. To suggest somehow this is a precedent is, again, unrealistic and is unfounded by fact. We have had boundary adjustments on many existing wilderness areas. In the State of Montana alone, we had 67 acres of land that was deleted from Absaroka Bear Tooth Wilderness; 28 acres have been deleted from the U.L. Bend Wilderness. The boundary changes were made to exclude private lands, portions of existing roads, parking areas and public facilities that were inadvertently included when the wilderness area was established in 1978.

The U.L. Bend deletion was made to reinstate access through a wildlife refuge wilderness area. What for? For access to a popular fishing spot at nearby Fort Peck Reservoir. This history says to me that Montanans didn't object to a boundary change in the wilderness when it met their needs. So I fail to understand why my friend, the Senator from Montana, believes that moving a wilderness boundary to access a fishing hole is OK, but moving 85 acres to save the lives of my constituents is not.

That is, basically, what we are looking at, Mr. President, an issue of equity. I think I have made the point that, indeed, we are not setting a precedent. We can look back also to the Lee Metcalf Wilderness Management Act of 1983 where there was a land exchange.

Hopefully, I have countered with factual information some of the points that were made and the allegations from my good friend who has not been to either Glacier Bay, nor has he been

to King Cove and does not speak from personal knowledge.

The last point I want to make is on the issue of Tongass National Forest. I have a couple charts to show the President and my colleagues at this time—let me have the small chart first, if I may—because it addresses the Tongass which is the largest of all our national forests.

Very briefly, what we have here in the red are the areas that are withdrawn in wilderness areas in the Tongass National Forest. You know, that is probably 58 percent or thereabouts. The green areas are the areas for multiple-use lands which provide timber harvest. And the gold areas are Native withdrawals, basically private land.

If you look at this, you can immediately tell that most of the Tongass is already reserved in perpetuity in wilderness areas. I think that makes the point that 84 percent of the Tongass is currently reserved for nontimber harvesting purposes.

Ninety-three percent of all the old-growth forest remain standing in the Tongass today. And it is pretty hard to communicate to my friends who have never been there, but forests live and die. And a large percentage of the Tongass National Forest is either dead or dying. About one-third, 30 percent, of the standing trees are dead or dying. The reality of how you utilize those trees is a matter that has been under discussion for some time.

Basically, the value of that particular timber is in wood fiber, and most of that either goes into chips or is used to go into pulp mills. But because of environmental pressures, we closed our own two year-round manufacturing plants in the State, and they are down permanently. And those were pulp mills. So now we face a difficult situation of trying to determine what we are going to do with that old growth.

There is a possibility of that dead and dying timber to be put in veneer. But nevertheless, the point I want to make here today is to counter the argument that somehow we are proposing to increase the harvest 50 percent over last year.

In order to respond to that criticism, I think you have to look at the harvest in the Tongass since—well, modern times began in about 1947, after the war. The allowable cut was somewhere about 1.375 billion board feet. That was the allowable cut in 1947. These are set by the Forest Service. Then under statehood we came in and the allowable cut was 1.3 billion. Then when we had the Alaska Native Settlement Claims Act and we dropped down to 950 million. Now, this basically in this timeframe supported two pulp mills and a half dozen sawmills.

Then when we came in with the ANILCA legislation and the volumes dropped, and the allowable cut went down to 450 million. We were able to maintain an industry at that level, but it was marginal. Then we came down to the Tongass Timber Reform Act in 1991, and it dropped down to about 310 million. And then we came under what is known as the Tongass Land Management Plan or TLUMP, which was to settle at 267 million board feet. And the Forest Service has not been able to put that up.

Currently, they have this year about 30 million that they have been able to put up and anticipate somewhere in the area of another 100 million. So to suggest that—in this proposal, what we have done is we have simply said that if the Forest Service does not put up what they said they were going to put up under the TLUMP, which took 10 years and $13 million to develop, why then that differential that previously went to the boroughs and school districts comes out of the Forest Service budget.

But this is an effort to try to get the Forest Service to commit on what they said they would provide. And to suggest, as my friend from Montana has, that suddenly we are trying to double the harvest is not only misleading, it is an absolute falsehood, because clearly the Forest Service says under this study that took them 10 years to complete and $13 million, that they would provide an allowable cut of 267 million. We are saying, "OK, do it. And if you don't do it, there ought to be some penalty," because we have lost the revenue to continue to offset from the standpoint of our boroughs and our schools associated with that harvest under the formula that provides some of the funds from the timber harvesting back to the communities. We are not doubling, Mr. President, by any means, the amount of timber——

The PRESIDING OFFICER (Mr. ROBERTS). The amount of time allotted to the Senator from Alaska has expired.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent to proceed for another 5 minutes.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. MURKOWSKI. I thank the Chair.

So, Mr. President, where we are today is we are fighting a battle to maintain an industry on a substantially reduced basis. As I have indicated, that industry has declined dramatically over the last 10 years. And the Forest Service clearly has not been acting in good faith to get out the timber that they promised. And the fact that the Forest Service has seen fit to initiate over a 10-year period this extraordinary evaluation of what the TLUMP would provide and the assurance of whatever figure they set they would be committed to is what this issue is all about.

So, again, in conclusion, on the Tongass issue, it is not a question by any means, Mr. President, of doubling the cut. And that is what some of our friends on the other side would like to make this issue seem like. If we were going to double the cut, we would go back to 450 million board feet. That is not what we are talking about today.

Finally, a couple of other issues that I think need some clarification very briefly, and that is the requirement of decommissioning our unauthorized roads. It is not an issue that is unique to my State by any means, but under this provision the Forest Service is prohibited from using funds for decommissioning National Forest System roads until the regional forester certifies that unauthorized or so-called ghost roads have either been decommissioned or reconstructed to standard.

Funding is appropriated for decommissioned roads including roads which are not part of the transportation Forest Service, and it is not prevented from addressing or pursuing stabilization of these roads. So what we have here is a recognition that the administration says that they have a backlog over the last 5 to 10 years of over $10 million.

They have said in reported stories they have discovered 60,000 miles of ghost road that they did not even know they had. What we propose is that they go ahead and address the ghost roads and get rid of them before they start proceeding on decommissioning their so-called map roads. If you have a situation where you have so-called unauthorized roads, then you should take care of those first before you start decommissioning map roads.

The other issue revolving around the Forest Service, and not necessarily addressing the needs of my State, is the prohibition of forest plans until the administration publishes new regulations.

Late in 1995, the Secretary of Agriculture promised a revised forest plan. He promised cost-effective changes. Well, these plans are not completed today. And as a consequence, we see no justification for proceeding in publishing new regulations until you get your current Forest Service revision plan done.

The last issue I want to talk about, and again it is not unique to my State, but it is to some of the areas involved, and that is the reintroduction of the grizzly bear into Idaho and Montana. I think that is a matter that should be addressed by the individuals from these States. But I know the ranchers and others have certain views about reintroduction of the grizzlies.

And one thing about the bears, the moose, and the elk, and so forth, there are no boundaries or State lines that prohibit their crossing. They move in ranges depending on a lot of factors, including regulations on hunting. So to suggest that somehow reintroduction

of the grizzly bears in the Sellway-Bitterroot areas of Idaho and Montana should be proceeded by the Department of Interior over the objection of the residents is something that is best left up to those in Idaho and Montana. What we are proposing to do is to refrain from reintroducing those bears at this time pending an evaluation and input from the local people.

In the Columbia/Snake River Dams—remove language that requires congressional approval for changes in the dam system to the Columbia and Snake River and tributaries. We are saying the disposition of dams should come before the Congress. The Secretary of the Department of the Interior should not have the authority to arbitrarily proceed. After all, these dams were built with public funds. The merits and contributions of these dams have provided an extraordinary level of standard of living for many in these areas, and have created agricultural areas of prosperity. As a consequence of the water and power, we have the aluminum industry.

To suggest that somehow Congress should not be a part of any decision to eliminate these dams is unrealistic. What we would propose here is that there would be a requirement that any change in the dam system must be approved by the Congress of the United States.

I appreciate the additional time allotted to me. I see several colleagues on the floor are looking for recognition. I do want to advise my colleagues, I think late tomorrow morning, that we will be proceeding with the disposition of the King Cove Road. We have 6 hours proposed for debate on the issue. It is my understanding that we anticipate about 3 hours, 1½ hours equally divided.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, there will now be 30 minutes under the control of the distinguished Senator from Arizona, Mr. MCCAIN.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. The Senator is recognized.

DEFENSE PREPAREDNESS

Mr. MCCAIN. Mr. President, 7 months ago, three out of the four service chiefs testified before the Senate Armed Services Committee that the President's fiscal year 1999 defense budget was well balanced and that the operating and maintenance accounts and manpower accounts were about correct.

Yesterday, in a hearing held by the Senate Armed Services Committee, there was a dramatic reversal of those statements that were made by three of the four Service Chiefs. Yesterday, the Service Chiefs acknowledged that there is a long-term degradation in our ability to fight and win a war and that immediate action, indeed, emergency supplemental funds are called for.

I am sure that there were a number of factors that contributed to this incredibly candid display yesterday before the Senate Armed Services Committee. I have the utmost respect and regard for every one of the military leaders of our services. But the reality is that this problem has been building for years, not just 7 months. I believe that some of the problems that we are going to have to address in emergency fashion now could have been addressed in a much more measured way if the Joint Chiefs had been more candid in their testimony before the Armed Services Committee and the Congress in the past years, not to mention 7 months ago.

The preparedness problem within the military is compounded by both the "can do" attitude of the military, which I admire, and the pressure that senior leadership puts on its ranks to not report bad news. Our men and women in uniform have a history of making do, of adjusting to civilian decisions, and working out potential solutions even at the cost of assuming higher risks. But we commit a grave disservice to those very men and women when we fail to provide the resources they need to do their job, and when political considerations prohibit our military leaders from telling Congress and the American people the truth about their ability to execute our National Military Strategy. At yesterday's Senate Armed Services Committee hearing, the Joint Chiefs of Staff told us the truth about our declining military readiness—something that has long been apparent to those of us who hear regularly from lower-level officers and enlisted personnel in the field, who risk their careers by making Congress aware of the readiness gaps not acknowledged by their superiors.

In mid-July, I sent letters to each of the Service Chiefs expressing my concern about the military's overall state of readiness. In order that I might gain a better understanding of current readiness and readiness trends in the military, I asked each Chief to address key readiness issues in his Service, and to provide me with written answers to a series of questions that addressed these problems. I requested that the responses to the questions also include an assessment of National Guard and Reserve readiness. I have now received answers from each of the Chiefs. Their responses are thoughtful and thorough, and I was grateful that they and their staffs took the time to describe in detail our current state of military readiness.

I have now received answers from each of the Chiefs. Their responses are thoughtful and thorough, and I was grateful they and their staffs took the time to describe in detail our current state of military readiness.

These responses do not reveal a single reason for the continued degradation of the Services, or a single set of answers as to how these problems can be solved. Each service has a unique mix of readiness problems and has made different trade-offs in efforts to compensate. The data provided by the Service Chiefs clearly demonstrate that both the Executive Branch and the Congress are to blame. They show that the Administration is to blame for underfunding some aspects of readiness at the expense of others, and that Congress is to blame for using readiness for parochial and other special interest projects. Moreover, for two years now, we have turned down pleas by the Secretary of Defense and the President for additional base closure rounds, causing money earmarked for readiness and modernization accounts to be used instead to maintain bases built to sustain a Cold War force structure. The central issue is not, however, who is to blame, but how to reverse these alarming trends.

The world is a very tough neighborhood and requires a tough cop. As the world's sole superpower, we have no choice but to patrol this beat in order to defend our interests. Safeguarding our security and advancing the cause of freedom may well require us to send young Americans into battle against the enemies of peace. The very least we can do is to make sure that the men and women we send into harm's way are equipped and trained to fight and win. What I greatly fear, though, is that they will be sent less than optimally combat-ready, which leads to the inevitable consequence of casualties that are unnecessary and tragic.

TODAY'S READINESS CHALLENGES

In their replies to my letters, the Service Chiefs identified a series of general risks that affect each service, and which both the Administration and the Congress must consider in funding an adequate defense program.

The Illusion of OPTEMPO. One example is the current effort to maintain high levels of operational activity or OPTEMPO. Our military forces cannot be ready if they do not constantly maintain high levels of training, and there is merit in ensuring that we do not reduce their operational tempo as we cut total force strength and defense spending. However, if such levels are funded at the expense of major overhauls and depot maintenance, of keeping personnel deployed for excessive periods such as our military deployments to Bosnia, Somalia, SOUTHERN WATCH and PROVIDE COMFORT in Southwest Asia, and at the general cost of straining our military forces and our major combat equipment, they trade this year's readiness for going hollow in the future.

On a given day, one-third of our Navy ships, submarines and squadrons are deployed overseas. In his testimony

yesterday morning, Admiral Johnson stated that well over 50 percent of the Navy's surface fleet is deployed around the globe. In 1992, that figure was 37 percent. Of particular concern is the Chief of Naval Operations' comments on the continuing erosion of non-deployed readiness in the sea service. Admiral Johnson writes,

A decade ago, non-deployed naval units were at the highest states of readiness (C1/C2) nearly 70 percent of the time. Today, that figure is barely 50 percent. Non-deployed readiness has fallen to the point that an intense effort is required by our Sailors to regain a deployable level of readiness, and that peak is being reached closer and closer to deployment. This compression of training and maintenance puts tremendous strain on our people as they struggle to meet commitments, pressure that negatively impacts the personal and professional quality of life of our Sailors.

The high levels of OPTEMPO reported by each service are no longer a guarantee against going hollow. In fact, to a large degree, the nature of contingencies driving OPTEMPO is the surest guarantee that readiness will degrade.

Furthermore, time and again, we have learned that our system for measuring readiness is unrealistic and fails to anticipate real-world demands on operating funds. In the past, data that indicated a decline in readiness was considered "merely" anecdotal.

Increasing Depot Level Backlogs. A tangible indicator of decreasing readiness is the fact that the price of correcting our depot level maintenance backlogs has been rising for the last six years, despite sizable reductions in force structure. That backlog now totals $1.6 billion compared to $420 million in 1991. Similarly, the cost of our backlogs in real property maintenance (RPM) have risen from $3 billion in the mid-1980s to over $10 billion today.

Underfunding Quality-of-Life. More than anything else, our victory in Desert Storm was a tribute to the men and women in our military—a clear victory for the all-volunteer force. Displaying the "can do" attitude not found anywhere else in the world, our military personnel exhibited an overall level of individual combat performance that had previously been limited to a small portion of our total force.

At the same time, our economy has prospered, producing historically high levels of employment, resulting in the emergence of a very difficult recruiting and retention environment. Maintaining this top-quality force requires a military personnel system that has the flexibility to react quickly to the dynamics of the civilian market and the leadership and confidence to follow through with critical personnel decisions rather than neglecting them out of fiscal opportunism. However, first, second, and third term enlisted retention, pilot and mid-grade officer retention, and recruiting are all short of goal for each of the Services.

Recruiting and retaining quality individuals requires pay scales that adjust to meet prevailing rates rather than fall 14 percent behind comparable civilian pay. It requires adequate funding for recruiting. It requires proper promotion rates—not promotion boards that take five months to process reports of promotion boards, as is the case with the Navy. It requires proper living conditions and morale, welfare and recreation services. It requires reasonable tours of duty and a higher quality of civilian leadership and "role models" to deal with matters fairly. It requires a reinstatement of the 50 percent retirement plan and a close examination as to whether the Thrift Savings Plan (TSP) or a 401K-type plan has utility in the military pay system. General Reimer writes that

. . . the retirement package we have offered our soldiers entering the Army since 1986 is inadequate. Having lost 25 percent of its lifetime value as a result of the 1980's reforms, military retirement is no longer our number one retention tool. Our soldiers and families deserve better. We need to send them a strong signal that we haven't forgotten them.

The military medical health care system, particularly the TRICARE program, has been described by Service Chiefs as falling far short of what is warranted and needed. We cannot ignore the erosion of retirement and health care benefits, and the resultant impact on retention and readiness. General Reimer writes, "The loss in medical benefits when a retiree turns 65 is particularly bothersome to our soldiers who are making career decisions." From the Service Chiefs' answers, it is highly questionable whether we are meeting any of these requirements. On the contrary, it is clear that there is much work to be done.

Finally, it is demoralizing to the men and women we send into harm's way, and is incomprehensible to the American people, who expect a well trained and well equipped force, to witness military personnel, up to 25,000, on food stamps. One tax provision that I have tried to reverse this year excludes uniformed men and women in the military from beneficial tax treatment on the profits resulting from the sale of their homes. We order servicemembers to move from place to place, but we do not afford them the same tax treatment as other U.S. citizens. Should this issue have been permitted to exist for so many years?

Underfunding Manpower Strength. President Clinton's defense budget and National Military Strategy calls for force levels of 1.37 million servicemembers. This is nearly 250,000 less than the Base Force advocated by President Bush. What must be determined by the Joint Chiefs of Staff, however, is whether we really have the resources to maintain a force of much over 1 million servicemembers by the year 2000. The end result may be manning levels that are too low to meet our readiness needs and too low to provide effective combat capability. This fact is compounded by the ever increasing number of contingency operations that increase OPTEMPO and PERSTEMPO and put additional stress on our men and women in uniform and the equipment they use. We have to be certain that our force levels are adequate to meet deployments, and that rotations conform properly to overseas commitments. Admiral Johnson stated in his responses to me that ". . . deployed readiness is trending downward, owing mostly to personnel shortages." The Chief of Staff of the Army had similar concerns. General Reimer has written that:

The readiness of our Armed Forces is more difficult to understand and more complex to manage today than at any other time in our Nation's history. We have reduced the Total Army by 34 percent—nearly 650,000 Active, Army National Guard, and U.S. Army Reserve soldiers and Department of Army civilians—and have closed over 700 bases worldwide. Meanwhile, the requirements for land forces are greater than ever. In the 40 years prior to 1989, the Army participated in 10 major deployments. Since then, the Army has participated in 29 major deployments—a dramatic increase in operational tempo.

Manpower Turbulence and Insecurity. According to the Joint Chiefs' responses, each service is experiencing near-record levels of turbulence and insecurity. This is reflected in extended tours of duty, sudden changes of assignment, high rates of relocation, and a series of changes in personnel policies that essentially eliminate the ability of personnel, thereby complicating decisions on whether to stay in the service.

These problems are compounded in the case of military families. Across each service, extended family separations are the number one reason why enlisted personnel and junior officers are leaving the military. Spouses often lose their jobs with relocations, moves mean significant unexpected expenses, and dependents often have adjustment problems. At the same time, unit and crew continuity is lost, as moves break up well trained, cohesive units, depriving them of much of their readiness.

Underfunding Base Maintenance and Repair. Ships, aircraft, and weapons systems are kept ready through planned maintenance and modernization programs. Buildings, runways, truck bays, piers, barracks and utilities are equally important assets that must be kept ready through a similar level of commitment and fiscal support. Historically, each of the Services have used infrastructure to pay the bill for other accounts. General Krulak has said, "Our Backlog of Maintenance and Repair will reach $1 billion by FY03 and our plant replacement cycle will grow to nearly two hundred years." Admiral Johnson writes, "We have mined

as much as we can from the infrastructure accounts; we are not at an unacceptable level and QOL in the workplace environment is negatively affecting morale and readiness." General Reimer's response: "We have been forced to underfund our Base Operations (BASOPS) and Real Property Maintenance (RPM) accounts—84 percent and 58 percent of requirements respectively in Fiscal Year 1999. This level of resourcing has proven insufficient to run our bases in a way that provides our soldiers and families with an adequate quality of life. As a result, our commanders have been forced to divert funds from training accounts in order to maintain their installations."

Underfunding Equipment Modernization. Prior to the 1990s, our National Military Strategy and corresponding force structure were oriented overwhelmingly toward the Soviet threat. That emphasis, obviously, is less relevant today. The December 1997 National Defense Panel Report put it this way:

> We must look beyond the challenges for defense and assess the relevance of the National Security Act of 1947 for the next millennium. This framework served us well during the Cold War, but we must objectively reexamine our national security structure if we intend to remain a world leader. It will take wisdom to walk the delicate line that avoids premature decisions and unintended "lock-in" with equipment purchases, operational concepts, and related systems whose effectiveness may quickly erode in a rapidly changing environment.

Furthermore, comprehensive developmental test and evaluation is expensive and it is tempting to cut corners by reducing resources. Any reduction, however, means a loss of readiness.

Current critical needs for modernization include funding improved medium troop lift, amphibious lift, amphibious vehicles and fire support for the Marine Corps. They include increasing shipbuilding rates, funding mine warfare, naval fire support, improved interoperability and battle management, and improved fighter/strike aircraft for the Navy.

They include funding for digitizing the force (Force XXI), information dominance and interoperability, maintaining combat overmatch through increased lethality of ground weapon systems, improved attack and other combat helicopters for the Army.

Finally, they include funding improved strategic lift, precision guided munitions, bomber force upgrades, air dominance fighter aircraft and space initiatives for the Air Force.

Underfunding Training and Excessive Reliance on Simulation. We must continue to fund training in order to maintain mission and unit readiness. Critical training includes unit-level operations, the flying hour program, the number of steaming days, combined arms exercises, temporary duty in conjunction with operations, student skills training, and professional development. Better business practices, through the military's Revolution in Business Affairs, and increased usage of simulators are being incorporated as quickly as possible to ensure efficient use of existing training resources. Any reductions to the Services' training accounts cannot be tolerated because they will directly reduce readiness.

Simulation can be an extremely useful supplement to training, but it cannot replace it. It is tempting, however, to save money on exercises and other high cost training scenarios and increase reliance on simulations even when this produces a significant cut in real world readiness. For example, the Air Force over the past three years has cut pilot flying hours and increased pilot simulation hours by equal amounts. I do not believe the two are interchangeable. Excessive reliance on simulation may produce lower training costs, but it is no substitute for the real thing.

Underfunding Major Equipment Life Cycles. History has proven that periods of diminishing defense resources inevitably mean that equipment and munitions must be kept in service much longer than the military services originally planned. In General Krulak's letter, he wrote:

> We have reached a critical point in the life cycle of our ground and aviation equipment. We are facing virtual block obsolescence of crucial items. Time needed by our units for training in the field is being spent in the motor pools, hangars, and armories. Our commanders are finding it more and more difficult to train their units because their equipment is "deadlined" or evacuated for repair. Our amphibious assault vehicles (AAVs) are, on average, seven years older than their already extended programmed service life.

The general goes on to say that two aviation workhorses, the CH–46E and the CH–53D helicopters, are 27 and 30 years old on average, exceeding their projected service lives by many years. Another example of this is the continued practice of the Marine Corps' retreading tires on the humvees (HMMVV's) and five-ton trucks of the First and Second Marine Expeditionary Forces.

The age of our military equipment, along with high operational tempo, has dramatically increased the cost of equipment maintenance in man-hours and money while dramatically reducing the availability of that equipment for training. Our equipment readiness rates remain high only because of the dedication of our men and women in uniform, who routinely work twelve to sixteen hours per day, six to seven days a week, on overlapping and rotating shifts to maintain this equipment. Unless a concerted effort is made to adjust maintenance and overhaul cycles to provide for service lives, existing readiness standards will continue to drift further towards a hollow force.

Underfunding Munition Stocks. Each of the Services now tends to meet its munitions goals by redefining the stocks on hand as adequate to meet a shrinking force posture. As Air Force Chief of Staff General Ryan wrote me, "While we lived off the surplus from the 40 percent drawdown of our forces in the early 90s, funding has not matched our need for the last several years." The net result is smaller stocks of munitions per weapon system, and a failure to purchase the most advanced forms of smart weapons, fuzes, and conventional weapons in the amount required by our National Military Strategy. Admiral Johnson writes,

> I am concerned about the inventory levels of modern weaponry, particularly the Tomahawk Block III missile, and the resultant increased risk in fighting two nearly simultaneous Major Theater Wars (MTW). We have maintained the current level by limiting the fleet's training allowances, with some units only receiving one training missile per year of our costly leading edge weapons, and by significantly reducing funding for development of future weapons.

In the process, we are risking our industrial base for smart and conventional munitions by reducing orders below a critical threshold or to achieve the production economies which would result from a higher procurement rate.

Balancing Act of Emerging Technologies. There is a growing tendency to reduce force posture and readiness in anticipation of the introduction of technological innovations like network-centric warfare and interoperability and weapon systems that are not yet in the force structure. This "betting on things to come" trades readiness we have on hand for technology that is still in the bush. Historically, we have never deployed such systems on time, at the estimated cost, or, often, with the anticipated effectiveness.

However, the risks of such efforts to trade readiness in the near-term for future technologies must be balanced with the statement of General Krulak:

> For the military, this is a time when emerging technologies, if exploited, will fundamentally alter and substantially increase our warfighting capability. To the maximum extent possible, consistent with the imperative for maintaining current readiness, we should leverage these "leap ahead technologies" which promise a warfighting edge well into the next century. We should minimize expenditures on procuring evolutionary technologies and maintaining old systems that do not promise a significant edge on tomorrow's battlefield.

Funding Operations at the Expense of Readiness. We are already deep in the process of using readiness funds to pay for peacekeeping and humanitarian operations. In theory, much of this expenditure will be repaid through supplemental appropriations or out of Department of Defense contingency funds. In practice, it is very unlikely that the services will ever be fully repaid for the cost of their operations,

and they will be forced to pay for peacekeeping and humanitarian actions in a way that will affect their readiness. In Bosnia, the Army's actual reimbursement is about 90 cents on the dollar.

Spending Savings Before We Achieve Them. It is very easy to achieve management efficiencies on paper, and to cut infrastructure or reduce support funding to achieve budget savings. In practice, however, there is an increasing tendency to cut first and determine the practicality of such savings later. On February 10, 1998, General Reimer testified to the Senate Armed Services Committee that

> We have programmed $10.5 billion worth of efficiencies across the Future Years Defense Plan (FYDP). These efficiencies are based upon better business practices and reform initiatives . . . these are risks associated with this budget.

REPEATING THE 1970S, THE ROAD TO GOING HOLLOW AGAIN

Whatever we do, let us not repeat the mistakes of the 1970s. In the Post-Vietnam era, much of the decline in active duty force levels through the 1970s was the result of decisions made by the individual services to funnel resources into badly needed modernization programs. To at least some extent, however, the numbers also reflected the difficulty the services were having attracting and retaining quality recruits. A number of factors combined to complicate the challenge of manning the all-volunteer force. First, military pay generally lagged well behind pay in the private sector. Second, the end of the Vietnam War saw cuts in many personnel benefits, including the education benefits of the Montgomery GI Bill.

In the post-Vietnam era, I remember all too well, from first-hand experience, U.S. Navy ships that could not get underway for lack of manning and from serious maintenance shortfalls. I remember too many aircraft—we called them hangar queens—parked in the hangar bay, never to fly during a deployment for lack of spare parts, sacrificed so that other jets could launch from the decks of the carrier.

As a matter of national security, we must solemnly commit that the dangerous decline in military readiness that followed the conclusion of the Vietnam War will not be repeated as we continue to draw down our Cold War-era forces. Credible warnings that we are approaching the "hollow force" levels of the 1970s can no longer be ignored. Let us act now to avoid this calamity.

Acting responsibly requires an awareness of the ways in which forces can go hollow. Simply attempting to avoid the mistakes of the 1970s will not necessarily protect us as the United States prepares to enter the new millennium as the preeminent political, economic, and military power in the world.

My Naval Academy classmate and former roommate in flight school, Admiral Chuck Larson, had this to say about readiness when he was the Commander-in-Chief of the Pacific (USCINCPAC) in 1993:

> When the system of readiness begins to crumble, the decay will normally start from the inside out to the cutting edge. We should be on guard when it becomes necessary to increase operational tempo requirements to meet routine commitments; funds must be transferred among accounts to support increased OPTEMPO, unforseen operations, or contingencies; and, we are compelled to decrease, cancel or defer planned maintenance, training or logistics support activities and functions.

Mr. President, in 1777, Thomas Paine said, "Those who expect to reap the blessings of freedom must undergo the fatigue of supporting it." Yesterday, the Joint Chiefs made clear that this Administration has not adequately supported our armed forces. We must labor to provide this support or face the dire consequences of inaction. The blessings of freedom may ultimately hang in the balance.

Mr. President, in conclusion, I thought it was important—and maybe even a similar event yesterday—the testimony of the Service Chiefs before the Senate Armed Services Committee; their candor and frank assessment of the challenges that we face were more than welcome. I and others expressed our disappointment that this candor was so long in coming. But we should applaud the fact that it was there.

Mr. President, I picked up the Washington Post this morning and saw that there is evidence that Iraq is now developing a nuclear weapon.

In Kosovo, there are horrible pictures on the front page of the New York Times of the ethnic cleansing and barbaric, terrible, murderous behavior of the Serbs that is going on there. Two weeks ago, we learned that the North Koreans had launched a three-stage nuclear capable missile, and this administration seems to believe that bribing them to somehow modify their behavior is the way to go when clearly there are indications that their acts have become more bellicose. Their efforts to acquire nuclear capable weapons and the testing of missiles indicate that that policy has failed.

I could go to other places in the world of potential flashpoints which may entail the expenditure of American blood and treasure. I am very concerned, Mr. President, about our ability to meet those potential challenges. I am more concerned after the testimony of the Joint Chiefs yesterday. I strongly argue for a change, I mean a very significant change—that the administration sit down with the Congress of the United States, the people's representatives, and try together to chart out a way we can rectify these wrongs that have taken place over the last 6 years. We must act together in a bipartisan fashion. If the administration continues to ignore the Congress, we will have to act ourselves, which is not always in the benefit of the Nation. However, we as Members of Congress have to readjust our priorities concerning base closings and most efficient use of depots, including unneeded and unwanted military construction projects and many other parochial projects, so that we can divert all of these scarce resources to protecting our national security.

Mr. President, I yield the floor.

The PRESIDING OFFICER. Under the previous order, there will now be 30 minutes under the control of the distinguished Senator from Nebraska, Mr. HAGEL. The Senator is recognized.

Mr. HAGEL. I thank the Chair.

Mr. President, I wish to commend my friend and distinguished colleague from Arizona for his comments. He is on target. I wish to associate myself with those comments and pick up where Senator MCCAIN left off, addressing some of the same issues but from a different perspective, although it is part of the total perspective, and that is foreign policy.

UNITED STATES FOREIGN POLICY

Mr. HAGEL. Mr. President, foreign policy to Nebraskans and many Americans is not theory or some abstraction suspended between university classrooms, State Department corridors, or congressional hearing rooms. Foreign policy is the framework policy for America's interests in the world—trade and commerce, national security, financial markets, international economics, coalitions and alliances, narcotics policy, technology, immigration, all part of foreign policy. Foreign policy is America's future. It represents the complete and integrated policy that affects every dynamic of American life. Foreign policy connects all other policies. The world is interconnected. And the one overarching policy process America has to engage the world is foreign policy.

President Kennedy spoke of new frontiers in his 1961 inaugural address. He spoke of the long-term challenges in the long twilight struggle against communism. Today, just as in 1961, and throughout history, mankind has been presented with new sets of challenges and new frontiers. These new challenges dominate after every global transformation. President Bush's new book deals directly with our present-day world transformation— "A World Transformed"—and we recall President Kennedy's words in that inaugural speech and apply them to the challenges of the 21st century.

HISTORICAL PERSPECTIVE

Today, as in 1961, America stands again at a crossroads, at a unique but not unprecedented time in history. We have witnessed other great global

shifts at several points in the 20th century. In the early days of Teddy Roosevelt, we saw America emerge as a global power. After World War I, America retreated into a mindless isolationism as economic depression and tyranny spread throughout the world. In 1941, World War II again thrust America into a leading role in the world and made us again a dominant power. The rise of the Soviet Union ushered in the cold war with its deadly arms race, nuclear brinkmanship, and policies of containment enforced by American soldiers.

For over 40 years, the world was divided between two powerful enemies capable of destroying each other and the world. During this period, hope, opportunity, and freedom were held captive in many nations to authoritarian rule. Hundreds of millions of people across the globe were victims of political slavery. And then in 1989 the Soviet empire crumbled as freedom broke through the Iron Curtain.

In the decade of the 20th century, we have seen great changes as the world settles out from the cold war. We stand at the edge of a great precipice. The world is changing around us, under us, above us. The rate of change is phenomenal, almost incalculable, for both good and evil. This change unnerves us, it challenges us, and will dominate us unless we shape the change and lead the force of change for good in the world.

History provides valuable lessons, but it holds no clear blueprint or roadmap for the future. The rise of technology and communications has connected the world in every way. Our economics are intertwined. Our economies are interconnected. Today we live in a global community anchored by global economies.

We also face new threats. Unlike the past, these threats do not come from a single country or a single enemy or a single state; they are borderless threats. The scourge of terrorism brings with it the deadly threat of proliferation of weapons of mass destruction. The trafficking of illegal drugs respects neither boundaries nor borders nor governments. The confluence of economic and national security concerns has created mutual threats and mutual self-interests among all nations of the world.

What do we do? Where does the United States go from here? After great global shifts, there is always a time of uncertainty and instability. There is no clearly lit path to follow. Different times call for new solutions to new challenges, borderless challenges.

One thing is clear, Mr. President. The United States of America must lead the world in the 21st century. We are the only dominant power in the world today, which provides us with immense opportunity but yet awesome responsibility. America must lead. America must not be intimidated by the unprecedented rate of change and uncertainty in the world. The diffusion of new geopolitical, economic, and military power that will develop over the next few years will form the world's power structure well into the next century. Of this we can be certain: America must engage this natural development, welcome it, and lead it.

Timidity is not America's heritage. Boldness inspires. As George Bush said, as he accepted the Republican nomination for President in 1988,

> One issue overwhelms all others and that's the issue of peace. . . . One by one the unfree places fall, not to the force of arms but to the force of an idea: freedom works. . . . It's a watershed. It is no accident. It happened when we acted on the ancient knowledge that strength and clarity [strength and clarity] lead to peace; weakness and ambivalence lead to war.

FACING THE CHALLENGES OF THE 21ST CENTURY

America's objectives in this new century must be to help build security, hope, and opportunity. The United States and all nations will prosper in the 21st century if we lead a world of more freedom, stronger democracies, and unlimited trade and investment. Such a world is in our national interests. It is in the mutual self-interests of all peoples.

The next 2 years are especially critical.

They will help set precedents for much of the early part of the 21st century. Events will occur in the next 2 years that will change the shape of the world.

THE FUTURE OF AMERICA IN THE NEXT 2 YEARS AND BEYOND 2000

The future of America into the next century will be dominated by foreign policy. Because of our interconnected world, foreign policy is no longer just the practice of statecraft.

The completeness of foreign policy will include a strong national defense first, and Senator MCCAIN was very clear in his statement on that point. Second, the completeness of foreign policy will include a strong economy. And third, foreign policy will include clear, concise, comprehensive international policies—trade policies—all wrapped into a foreign policy.

The two essential parts of a successful foreign policy in the 21st century will be, one, building consensus, building consensus both in the United States with the American people and internationally by working with coalitions of willing partners; and, two, projecting strong U.S. leadership in the world.

BUILDING CONSENSUS THROUGH ALLIANCES, INSTITUTIONS AND COALITIONS

In the next century, the United States must work to build international consensus through coalitions, alliances and institutions. The diffusion of power throughout the world will result in regional spheres of influence. In this structure and the challenges it presents, no one nation, no matter how powerful, can singlehandedly control the outcome.

Borderless challenges will require borderless solutions. The United States will be most effective when we work with our allies and those willing to work with us. That does not mean weakening or compromising our national sovereignty. But we will be successful when we work with others to achieve our mutual goals. The coalition assembled by President Bush to drive Iraq from Kuwait was a good example of what we can accomplish when working in concert with those who share our aims—all with mutual self-interests.

As we approach the 21st century, America must evaluate its current partnerships and build new ones. We first need to review our current global commitments, alliances, coalitions and institutions. Many of these entities were created to address the challenges of a world that no longer exists.

The nations that assembled at Bretton Woods in 1944 and created the IMF and World Bank faced a dramatically different economic system than we currently find today. The current debate that rages on and on and on over IMF funding and IMF reform is a timely example of this point.

I agree, as does the IMF, that it needs reform, but what kind of reform? Not the reform of glancing blows and cheap political rhetoric and demagogic rhetoric for partisan gain. Today, we are struggling to define our world's financial and economic infrastructure and center of gravity, even while we swirl and swirl in its sea of changes. What should be the role of the G–7? Should it be revitalized? Is the G–7 still relevant, especially since the introduction of the European Monetary Union?

The United Nations was formed during the beginning of the cold war and has gone far beyond its original charter and objectives. What should be the role of the United Nations in the next century? How do we continue to fund it and at what amount? Is the United Nations overburdened with too many assignments and expectations? What about missile defense for the United States of America? Is the 1972 ABM Treaty with a nation once described by President Reagan as being "relegated to the dustbin of history" still relevant? Does this treaty protect America from rogue nations with weapons of mass destruction? I don't think so.

We need a debate on this issue. We need to take a clear-eyed, insightful and penetrating look at these institutions and relationships. We need to ask tough questions: Are they relevant to the challenges of the 21st century? Are their objectives still meaningful? Can they adapt to address new challenges?

If we cannot answer these questions, then we need to change these institutions or create new ones to meet our current global economic and security challenges. One of the relevant new organizations for the 21st century is the World Trade Organization. Created to provide a structure for determining global trade practices and settling trade disputes, the WTO is a good example of an organization born to deal with the new challenges of the new century.

Regional alliances will play a greater role in a world unshackled from the restraints of the cold war. They will not be isolated blocs, but regions of mutual interest within an interconnected world. These coalitions will and do exist because of mutual economic and security interests and can play an important role in expanding security, growth and opportunity in the world. They can help build, encourage and support new democracies and market economies and ensure hope for all peoples.

These are critical building blocks for the 21st century. As Hugh Sidey once wrote:

Hope energizes . . . doubt destroys.

Hope is fundamental to the human condition. Without it, desperation takes hold. We know desperate men do desperate things. War, conflict and poverty are the enemies of all peoples. America must pull back the curtain of the status quo and take a long, thoughtful look at the needs, problems and cultures of developing countries. If we would have taken more care and invested more thought and time in Vietnam, we may not have blundered into that tragic mistake.

The building of new regional alliances will require finding common denominators of interests within a region. For example, the fate of the nations in the Caspian Sea region are linked to each other. No nation will prosper in that area of the world until they all prosper. Much of Europe has already determined that it is in their mutual self-interest to link their monetary and currency policies through the creation of a single currency, the Euro. The conflict in the Middle East will not be resolved until there is regional peace. Economic prosperity also awaits that peace.

Regional alliances left over from the cold war also need to be reviewed. We have done this to some extent with NATO when we added three new members. But we need to step back and take a closer look at NATO and at the role NATO should play in a new century. What will be NATO's purpose? How far should NATO expand? Should it expand? What are the consequences, costs and benefits of continued expansion of NATO? Any further expansion must be based on a clearly defined role for NATO.

In light of the current mass destruction and war in Kosovo of which Senator McCAIN spoke, and Bosnia before it, one must ask this question: Is NATO relevant since it is a European security organization? The slaughter in Kosovo goes on. Yet the world looks on while NATO and the United Nations stand by issuing empty ultimatums to Milosevic.

One could legitimately ask, What is the mission of NATO in the United Nations? To stop the butchery in Kosovo? Or after a while stop it? Or talk about stopping it? Or what? How long will NATO troops stay in Bosnia, especially in light of the recent elections in Serbska where Mrs. Plavsic, the candidate of the west, was defeated by the nationalist, Mr. Poplasen?

We are going to need to build new coalitions to address today's borderless challenges. These need not be former alliances or new multilateral institutions. The United States needs to address today's challenges with those nations willing and able to join us. Again, America must lead.

Prime among those borderless challenges is navigating a global economy. The current world financial crisis is presenting the best minds around the globe with unparalleled challenges. In some ways, we face a situation similar to when Christopher Columbus set sail from the coast of Spain in the 15th century.

At that time, back onshore, the debate raged on whether the Earth was flat or round. The answers were unknown. Only by sailing the unpredictable seas and safely reaching the new world was Columbus able to deliver an answer. We are currently navigating the most turbulent of economic waters. This storm of financial instability has left many of the world's economies reeling. As of yet, the full brunt of this storm has not yet reached American shores, but it is out there, and we do not know what path it will take. Will it engulf Brazil and sweep up through the Americas? We do not know. We do know that America alone cannot stem this tide. We will only find a way to calm this storm by working with the other nations of the world and by rethinking and restructuring international organizations like the IMF and the World Bank.

Free, fair, open trade will be the engine of growth in the new century, as it has been for the last half of the 20th century. All nations must work to break down barriers that inhibit global commerce and trade. Only then will all the world prosper. We in the United States must do far more to educate our people and our leaders on this issue.

I have concluded, Mr. President—and you and I have worked on this issue for over 2 years—I have concluded that economic ignorance favoring the short term over the long term and concentrations of selfish political and economic power are the main reasons why free, fair and open trade is not universally supported in the United States or in this Congress.

We must also stand up against protectionists at home and abroad who would take the world back to the disastrous days of the 1930s. We must not underestimate this threat, especially in light of last week's defeat of fast track in the House of Representatives. Economic isolation is impossible if for no other reason than the world Internet revolution.

Terrorism and the proliferation of weapons of mass destruction pose the greatest dangers and threats to global security in the 21st century. No nation will be immune and no one nation can fight these enemies alone. The trafficking of illegal drugs also threatens security and hope around the world. Those engaging in these despicable acts must be made the pariahs of the civilized world, stopped at every turn and dealt with harshly. But we need coalitions built on mutual self-interest to deal with these scourges.

PROJECTING U.S. LEADERSHIP

While we must work with the other nations of the world, there can be no leadership by committee. We currently have a vacuum of leadership in the world. History has taught us that the world is most dangerous and unpredictable when there are vacuums of global leadership.

Leaders and nations lead through the force of confidence, character, honesty and trust. Our leadership must be based on credibility. The word of the United States should be the strongest of currencies in international relations. The nations of the world must trust our word and trust our commitment. We must remember the words of Teddy Roosevelt who once said, "The one indispensable requisite for both a nation and an individual is character." This gives America the moral authority to lead, not the religious authority, not the holy authority, but the moral authority to lead.

Our allies must respect us and our adversaries must fear us. Rhetoric without actions will result in failure and will encourage dictators and world instability. Today, again as Senator McCAIN mentioned minutes ago, Iraq and North Korea are directly and openly challenging the civilized world. The United States must have a clearly defined American foreign policy that is backed with the might of the U.S. military. Genuine leadership is more than crisis management. The ability to lead rests on others knowing where you stand.

The guarantor of a nation's foreign policy is its national defense. A nation's word is only as strong as the military and the will that stands behind it. The United States must make strengthening our military one of its most immediate top priorities. Without a strong military, our threats are hollow.

THE ROLE OF CONGRESS IN SHAPING FOREIGN POLICY

The role of Congress in helping shape American foreign policy must be greater as we move into the 21st century. America cannot lead the world without the support of the American people. Foreign policy and everything it encompasses must be relevant—must be relevant—to the daily lives of the American people. Responsibility for making foreign policy relevant ultimately rests with the President and his foreign policy team. However, the Congress must be part of the development of foreign policy—setting objectives and priorities, providing oversight and advice, allocating resources and helping set strategic direction. Congress should be a full partner with the President in foreign policy. The Congress cannot implement or execute foreign policy, nor should it try. That is the President's job.

Foreign policy should be bipartisan. America's leaders need to speak with one voice to the world. We may debate the best course in this Congress, in committee, as we should, but there is no room for partisan politics and partisan gain in doing what is right in this Nation in the international arena. The Truman-Vandenberg relationship is a good model.

Engaging the American people is just one aspect of a greater role for Congress in shaping foreign policy. To craft policies that will allow America to engage in and lead the world, Members of Congress will need to acknowledge and understand the completeness of foreign policy, the interconnects of foreign policy.

What can Congress do? Over the next 2 years I propose—and I will be proposing this to the bipartisan leadership of this Congress—that the 106th Congress, which will assemble in January of next year, start holding oversight hearings on every facet of America's foreign policy. Congress should encourage new ideas and new solutions from our best foreign policy thinkers during these hearings. The Foreign Relations Committee in the Senate and the International Relations Committee in the House should coordinate at these hearings, under the direction of the bipartisan leadership of Congress, and review every multilateral relationship the United States has, every institution, alliance and coalition, review the mission, the organization, the relevancy, the cost, the benefits.

In many instances, there should be joint hearings with committees, such as Armed Services and Foreign Relations, Banking and Foreign Relations, Finance and Foreign Relations, and other combinations of committees. The results of these hearings should be summarized and sent to the President and his foreign policy team, every Member of Congress, the President's Cabinet, and be made available to the American people. The results of these hearings will help formulate America's foreign policy for the next century.

In the next 2 years, Congress must develop a comprehensive trade policy and pass much-needed trade reform legislation. Our trade policy needs an overhaul to meet the challenges of a global economy, especially our sanctions policy.

Sanctions are a legitimate foreign policy tool but they are not a substitute for foreign policy. Unilateral sanctions do not work in an interconnected world. The imposition of sanctions fails to take into account the long-term consequences for America and ties the President's hands, giving him no flexibility to react to the unique international situations which may require delicate diplomacy, diplomatic maneuvering, or decisive, tough, strong action.

Approving fast-track authority should be part of this trade package. Congress should make maximum use of blue-ribbon commissions like the Rumsfeld Commission on missile defense and the Kassebaum-Baker Commission on gender-integrated training in our Armed Forces.

America wastes a tremendous amount of talent and experience when we do not use our former highly respected members of Government and Congress to help us solve our complicated and interconnected challenges and problems. This will all stimulate and frame a national debate on critically important issues that will help inform and educate America on the great challenges, the important, the vital challenges of our time. Foreign relations—and all that it encompasses—must not be held hostage to politics or partisan gain. It will not work any other way in this interconnected world of short-term and long-term danger.

CONCLUSION

When history records the world, and this time in the world, and the world's move from the 20th to the 21st century, will it show that America and the world squandered a most precious opportunity and unique time in the history of man? Will it record an era of "inter-cold war" after 40 years of cold war? A time of world anarchy and growing disorder? A period when the world, in fact, went backwards and allowed the progress of the last 50 years to erode? Will it lament opportunities not taken, and are thus forever lost?

The answers will be determined by the role the United States plays in the world during the next few years. We do have choices. But the choices we make first must be based on the values and the ideals of a just nation. Our foreign policy must be in our national interest—clearly defined, driven by priorities, objectives, and implemented with focused strategies. A random conduct of foreign policy will not do. The President and the Congress must forge a strong bipartisan partnership underpinned by a strong congressional bipartisan effort.

This Congress must use the next 2 years to help prepare America and the world for this new dynamic competitive center. America must be nimble in putting together a coalition of countries allied around the common interests of civilized people. We must be smart in how we multiply our power and interest around the world.

The United States must be careful not to overload multilateral institutions like the United Nations and the IMF. They are equipped to do only so much. When their circuits are overloaded, they will fail, and fail dramatically, thus causing great uncertainty, leaving deep and wide vacuums of confidence in the world. The next 2 years are going to be difficult years for the United States. They may be dangerous years, as well. The President of the United States is wounded. He is, maybe, fatally wound. This will affect his international standing and leadership. This is of his own doing. America must pull together to present to the world a unified nation with respect to our global leadership responsibilities. We must do this so that we will continue to gain the confidence of the world that gives us the credibility to continue to lead the world. The Congress will be called upon for greater international leadership. It must be prepared for this role.

For all our flaws and imperfections, the world looks to America for leadership because the world trusts us because of our people. Americans are innately fair and decent people with a wonderful abundance of common sense. Our system of government allows the fairness and decency of the American culture to dominate all aspects of our way of life. It allows the best of our people and our culture to soar high. Yes, we are sometimes misguided, heavy-handed and even arrogant. But we have this intangible "self-correction" process built deep into our national psyche. We can and often do "self-correct"—both personally and nationally. Which the world sees, trusts, and admires.

It is within our grasp to help shape a world that has the potential to do more good for more people than man has ever known. This is an awesome responsibility but one that America is up to if America does what it always does best—work together. At the end, when the curtain comes down, and we are held accountable, all that really matters is what this century's greatest leader, Winston Churchill, once said:

> What is the use of living, if it be not to strive for noble causes, and to make this muddled world a better place for those who will live in it after we are gone?

I yield the floor.

The PRESIDING OFFICER (Mr. INHOFE). Under a previous order, there

will now be 25 minutes under the control of the Senator from Kansas, Mr. ROBERTS.

Mr. ROBERTS. Mr. President, first, I commend my good friend and colleague from Nebraska for providing the Senate and all of our colleagues and all who have listened, and I hope, the Nation's press and the international press, a comprehensive statement with regard to foreign policy. We have many Senators who certainly have expertise in this field, but I know of no one in the Senate who has given a more articulate overview of what America faces in our role to the world than Senator HAGEL.

Senator HAGEL and I have been extremely concerned about the trade policy of the United States, not only in regard to the administration, but in regard to this Congress. In Nebraska and Kansas, States we are privileged to represent, our livelihood, our very livelihood, depends on progressive, consistent trade policy. We both know and we both have talked for almost a year now about the Asian flu, the global contagion, and how that has impacted especially agriculture—our Kansas farmers and our Nebraska farmers—but everybody that depends on trade.

We have been very concerned about the lack of funding for IMF and normal trading status for China, fast-track legislation—which, I must say, the withdrawal of fast track and now the defeat of fast track in the House is a terrible blow; it is like shattered glass, if you will. It is like an embargo. I think we are going to pay enormous penalties for that. And then sanction reform, as the Senator mentioned. Until we get our act together, until we get a consistent and positive policy in regard to trade, I am afraid we will go through some very, very difficult times.

The Senator from Nebraska has seized the issue. He has given a very comprehensive view. I want to thank him for it. I hope that many pay attention. I look forward to working with the Senator in this regard.

KOSOVO

Mr. ROBERTS. Mr. President, I rise today to discuss a related issue. The Senator from Nebraska touched on foreign policy and how it affects our national security. I want to express my concern that President Clinton and the United States, in coordination with NATO, is once again preparing to take military action with very little, if any dialog, with the Congress or the American people.

Once again, the President of the United States may be about to "plant the flag" of U.S. credibility that will lock this Nation in another expensive, long involvement without any clear discussion—it may be warranted; it may be in the national interest, but without any clear discussion of U.S. vital national interest—and that involvement is in a place in the world called Kosovo.

The news today is pretty grim. The news from Kosovo has been and continues to be very grim. In the Washington Post, here is a story as of this morning:

"New Kosovo Massacre May Spur NATO To Act." This is not pretty. I am quoting from the Post story by Mr. Guy Dinmore:

> Their bodies lay as they fell, throats cut or shot in the back of the head—19 ethnic Albanians believed to have been executed by Serbian police units in the most harrowing massacre of civilians since warfare erupted in Kosovo seven months ago.
>
> Relatives and neighbors today dug graves for the dead—most of them women, children and elderly people—as they tearfully recounted the massacre that occurred Saturday when government forces entered this village in the Serbian province of Kosovo following the killing of seven policemen by separatist guerrillas.
>
> With the death toll in the bitter conflict between government forces and ethnic Albanian rebels steadily mounting and little sign that Serbia will adhere to a unilateral cease-fire senior NATO sources said today there is a growing possibility that the Western alliance will intervene militarily in Kosovo as early as next month.
>
> Serbia is the dominant Republic of Yugoslavia, and NATO sources say the alliance's next step would be to deliver an ultimatum to Yugoslav President Slobodan Milosevic demanding a cease-fire and full access to refugees from the Kosovo conflict. If the demands are not met, they said, NATO would proceed with plans set in motion at a NATO defense ministers meeting last week to launch airstrikes against Serbian targets. Last week, the U.N. Security Council issued a call for an immediate cease-fire and the withdrawal of government forces from Kosovo.

In the New York Times—and as Senator MCCAIN pointed out a few short moments ago, and completes the pictures—there is a very disturbing story summed up:

> Senior officials in Washington and NATO last week stepped up their threats of military force against Milosevic and demanded that his forces stop their rampage.

A USA Today headline, "Yugoslavian Army Takes Steps to Avoid Strikes."

> Up to 150 Yugoslavian army vehicles pulled out of southern Kosovo Tuesday in an apparent move to avoid NATO airstrikes, Yugoslavia media reported. But the Pentagon said it had seen no evidence of a large-scale pull back, and NATO stepped up its plans for military strikes to stop the Yugoslav onslaught.

Then in the London Times, a story by Tom Walker, the reporter who discovered the tragedy:

> I discovered the bodies of 16 Albanian civilians [now it is up to 19] massacred by Serb forces in a remote village in Kosovo yesterday.

I won't go into the gory details.

The international press and our local national press are forecasting what I think everybody in the Senate certainly is aware of.

I commend to my colleagues the latest issue of Time Magazine. The headline reads, "The Balkan Mess: The West has been fiddling while Kosovo burns and regional peace strategies falter."

This is precisely the topic that Senator HAGEL was talking about. I don't like saying this, but the headline says it: "And Bill Clinton is too distracted to pay proper attention."

The highlights of the article are as follows:

> But Kosovo is far and away the worst of the current crises. Vowing not to permit another slaughter like Bosnia's, the NATO allies threatened Yugoslav President Slobodan Milosevic last June with airstrikes unless he halted his security forces' attacks on the rebellious Albanians. Even if Clinton hadn't been bedeviled by scandal, the threat would have been difficult to carry out. France [in typical fashion] refused to go along with the military action unless the U.N. Security Council approved, and Russia promised to veto any resolution that authorized it.
>
> Washington was also stuck in internal wrangling. Secretary of State Madeleine Albright wanted the White House to push harder for NATO military action, but Defense Secretary William Cohen balked, fearing air strikes would only embolden the Kosovo Liberation Army, then at the peak of its strength and demanding an independent state, which Washington opposed. Clinton was too distracted to knock bureaucratic heads or force the allies to carry out their threat. The indecision "proved to be a disaster," said a U.S. diplomat. "Milosevic took the measure of the west and decided he could take advantage of it."
>
> By last month, The Serb leader had turned his counteroffensive against the rebel army into a campaign of terror against Albanian villages. Suddenly, whole sections of the population were being driven from their homes, but the Western response remained inaudible. In part, critics charge that the U.S. tacitly let Milosevic go ahead because the West also wanted to break the back of the rebel army, whose lack of structure threatened regional stability.

That is a sad, sad commentary if in fact that is true.

> So last week the Security Council finally passed a Franco-British resolution demanding that Milosevic halt his offensive and begin negotiations, or face the possibility of armed intervention. The attack plan calls for U.S. cruise missiles to be launched first . . .

I'll repeat that.

> The attack plan calls for U.S. cruise missiles to be launched first against Serb military targets in Kosovo; then, if needed, NATO would mount a wider air campaign outside Kosovo against security facilities in Serbia.
>
> Even if the Administration rouses itself to take charge of the Balkan situation—

Senator HAGEL tried to point this out, and Senator MCCAIN has tried to point this out, as others have—

> damage to U.S. foreign policy may have already been done. Allies sense distraction and are growing worried, but are unable to step in. Enemies may see opportunities for making mischief.

That is certainly true, with the third-stage rocket being tested by

North Korea, and Saddam Hussein is certainly not behaving. And India and Pakistan are continuing their war of words. There is very little justification, by the way, for the missile strike in regard to Sudan and the Khartoum chemical plant. I won't go into all of that, but let me say on record that I do not think that the justification can be verified:

> Enemies may see opportunities for making mischief. For rogue leaders like Saddam Hussein and North Korea's Kim Jong Il, the Balkans may convey a different message: Now is the best time to take what they want.

Senator MCCAIN talked about this last week, and he did so a few moments ago, also. Last week, he repeated the observation made by the former majority leader, Bob Dole of Kansas, who tearfully told an audience he had been to Kosovo and was shocked in regard to the number that have been killed, the atrocities, and the tragedy that 250,000 people are in the mountains hiding, trying to prevent them and their families from being killed. I don't know what is going to happen, but it is a human tragedy. Bob Dole said, "For goodness sake, let's not repeat Bosnia."

Let me say that I just came from an intelligence briefing as of yesterday with Senator DEWINE of Ohio. He and I are extremely concerned about the situation. I can tell you that our sources from the various intelligence assets certainly confirm what the press has reported—a human tragedy in the making, a foreign policy disaster that bears upon the ability of NATO to function. Now, what do we do about it? Last July, I offered an amendment to the Defense Appropriations bill that required the President to come before the American people and the Congress before he committed the U.S. to a military involvement in terms of Kosovo. The amendment asked the President to address several items to make his case before we intervened.

Why is it in our national interest? You can argue it both ways. You can say we are into another Bosnia, another $10 billion, and year after year of presence; or you can say that the future of NATO is in danger. You can even make a case that it is in our national interest to intervene. But regarding the amendment, I went on to ask, how many troops will be required? Now, that is a good question because when the distinguished Senator from Alabama, Chairman of the Intelligence Committee, and I were visiting the new NATO countries just a month or 2 ago, we were at a social event and one of the generals who certainly plays an important role regarding NATO indicated to me privately that it would take 70,000 troops to be on the ground—"peacekeepers," as he called them. I have no idea how 70,000 troops can be in that part of the world, with that rough terrain, in the middle of winter, with no accessible roads and a very difficult situation where the Serbs are trying to kill the ethnic Albanians. I don't know how we can put 70,000 troops in there. But if we are going to do that, we at least ought to go over those contingencies.

Then, again, I stated it should be mandatory to state what the objectives would be, when we expected the troops to be withdrawn, and what criteria would signal "mission complete," what the cost would be and what would be the funding source.

I am going to interrupt again and say that, yesterday, as Senator MCCAIN pointed out, the Joint Chiefs of Staff came before the Congress, and it was a pretty candid session. That is putting it mildly. I don't agree with the press coverage in the Post as of this morning regarding Senators raising holy ned with the Joint Chiefs of Staff. We wanted candor and they gave us candor, and it pointed out that the joint chiefs—all of the services combined said we need $21 billion to keep our services in a status where at least we could honor our responsibilities regarding readiness.

I pointed out that the President has requested $1 billion. It has to be offset in the rest of the defense budget. The Marine Corps needed $1.9 billion just to put new tires on trucks, and other essentials. So he is going to get $51 million, but he has to offset it in another way. The rest of the services said we need $5 billion or $6 billion, or the "nose of the plane," in terms of readiness, will go into the ground, and the President requested $1 billion that has to be offset, and $1.9 billion in terms of emergency funding regarding Bosnia. This is a disaster. We do not even have enough funds to keep our services in a readiness posture, and here we are talking about going into Kosovo, and perhaps we should, but there has been no dialog. What would be the impact on an overstressed military? We are stressed and we are strained and we are hollow in some portions.

The distinguished present occupant of the Chair summarized it very well when we had that hearing. The Senator from Oklahoma was the Readiness Subcommittee chairman. He had a hearing last week that pointed this out. The first obligation to the Federal Government is to guarantee our national security, and we are not doing that today. Also, as of today, nothing has been heard on the subject from the administration regarding Kosovo. Now, that train has left the station while the Nation has been preoccupied with other matters.

Let me point out what has happened in the Serbian province of Kosovo since July. Mr. Milosevic has steadily increased the level of violence against the Albanian majority. Estimates put the number of deaths at several hundred. We read the latest reports, and the number of refugees is probably around 250,000. As I have indicated before, we have intelligence assets and there is talk of humanitarian relief—and I am for that—but we can't even find these folks. Why? Because they are hiding in the trees, on the mountains, in the snow, and women and children are starving, because they are afraid Serbs will kill them. NATO has developed plans for military action against the Serbian forces. I will point out that NATO had a flyover, called "Determined Falcon." That was one falcon who wasn't very determined. These planes flew over for about 3 minutes. What was the signal sent to the Serbs? We were not really serious about it. They took advantage. What was the message that was given to liberation army on the other side? It was: I think the United States is going to come to our aid. So there wasn't any real dialog. I wonder why that demonstration was even started.

Humanitarian groups, including U.S. State Department, have warned that a human disaster is in the making if the refugees do not find shelter and food before winter starts. Winter has started. This week, the first snows have fallen in Kosovo.

The U.N. has adopted a resolution under Article 7 of the U.N. Charter demanding an immediate cease-fire. Under Article 7, military force can be used to "compel compliance," Mr. President.

NATO members are being canvassed about the number of troops and equipment they are willing to commit to an "undefined operation in Kosovo." We have several hundreds troops in Macedonia. The general told us, when we were over in the NATO countries, they need at least 70,000 people. You know the U.S. would have a larger portion than 200 or 300.

I am calling for the administration to come to the Congress now and not after a military action and the commitment of U.S. credibility and fully discuss what the plans are, what is the objective, how many troops, what is the cost, what is the national interest for military action in Kosovo. None of the questions addressed in my amendment have been answered, but it is clear to me the United States and NATO are very close to a prolonged, costly involvement in another part of the Balkans.

And the risks of such an involvement is great. The risk of not taking action is equally great. As I have indicated, we have several hundred U.S. troops on the ground in the neighboring country of Macedonia. What risk would they be in if we strike? What is the risk of destabilizing the entire region if we incite a broader conflict in Kosovo? What is the risk if we do not? How likely will a conflict in Kosovo draw Turkey and Greece into the fray as opponents? These are tough issues. They require

very close examination before we get involved, and not after a military demonstration strike of cruise missiles.

The administration and the national security team, with all due respect, is the most doggone outfit I have ever seen in terms of planting the flag; and, then, after the flag is planted we have the choice of whether we are going to withdraw while the troops are in the field. You can't do that. So the flag is planted, and then we are stuck.

If the administration thinks threats of military action may alter the behavior of President Milosevic, what clearer signal of intent could we send that we were prepared to forcibly stop the violence against the Albanians than by having the President of the United States lay out the issues to the American people?

It might be a good idea to come back and confer with the Senate, as Senator WARNER, the distinguished Senator from Virginia, the leading spokesman for defense and foreign policy, has requested the administration to come up and consult. It might be a good idea to get off the fundraising trail, Mr. President, and come back and do that.

The President owes this Nation and the Congress the full explanation of intent if we are to become even more involved in Kosovo.

There is no need to discuss the military details of any proposed action. I am not asking for that. No one is asking for that. We don't need to know the timing, or the types or selection of weapon platforms. But we do need a dialogue on why this is necessary, and why this is in our U.S. vital national interests.

I indicated just a moment ago that Senator WARNER has requested Secretary Cohen, our national security adviser to the President, Sandy Berger, Secretary of State Madeleine Albright, and anybody else that will listen, especially the President of the United States, to please come down here, to please come to the Capitol, and to please consult with us. What is going on?

As I have indicated, we are having a very tough time in regard to the national defense.

As I said, it is a national disgrace. And before we commit American men and women in uniform to a possible combat role overseas and an additional role as opposed to what we are doing in Bosnia, we have to be consulted. Mr. President, what is going on?

Mr. President, I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

THE BALANCED BUDGET

Mr. GRAMM. Mr. President, I don't know to what extent it will run in headlines in the papers tomorrow or to what extent it will be a feature on the news tonight, but today is a very important day because today, for the first time since 1969, the Federal Government has balanced its budget. Today, for the first time since 1969, the Federal Government has done what every family and every business in America has to do every year, and that is balance their books. And it is a very big deal. It is a very big deal because it gives direct benefits to every citizen because we are not going to borrow any money next year. What it means is that the Federal Government, with all of its borrowing power, will not be crowding out small businesses, will not be competing against homeowners, and, as a result, rather than the Federal Government running a $200 billion deficit, which would be $200 billion we would borrow, taking it away from small businesses that would have created jobs and new economic opportunity, taking it away from families that would build new homes, new farms, and invest in building new factories, now that money will go in the private sector.

I noticed on Saturday that there was a headline in the Real Estate section that said, "Loan Rates Fall to 30-year Low." It is not a coincidence that we have balanced the budget for the first time in 30 years. If we had a deficit today at the same level that we had 5 years ago, mortgage rates, rather than being 7 percent, would probably be 9.5.

What that would mean is that millions of Americans who today can build and buy their own homes would not be able to build and buy those homes. People would be paying hundreds of dollars a month in interest payments that they are not now paying. We have literally created millions of jobs. We have seen the largest growth in equity values in the history of the country. Today, the average American family has more money in financial assets than it does in the equity of its home. That has never happened before in American history, and it is probably true that last year the average white-collar worker saw the value of their financial assets in their 401(k)s and their IRAs grow more than their income.

So the American people are happy. The approval rating for the President is at a record high. The approval rating for Congress is at the highest ever recorded for any Congress in history. And I think the basic reason is because we have balanced the Federal budget, the economy is strong, and, despite all the economic problems in the world, there is one economic oasis of prosperity, and that economic oasis is America. It is the product of a Government which has been willing to say no when no is the right answer.

What I would like to do today is the following. I would like to try to address this sort of age-old question of who did it. I don't want to spend a lot of time on that because I am willing personally to give credit to lots of different people and institutions, but I want to make an important point about the role of the American people. I then want to talk about a threat that I see on the horizon, and that threat is that I see growing signs in the waning days of this session that Congress is poised, at the prodding of the President, to initiate another spending spree that could endanger the surplus, that could drive up interest rates, and that could reverse everything that we have done.

So let me begin with a question. I have a chart here. It is about balancing the budget, and it really poses the questions: Who led? Who followed? And who got out of the way? My guess is, to the extent that anybody in the country is interested, there is going to be a lot of effort today for people to try to claim credit, so I thought it would be instructive to go back to 1995.

In 1995, we have a new Congress, a Republican majority for the first time since 1954. We have had a dramatic election which has changed the political landscape of the country. And President Clinton, in January of 1995, submits a budget that has a deficit of approximately $200 billion. That $200 billion deficit rises for a couple of years and then basically comes back to a $200 billion level. In fact, the President in that budget that he submitted showed for the fiscal year 1998 an on-budget deficit of $274.8 billion, with an off-budget surplus with Social Security of $78 billion. So roughly a $200 billion deficit. That was the budget the President submitted in 1995.

The new Republican Congress submitted a budget that sought to implement this document which was much discussed in 1995—is largely forgotten today; unfairly forgotten, in my opinion—and this document is the Contract With America: A Bold Plan to Change America.

The budget that flowed from this plan—this plan principally being a plan developed by NEWT GINGRICH and DICK ARMEY in the House—produced a budget submission that, for the first time since 1969, proposed to balance the budget, in this case over a 7-year period, with a practical program to achieve that result.

What actually happened? You can look at the red to see what Clinton proposed, and that is $200 billion deficits as far as you can see. You can see what the new Republican Congress proposed, and that is a proposal to gradually, consistently lower the deficit to balance the budget in the year 2002.

Finally, you can see in yellow and black what actually happened. What actually happened was, with the election of a Republican majority in both

Houses of Congress, interest rates started to fall immediately, equity values started to rise almost immediately, and the net result is, the American people started to believe that something might have actually changed because they went to the polls in 1994 and voted for a change. The net result is, we have a balanced budget today.

The point I want to make is, if you want to know who led, the American people led. Those who should be given credit here—and I think the lion's share of the credit—are basically the people who came out and voted for a change in 1994. Elections have consequences. Elections make a difference. They rarely live up to their billing. We did reform welfare. The House did vote on every item they committed to in the Contract With America. But, as you know, the President vetoed the spending cuts and the substantial tax cut contained in the Contract With America. So Republicans advertised more than they were actually able to deliver.

The point is, by changing the political environment in Washington, DC, the American people did the rest. The economy performed, and we have a balanced budget today.

Who led? The American people led. Who followed? Republicans followed. And who got out of the way, and reluctantly got out of the way? Bill Clinton.

Today, we are facing a new crisis. I guess it was predictable. With a surplus, the first surplus in many of our adult lives, we are seeing an intensifying debate about what to do about it.

Everybody will remember the President in the State of the Union Address stood up and said:

> But whether the issue is tax cuts or spending, I ask all of you to meet this test: Approve only those priorities that can actually be accomplished without adding a dime to the deficit.
>
> Now, if we balance the budget for next year, it is projected that we'll then have a sizable surplus in the years that immediately follow. What should we do with this projected surplus? I have a simple . . . answer: save Social Security first.
>
> Tonight, I propose that we reserve 100 percent of the surplus . . . every penny of [it going to Social Security].

That is what the President said on January 27.

Then he said it even more clearly on February 9. This was in a speech on Social Security at Georgetown University. He said:

> I think it should be the driving principle of this year's work in the U.S. Congress: Do not have a tax cut; do not have a spending program that deals with that surplus; save Social Security first.

Interestingly enough, this clear rhetoric by President Clinton has started to change. If you follow the evolution of it, it has changed in one fundamental way, and that is, he has stopped talking about spending. All he is talking about now is tax cuts.

I read from the Washington Times on September 27. The President says:

> The Republican tax plan drains billions of dollars from the surplus before we have done the hard work of strengthening Social Security. It is dead wrong to return a portion of the surplus to the American people via tax cuts.

But for the last month, the President has not mentioned spending.

The President started out in January saying, "Don't spend it, and don't give it back in tax cuts." When the President stood up and said those things, since I and many others have been working on trying to develop a plan to rebuild the financial foundations of Social Security, I applauded.

What has happened—and it has been a subtle change which I am sure has not been recognized by many people—is the President has gone from saying, "Don't spend it, and don't give it back in tax cuts, save it for Social Security," to, "It's dead wrong to return a portion of the surplus to the American people via tax breaks."

What is left out is a discussion of spending.

The minority leader, Senator DASCHLE, says:

> We're not opposed to tax cuts, we're just opposed to using the Social Security trust fund to pay for those tax cuts.

Where is the rhetoric about using the Social Security trust fund to pay for new spending?

Let me tell you why the President and his supporters have stopped talking about spending. They have stopped talking about spending because they have started spending.

Under the President's proposals, those that have already been adopted and those that are pending before the Congress and those that are being dealt with day and night now in the last 2 weeks of this session, the President has proposed busting the budget by up to $20 billion.

The tax cut in the House, which the President has committed to veto because it takes money away from Social Security, costs, according to the Congressional Budget Office, $6.6 billion in fiscal year 1999. The President has said, "Don't give that $6.6 billion back to the American people; save it for Social Security." But the President has proposed, and Congress has either adopted or is in the process of adopting, up to $20 billion of new spending.

I ask the question: If it hurts Social Security to give $6.6 billion back to working families, to repeal the marriage penalty and to get rid of the earnings test which prevents people who are retired from being able to work to supplement their income without losing their Social Security—both of those provisions I strongly support, but both those provisions I am willing to defer if the money is going to Social Security. What I don't understand is, if it is wrong to give $6.6 billion back in tax cuts, how can it be right to spend $20 billion—over three times as much—on new Government programs?

So the President's first speech was right in January. He told the whole story: "Don't spend it. Don't give it back in tax cuts. Use it to save Social Security." But for the last month, the President never mentions spending anymore. You read quote after quote from the President's allies, and over and over and over again you find the same thing: They are against cutting taxes, but they never mention spending.

Congressman BONIOR, who is the House Democrat Whip, said in the debate on the tax cut, "This tax bill is a raid on the Social Security trust fund. It is nothing less." Where is his speech about $20 billion worth of new Government programs now pending before this Congress?

Are we concerned about raiding the trust fund only when the money is going back to working Americans, or do we have any concern when the money is going to spend money on the same old Government programs? Obviously, for some people it is only a problem if it is going back to the taxpayer; if Government is spending it, it is not a problem.

Some might ask, how is this happening, given that we have a budget and that we have committed to a balanced budget? Well, how it is happening is a loophole in that agreement that allows the President to declare spending an emergency. And by declaring it as an emergency, it can become law in violation of the budget.

I want to, in the brief time I have left—and let me ask, Mr. President, how much time do I have left?

The PRESIDING OFFICER. The Senator has 2 minutes 40 seconds remaining.

Mr. GRAMM. I ask unanimous consent that I have 10 additional minutes.

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

Mr. GRAMM. Let me review for you the emergencies the President wants to spend money on. Let me remind you of the Daschle quote. And the Daschle quote was, he was not against tax cuts, he was simply against taking the money away from Social Security.

I am not going to argue that any of these things are bad uses of money, but what I am going to argue is, they are not emergencies, most of them are ongoing problems. We are spending $1.7 trillion in the Federal budget this year. Any one of these things could have been funded had the President chosen to make them a priority. But back when he submitted his budget, they were not even a priority, they did not exist as a priority. Today they are an emergency. Why? Because the President wants to bust the budget and spend $20 billion.

The first problem is the problem related to the fact that we are about to

enter a new millennium. It seems that we have suddenly discovered that the year 2000 is only 2 years away—in fact, a year and 3 months away.

Does this come as a shock to anyone? And I thought I would look back at: How long have we known there was going to be a year 2000? Some might find it instructive that we started using the term "in the Year of Our Lord," AD, in the calendars in the year 525—an abbot in Rome started in the year 525 to measure dates in the modern era from the birth of Christ—"in the Year of Our Lord." It came into common usage and then was officially adopted by papal decree in the Gregorian calendar in 1582. In short, we have known for 1,470 years that the year 2000 was coming, and yet all of a sudden it is an emergency.

If we have a problem with computers about the year 2000, why did those problems not exist when the President submitted his budget? Why all of a sudden is this an emergency? Well, my point is, it is clearly not a surprise. For 1,470 years we have known the year 2000 was coming, and for at least the last decade we have known that some computers would have difficulty in making the transition. We have an administration that claims to be a high-tech, computer-literate administration. Our Vice President pled in vain for the Government to take over and create an information superhighway where the Government would run the Internet. We rejected it. And now the Internet continues to flourish as basically a private system.

But the point is, the President is asking between $3.25 billion and $5.4 billion as an emergency for something we have known about for 1,470 years and something he could have asked money for and did not when he submitted his budget.

The second emergency is, we are going to have to do a census in the year 2000. That hardly comes as a surprise. The Constitution, in article I, requires that there be a census every 10 years. We have done a census every 10 years in the history of the Republic. It is hardly a surprise that we are going to do a census this year. But everybody who is familiar with it knows that this administration has consistently underfunded the census, and now they are on the verge of declaring it an emergency, when they created the emergency.

Embassy security. Everybody knows the terrible tragedy of where we had two Embassies bombed in Africa. Both of those Embassies had asked for enhanced security, and in both cases the administration had rejected it, to spend money on other things. But the important point is, the $1.6 billion being requested will be spent over the next 10 years.

I could understand if you said, "Well, we want to begin it now, and until we can write a new budget and make it part of our budget, would you designate that as an emergency?" I could understand that. But the President is asking us to designate as emergency spending an item which we have been debating and looking at for a decade and an item which in many cases the money will not actually be spent, and the construction will not occur, for 4 or 5 or 6 years.

Then there is defense readiness. All of a sudden, this administration has discovered that we have been cutting defense spending every day that President Clinton has been in office. And these dramatic reductions in defense spending are beginning to affect retention, they are beginning to affect recruitment, they are beginning to affect modernization.

This is hardly a surprise. Many Members of the Senate, both Democrats and Republicans, have stood up and denounced these cuts in defense. But yet they have been made so that money could be spent on programs that were deemed by this administration to be of higher priority. Now that the Joint Chiefs of Staff have gone public for something they clearly must have known for years, but remained silent about because the process has become politicized, in my opinion. Now the President is saying we have an emergency in defense.

My point is, this emergency was created by an administration that would not support defense, and now they want to bust the budget to try to correct problems that they produced. My alternative is, let the President, in next year's budget, propose a permanent change in defense spending within the overall cap in spending that he agreed to last year. And I will support it. But let's not raid Social Security to try to correct a problem that, in fact, has been created by our own budget decisions.

The next emergency is Bosnia. There is an emergency because we have discovered that we have troops in Bosnia.

That sounds almost comical.

We sent troops to Bosnia in December of 1995 and they were supposed to be there until December of 1996. Then we expanded the mission in October of 1996 and they were supposed to be there until March 1997. Again in November 1996 we extended the deployment of troops to Bosnia until June 1998. Finally, in December of 1997 the President announced that troops would be deployed to Bosnia indefinitely.

Now, how can it be an emergency to fund troops in Bosnia when they have been there since 1995 and the President has told us they are going to be there indefinitely? Why didn't the President put money in his budget to pay for troops in Bosnia? You know why he didn't. He didn't because he wanted to take the money out of Social Security.

So here is where we are and this is the concern that I want to raise. The President has said—and rightly so, in my opinion—we have a big job to do next year in fixing Social Security. Don't cut taxes, don't increase spending, and let's take this surplus and fix Social Security first and then we will decide what to do if any is left. That is what he said on January 27 of 1998. Since then, the President has said less and less about spending, more and more about taxes, and now the President is saying, "Don't cut taxes with a Social Security surplus;" but, at the same time, the President is pushing $20 billion worth of new spending. The tax cut passed in the House would cost $6.6 billion; the President is talking about increasing spending by $20 billion.

Now, my point is a very simple point. If it hurts our ability to save Social Security to cut taxes by $6.6 billion, and that is wrong, how can it be the right thing to do to increase spending by $20 billion—more than three times as much?

The bargain I would like to strike so that I and others could support the President on a bipartisan basis: we won't do our tax cut, you don't do your spending. Let's just say no. Then next year, let's fix Social Security. I believe we will have money left for a substantial tax cut next year, but let's not start a spending spree this year that would endanger our ability to save Social Security next year.

Now, I know that as people get ready to go home it is always hard to not say yes to every spending interest in the country. But I believe the President took the right position in January. He has changed that position now.

My proposal is straightforward and simple: Don't cut taxes this year and don't increase spending this year. Save the $6.6 billion that we would have used on tax cuts for Social Security next year; save the $20 billion or as much of it that we can that we would have spent this year for Social Security next year. And once we have fixed Social Security, then let's look at cutting taxes for the American people.

That is the challenge. We are going to see this debate in the next few weeks. I intend to be here saying no on spending—not because I don't want to build up defense. I voted against many of the defense cuts of the last 5 years. But nobody can say that this is an emergency when we created it and the President created it through his budget problems or policy. Nobody can say it is a shock that the year 2000 is coming and the President didn't know about it when he sent us his budget in January. Nobody can say they didn't know we were going to do a census. Nobody can say they didn't know we were going to be in Bosnia. These are not emergencies as the law was intended to apply to emergencies.

I urge my colleagues to stand up for the President's position and call on the President to do it. The President said

on January 27th, don't cut taxes and don't increase spending. I say yes, don't cut taxes, don't increase spending.

The only problem is the President continues to say don't cut taxes, but the President is the driving force behind an effort to increase spending by $20 billion this year. And that spending, every penny of it, will come out of Social Security, and it will diminish our ability to rebuild the financial foundations of Social Security. I say no.

I yield the floor.

The PRESIDING OFFICER (Mr. BURNS). The Senator from South Dakota is recognized.

PRIVILEGE OF THE FLOOR

Mr. JOHNSON. Mr. President, I ask unanimous consent that Susan Hansen of my staff have floor privileges during my remarks.

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

BUDGET SURPLUS

Mr. JOHNSON. Mr. President, we have reached an extraordinary point in our Nation's contemporary history with the finding of the Office of Management and Budget that we will, in fact, at the end of this fiscal year, be running a significant budget surplus.

I think there are a great number of causes for that, a great number of people who could be commended for that, but I think to put this in some perspective, it is worthwhile to note that some 6 years ago when President Clinton took office, the annual deficit each year by the U.S. Government was running in the range of $292 billion each year. We were spending $292 billion more revenue than we had coming in. The size of the Federal deficit had exploded through the 1980s, and we had reached, finally, this terrible point in 1992.

Since that time, we have had 6 years of successive declines in the Federal budget deficit until, finally, this year for the first time in 30 years we are now at least in a unified budget in surplus.

What an extraordinary accomplishment. At a time when other nations' economies are suffering, this country has reduced its debt relative to its gross domestic product to a lower level than any other industrialized nation on Earth. Again there are a great many people who can take some credit for this. But I think that the leadership of this White House has been a key part of it.

Now, the Senator who preceded me had a chart showing one of President Clinton's plans. It did not show the plan that actually was acted upon which has led to this decline in the deficit. It did show the alternative competing Republican plan that was offered in 1992 which, as many of us recall, was premised on plundering the Medicare fund, education, and the environment. One of the constructive steps that this President took was to lead the way, ultimately with a budget plan which brought us to a balanced budget—in fact, to a surplus—and showed, in fact, we did not need to plunder education, Medicare, and health care in order to get to this point.

So we have had 6 years of declining deficits. That is the good news. However, there is a point of great concern that I have as a member of the Senate Budget Committee. That is, we reached this point because there was an agreement between Congress and the President that we would put our country on a pay-as-you-go basis. That is, no tax cuts unless it is simultaneously explained who is going to pay more taxes or whose programs will be cut to pay for those tax cuts, and no spending increases unless it is simultaneously explained who is going to pay more taxes or have their programs cut to pay for those increases. Every step had to be budget neutral, scored over a 5-year period by the Office of Management and Budget and by the Congressional Budget Office, the CBO.

After years of wandering in the wilderness of faulty and unsuccessful mechanisms that go back over a decade, we finally reached a formula that put this country on a commonsense, pay-as-you-go basis, something we should have been doing for 200 years but which we have been doing now for about 6 years.

Because we now have this unified budget surplus, we find there are those in Congress who grow giddy about this projected surplus. By some projections it could run as high as $1.6 trillion over the next decade. Keep in mind that those projections are not money in hand, they are simply projections, and they are premised on the notion that our country will continue to have economic growth in the range of 2.2 GDP growth annually from here to the horizon, and that we will never stumble into a recession and that our economy will never slow down again.

Well, while we have had a remarkable run of good fortune over the years of the Clinton Presidency, with record low unemployment, low inflation and high economic growth, I think it would be foolhardy for any of us to assume that somehow business cycles have been abolished, that we are on an upward plain and that economic growth will never end. So I think we need to approach these projections with a great deal of caution and some skepticism, given what is going on today with the economies in Asia, Russia, and increasingly in Latin America.

Secondly, the other point of caution that I think needs to be stated with great emphasis is that the budget surplus that we have today, as noteworthy as it is, and as worthy of applause as it is, is a unified budget surplus; that is, our operating budget is still in the deficit. That is, the surplus that we have is only a surplus if you count revenue flowing into the Social Security trust fund. I think the chart that I have with me here graphically shows the circumstances we face today.

The Federal surpluses—and it is simply amazing that we are even talking about surpluses, given where we have been over the last decade—the Federal surpluses are projected to grow steadily all the way out through the year 2008, and that is the farthest out anyone has dared make a projection. That is a positive thing.

Before we get carried away about how to spend the surplus, whether for tax cuts or for new programs, the red line represents where we are without counting Social Security money. If you look at that, we will not be in the black until the year 2002. That is even assuming continued economic growth. We are not in the black—we have nobody's money to spend other than the Social Security revenue until the year 2002. We will dip back into deficit, in fact, briefly, under current projections, in 2003. It is approximately 2005 before we will be consistently in the black, without counting Social Security surplus dollars and the interest earnings that are attributable to Social Security. Finally, in about 2005, if we behave ourselves and continue to go on pay-as-you-go, if the economy continues to grow, we will be in the black, without counting the money that needs to be reserved for Social Security.

So the President was exactly right as he talked to both the House and the Senate this year, saying, "do not be thinking about how to spend this surplus this year when we have not yet decided what we are going to do about our long-term reform for Social Security." That issue will be up next year in the 106th Congress. It is not for certain it will be resolved in 1 year, either. We have some reforms that no doubt will have to be made for the long-term viability of Social Security. If we do nothing, the Social Security trust fund will eventually be drawn down and today's baby boomers will receive only about 75 percent of today's buying value of Social Security. It is not as if Social Security will go away. It is not as though the system will collapse, but as you get far out into the 2032 range, today's boomers and today's younger people, who are also relying on Social Security, will find that the buying power of that program has been reduced by about one-fourth. So there is a need to make changes, and the sooner they are made to preserve the full 100-percent buying power of Social Security for those outyears, the better off we are. But in the meantime, to use money that has been raised and collected from the American taxpayers for

the purposes of a strong Social Security system, and to use it for another purpose, is simply wrong.

If we approach this with the kind of responsibility that I think is needed, and with the kind of bipartisanship I believe is needed, we will reject the tax proposal coming to this body from the House of Representatives, which calls for a tax cut paid for out of Social Security revenue.

Now, the Senator who preceded me was making reference to a $6.6 billion tax cut. That is only the cost to the Treasury next year. It is an $80 billion tax cut over 5 years, $170 billion over 10, and it goes into perpetuity, forever, constantly taking more and more money out of the Social Security surplus fund—all the more reason to nip that in the bud, stop now and take a deep breath, albeit an election year and there is a temptation on the part of our friends in the other body to offer what looks like a free giveaway.

There is a need in this body, I think, to respond responsibly to that kind of proposal coming to us from the House. There may be room for some tax relief this year. I applaud the leadership of Senator DASCHLE, the Democratic leader, and others who have worked with him, including those from the White House, in suggesting that we could find in the range of a $25 billion tax relief package, which could be focused on the needs of the middle class and working families, and it could be done through savings in the existing budget, through new efficiencies in the existing budget, from the closure of loopholes in the existing Tax Code. That could free up in the range of $25 billion to be utilized for tax relief for middle class and working families. So it is not a question of are you for tax relief or not; I think there is room for some tax relief. But it has to be financed out of the existing budget, rather than going the easy route and that is raiding the Social Security trust fund.

I think something needs to be said as well about the requests for emergency funds. Much has been said about the requests from the President for emergency funding. I think there is a possibility that some of those requests could be offset from within the existing budget, but I think it also needs to be clear that the needs being presented to the Congress by the White House were not foreseen either by the White House or by the Congress in either political party. It was not foreseen that we would have expenses at the scope that they are for dealing now with the year 2000 computer problem, and the delay of addressing that problem will only cost the taxpayers and the economy potentially enormous sums later down the road. Congress did not foresee, nor did the White House, when the original budget was presented last year, the full cost of our Bosnia role, or the need to upgrade security at our embassies, or the scope of the farm crisis today.

Again, it is my hope that perhaps some of this could be offset by reductions elsewhere in the budget. But the fact is that the budget agreement that was agreed to, which led us on the track toward the reduction of that $292 billion deficit to a surplus today, was premised on the assumption that we would, from time to time, have emergency needs that would have to be funded outside of the budget. There is no surprise to that. I think we need to use discipline so we don't wind up denominating everything that comes along that we would like to do as an emergency. But it is in the nature of emergency funding, and it is one time only that it could not be reasonably foreseen, as these were not either by the White House or by the Congress, and that they have some extraordinary level of urgency about them.

The budget agreement that led to this elimination of the budget deficit did foresee that we would have these emergencies come up from time to time. So nobody should be surprised today that we do, in fact, have a need to address some issues that may have to be outside the pay-as-you-go framework that has, overall, led us to the budget deficit. But what we cannot afford to do is to use Social Security surpluses as a source of funding for nonemergency, in perpetuity-type expenditures, whether it be domestic spending programs or for tax relief that could not otherwise be funded. I, for one, think that the next priority, after preserving Social Security, probably ought to be to begin to pay down the existing accumulated debt that this country has in the $5 trillion range, or more. To the extent that we do that, we are, in fact, hoping that every taxpayer in this country—to the extent that the U.S. Government is not competing for credit dollars and that we bring down interest rates—buying a car, buying a home, sending a kid to college, or expanding a business and creating jobs, is made easier and all the more affordable for the private sector of our economy to do.

If we act with budget responsibility here, keep our Federal budget in equilibrium with the pay-as-you-go mechanism that was passed initially in the 1993 budget agreement—legislation which has passed and has contributed more than any other single legislative policy step taken in Congress, passed without a vote of a single Republican Member, passed exclusively with Democratic votes in both the House and the Senate. And there were many Members of Congress, many Democrats, frankly, who lost their seats in Congress, in the House and the Senate, over the controversy, over the contention, that the passage of that landmark legislation caused because it was a bold step. It was a courageous step. It reduced our Federal budget deficit from $292 billion to a surplus today. But as is often said in politics, no good deed goes unpunished. And that was certainly the case of many of our colleagues who are no longer here; who did the right thing and paid a dear price for it. But here we are with positive consequences of that legislation which has led us now to a surplus with a unified budget. The great danger we have is to abandon the discipline which that budget legislation set in place.

I am hopeful as we finish up these closing weeks that we will reject this shortsighted and I believe somewhat demagogic, frankly, effort coming out of the other body to raid the Social Security trust fund.

I hear people saying, "Well, the President wants to address emergency crises. So we ought to just pile on and spend more money out of the Social Security trust fund." That is the logic that is not worthy of a third grader, in my view. We have some emergency crises of one time only that we will face, and we will decide how to finance that, whether it is out of the ordinary budget, or whether it is through an offset, or some combination of both. But to set us on track down the road in perpetuity for nonemergency, long-term expenditures out of the Social Security trust fund makes no sense whatever.

Of the $1.6 trillion surplus projected over the next decade, virtually the entire sum is attributable to Social Security and the interest earnings due to Social Security.

So let's resolve one problem at a time: Maintain the discipline that has made this much progress over the last half dozen years of the Clinton administration; preserve Social Security so we can make some difficult policy choices in the coming years about what we need to do further to maintain its viability on into the next generation. When we have done that, then we may be in a position ultimately, if we have surpluses at that point, to decide what combination of investments in our schools, in child care, in health care, in medical research and, yes, possibly in tax relief for American taxpayers might be able to come out of that surplus. But don't get put the cart before the horse. Do not be demagogic in an election year about this kind of issue. We need some statesmanship. We need some bipartisan responsibility as we deal with what I believe is one of the most fundamental most challenging responsibilities that our Congress has; that is, how do we sustain our economic growth? How do we sustain the pay-as-you-go discipline that has brought us to this good point after so many years—after 30 years—of budget deficits?

Mr. President, I conclude by saying that it is certainly my hope that statesmanship will rise to the top; that we will abide with the President's recommendation; that we not raid the Social Security trust fund during these

closing days of this Congress; that we go home and tell our constituents that we did the right thing; we did the right thing by them; we did the right thing by our government; we did the right thing by our Nation by retaining fiscal responsibility; and by preserving the opportunity to have a strong Social Security program on into the future years, at least until we decide what future changes are needed. By doing that we will keep the cost of money down for the private sector, and we will do as much as possibly can be done to put us on track to sustain what has been record economic growth, low inflation, low unemployment, and increased opportunity for all of our citizens.

I yield the floor.

Mr. THOMAS addressed the Chair.

The PRESIDING OFFICER. The Senator from Wyoming.

Mr. THOMAS. Mr. President, what is the status of the floor at the moment?

The PRESIDING OFFICER. Under the previous order, we are in a period of morning business.

Mr. THOMAS. I ask unanimous consent that I be allowed 10 minutes in morning business.

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

APPROPRIATIONS BILLS

Mr. THOMAS. Mr. President, I have been wanting to come to the floor for some time to talk a little bit about the situation that we are in here in the Senate, here in the Congress, the amount of work that we have to do in a relatively short time, and, frankly, to urge my colleagues that we get on with it.

The immediate need, of course, is to deal with the appropriations, to deal with continuing to finish what has to be done this year so that we keep the Federal Government operating, so that we do the things that need to be done.

At last count, it seems to me, out of 13 appropriations, I think only three have been passed: one prepared by the Presiding Officer, which is the only one I think signed by the President.

In any event, we have a great deal to do. Of course, as is always the case, there are many things being talked about, some of which are amendments on appropriations. Others are free-standing bills. But a lot of things could wait. None of us like to see things wait that are ours, of course. But I guess I am prepared to say that the appropriations are what we need to do, and finish this job so that a week from Friday we will be out of here. I think that is what we really need to do.

It is an opportune time, having had almost all year dealing with appropriations, to remind my colleagues that we ought to take a look at a biannual appropriations process where we do that every other year, where we appropriate for 2 years as they do in almost all legislatures, which not only gives the agencies more time to know what money they have to spend, but I submit to you that one of the important things that the Senate doesn't do as well as we should, which is oversight. One of the reasons is we spend all of our time on appropriations. So I hope that is something that we can do.

I understand it is perfectly proper to promote those things that you feel strongly about. I understand that there are different points of view. That is part of the reason for this system. Substantially we have different points of view: The more liberal point of view, and the more conservative point of view. Those are valid, and we ought to promote them. But I think when we have diversionary tactics, as we have seen on the other side of the aisle over the last month, that keep us from doing what we ought to do, that we have to take kind of a long look at it.

It has been clear for some time that has been the strategy—to move off of appropriations—a strategy of my friends on the other side of the aisle to move off of those onto other kinds of things.

I hope the total end game is not to get us into this business of threatening to shut down the Government so that the President has leverage to tell the Congress we are going to do this or else. That is not good government. That is not what we ought to be doing. And I hope that doesn't happen.

The Interior bill is a very important one, particularly to me. I happen to be on the Interior Committee. I stay very involved because of the large amounts of Federal lands that have been sidelined largely because of unrelated issues that have been used almost daily—issues like campaign finance reform, important as it may be. We have already dealt with that several times. It continues to come up. It continues to be threatened. Minimum wage—we have been through minimum wage, which continues to come up constantly. Patients' Bill of Rights. Good idea. And there are two Patients' Bills of Rights out there—one, of course, by the Senator from Massachusetts, one by the Republicans. Many of the components of the bills are the same. There are some very important differences. But that comes up constantly, and I am afraid what is happened is, it is simply being used to extend it as a political activity through the election time without really the purpose of passing it at all. I think the majority leader has said that there is a desire apparently to debate the bill as long as possible to use it as a campaign issue.

Now, that is too bad. That is too bad. There is no one who likes to argue about different points of view better than I, but we have things to do and we ought to be moving, we ought to be moving on them.

So the President, I think, has joined in that diversionary tactic now. His spokesman, McCurry, is saying that these appropriations bills will have to be done to the President's satisfaction. Well, I want to remind the Senate, as did our good friend, BOB BYRD, the other evening, that—let me quote from his talk to the Senate a week ago—

> The legislative branch must be eternally vigilant over the powers and authorities vested in it by the Constitution. It is vitally important to the security of our constitutional system that checks and balances and separation of power be maintained.

He said further:

> We as legislators have a responsibility to work with the Chief Executive, but it is intended to be a two-way street. The framers did not envision the Office of President as having the attributes of royalty.

I certainly agree with that. And that is kind of what you see as we come down to the end of the appropriations—some attributes of royalty: It is either my way or the highway.

Well, that is not the way you do legislative business. That is not the way it turns out best, and it is not the way we ought to be doing it.

My good friend from Arkansas spent some time the other day speaking in terms of where we are with the economy. He was talking specifically about the proposed House tax reduction and was citing the 1993 Clinton tax increase as the reason for the balanced budget.

I take exception to that. I don't think there is any evidence of that at all. He pointed out it was the largest tax increase in history, with not a single Republican vote. But anyone can raise revenue to close down the deficit. What you have to do is hold down spending, which has never been done by the White House, has never been done by this administration, but has in fact been done by the Republican Congress since 1994.

Really, balancing the budget is the control of spending, and that is the way it ought to be. That is the way it ought to be. We have the highest taxes now that we have had since World War II, and we ought to do something about that. The American people and the business community are the ones who have balanced the budget by successfully competing in the world marketplace, by creating jobs and paying taxes.

I had a letter from a constituent in Cody, WY, who has a point of view not everyone would agree with, but I thought it was interesting. He was talking about President Clinton's claim to have balanced the budget, and he said—this is from his letter:

> This is an extraordinary conclusion. It is mind-boggling because President Clinton has nothing to do with the successful economy. In fact, his efforts have only created problems for the business community—overtaxation, overregulation, endless legal challenges.

That is a point of view. In any event, I think it is necessary to really be more precise about where we are.

It is interesting now; we hear, of course, the President speaking out several times talking about "save Social Security," and that all the surpluses ought to be saved for that. I think we ought to keep in mind that the Social Security surpluses over time have been used for Government spending, have constantly been used by Democratic Congresses all through the years, without having a balanced budget. The idea from the White House of "saving Social Security" has been a soundbite really without any outline particularly of how that is going to happen. We have to have some ideas, and there are some out there that are legitimate and good ones.

The idea of saving the surplus and then coming up with almost a $20 billion supplemental request out of the same fund doesn't make any sense at all. It doesn't make any sense at all. We need to do something about Social Security. I am not a big fan of tax cutting, frankly. I think it might be more important to pay off some of the debt. This year, the defense budget will be about $250 billion and interest on the debt will be almost $25 billion more than that, about $275 billion—interest on the debt, paying for things that some of us have enjoyed and these young people sitting down here are going to pay for because we put it on the credit card.

It wouldn't be a bad idea to pay off some of that debt. It seems to me maybe that is what we really ought to do.

There are ways to fix Social Security, even though the White House hasn't come forth with any program except to say "save Social Security." There are some ideas that are good ones. Take part of the 12 percent, let it be made into a personal account for you and for me, and be able to invest it. And we can do that. And the return, of course, would be much greater. Furthermore, if for some reason you don't utilize all of it, it becomes part of your estate. It is something that people then would own.

Now, that is a solution. That is more than just talking about "save Social Security" without having any plan to do that.

So, Mr. President, I hope that we can address ourselves to this idea of completing our work here. I hope that we don't find ourselves using the special allocations beyond spending limits as a means of increasing the budget without moving the spending limits. I think we have promised ourselves we were going to do that. It seems to me that we—and this, of course, is my view; not everyone shares it; I understand that—ought to have several objectives over time, and one is to have a smaller, more efficient Government. I think we ought to constantly work for that.

There are lots of things we are doing that the Federal Government doesn't do perhaps as well as local government, doesn't do as well as the private sector. We ought to pay down the debt so that we don't have this problem of the single largest line item in the budget is to pay interest on the national debt in this time of great prosperity. We ought to reduce taxes. We have, since World War II, the highest taxload on families in this country, and we ought to change that. Generally, in my view, they ought to be taken in that order.

So, Mr. President, I guess I have shared my view that we have some really important things to do. We have a very short time to do it. I hope we can get the obstacles out of the way and deal with our differences. We have them, but let's resolve those questions that are our responsibility to resolve.

Mr. President, I yield the floor.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Who seeks recognition?

Is there further morning business? If not, morning business is closed.

INTERNET TAX FREEDOM ACT—MOTION TO PROCEED

The PRESIDING OFFICER. The clerk will report the unfinished business.

The legislative clerk read as follows:

Motion to proceed to the consideration of S. 442, a bill to establish a national policy against State and local government interference with interstate commerce on the Internet or interactive computer services, and to exercise Congressional jurisdiction over interstate commerce by establishing a moratorium on the imposition of exaction that would interfere with the free flow of commerce via the Internet, and for other purposes.

The PRESIDING OFFICER. The Senator from Washington.

ADDITIONAL COSPONSORS—S. 2182

Mr. GORTON. First, Mr. President, I ask unanimous consent that the following Senators be added as cosponsors of S. 2182, the Private Use Competition Reform Act of 1998: Senators KYL, LEAHY, GRASSLEY, SMITH of Oregon, WYDEN, and HOLLINGS.

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

INDIAN TRIBES AND THE ENDANGERED SPECIES ACT

Mr. GORTON. Mr. President, my constituents in the Pacific Northwest and the Members of this body know that I am not a fan of the current version of the Endangered Species Act, a law that has proven to be a failure not only for endangered species but also many rural communities and private property owners as well. In fact, I have spent much of my time as a U.S. Senator looking for ways to improve that law. The Endangered Species Act has inflicted grave harm on natural resource industries based in the Northwest with little to show in return, especially if we attempt to measure the law's success in bringing salmon back to Northwest rivers and streams.

In fact, the Puget Sound region faces the possibility of more ESA listings over the next year. Local leaders in the Pacific Northwest looked to the Washington State congressional delegation during this year's appropriations process for funds to implement the salmon recovery plan personalized to respond to our unique needs in the Puget Sound region. I believe that we will be successful. The local scientists and leaders know that a creative plan that is supported by the communities surrounding the Puget Sound area will be the best chance we have to achieve success and avoid the heavy hand of the Endangered Species Act, a law implemented by D.C. bureaucrats with plans and standards that may not fit with the challenges and competing interests that must be balanced in the Northwest.

As my constituents put all of their energies behind this last-ditch effort to avoid the crushing impact of yet another listing in the Pacific Northwest, another group has been using every tool at its disposal to avoid the implications of the Endangered Species Act on its activities.

Puget Sound and Columbia River Indian tribes in Washington and Oregon are proclaiming themselves exempt from the constraints already imposed on their commercial fishing for salmon and steelhead by the Endangered Species Act. As a result of Clinton administration Executive and Secretarial orders, Pacific Northwest tribes believe they should be able to decide for themselves whether or not to restrain their commercial gillnetting activities, while at the same time nontribal commercial and sport fishers face the full impact of the Endangered Species Act in the form of extensive fishing closures.

On June 5, 1997, the Secretaries of Commerce and Interior issued a joint Secretarial order declaring that Indian lands and activities are not subject to the same controls as Federal public lands and privately-owned lands when it comes to enforcement of the ESA.

This Secretarial order, signed by Commerce Secretary William Daley and Interior Secretary Bruce Babbitt, was the result of more than a year and a half of negotiations among Clinton administration, Federal Government agencies, and Indian tribes from across America. President Clinton's similar Executive order was signed on May 14, 1998.

Mr. President, I am frustrated and dismayed. While I have identified many

flaws in the D.C.-driven implementation of the Endangered Species Act, I also strongly believe this law will have no chance of success if the administration is allowed to decide certain segments of the population and certain interest groups are not bound by it. The Members of this body have heard me criticize the enormous amount of money spent without result by the Federal Government in an attempt to save species of Pacific Northwest salmon and steelhead. In fact, it is estimated that each endangered or threatened fish preserved in the Northwest may have cost tens of thousands of dollars, if we consider the amount of money spent on recovery efforts as compared with our level of success. We must get a better bang for our buck, and I don't see how we can improve the return from our investment unless everyone in the Northwest complies with the restrictions imposed by the Act.

In response to the unilateral actions taken by the administration over the last 2 years, which I consider beyond the scope of Executive and bureaucratic authority, I included a provision in this and last year's Interior appropriations bills expressing the contrary intent of Congress. The Endangered Species Act, as written, should apply equally to all Americans.

Before the negotiations that resulted in the Secretarial and Executive orders I mentioned, the Federal Government's position was that "ESA applies to Indian Country, period." By the time negotiations were completed, however, the Clinton administration had capitulated to tribal demands that the tribes decide for themselves, on a case-by-case basis, whether or not to respond to the conservation principles of the ESA.

How can the Endangered Species Act work unless tribal fisheries share equitably in the conservation burden?

The Clinton administration is pursuing a policy of preferential treatment. Under this policy, the conservation burden falls mainly upon non-Indians. According to the orders released by the administration, restrictions on Indian harvest of endangered and threatened species, both on and off-reservation, can be considered only if "the conservation purpose of the restriction cannot be achieved by reasonable regulation of non-Indian activities" and "voluntary tribal measures aren't adequate" to achieve ESA goals

It certainly wasn't Congress' intent when the Endangered Species Act was passed into law that any group of Americans would be exempted from its provisions or that one group should have to bear conservation burdens greater than another group. And Members of this body know that non-Indians certainly can't stave off the impact of the Endangered Species Act by pursuing "voluntary" recovery plans after a species has been declared threatened or endangered.

The efforts of the administration to exempt tribes from the Endangered Species Act don't stop at Secretarial and Executive orders. The National Marine Fisheries Service recently issued a draft rule modifying existing tribal exemptions under the ESA. Not only will tribes be able to continue "ceremonial and subsistence" take of threatened or endangered species in tribal fisheries, the tribes also will be able to engage in "commercial" take of threatened species, such as chinook salmon and steelhead trout.

Allowing a tribal commercial exemption from the ESA would dramatically reduce the likelihood of recovery for threatened or endangered salmon and steelhead species. Non-tribal commercial and sport fisheries for chinook and coho salmon have been significantly curtailed in Puget Sound and on the Columbia River, and it is likely that chinook harvesting could be shut down entirely by next year. Yet the tribes and administration proclaim the tribes have a treaty right to continue to fish as they always have, regardless of the conservation needs of the fish.

This is very unfair and contrary to Supreme Court decisions. The tribes should bear an equal share of the conservation burden, just as they enjoy a 50-percent share of the harvest when fish numbers are plentiful and healthy.

Harvest restrictions necessary under the terms of the ESA must be applied in an equitable manner that is fair and consistent for all user groups, tribal and nontribal, if we are to meet conservation goals and see recovery of endangered salmon and steelhead in our lifetimes.

Just a few weeks ago, the tribes, with the support of the administration, attempted to take their circumvention of the Endangered Species Act one step further. Fortunately, U.S. District Judge, Malcom Marsh, in Portland, OR, denied the request of the Federal Government and five Pacific Northwest tribes to reopen the tribes' commercial harvest season for fall chinook salmon. This opening for the tribes, requested by the Clinton administration, would have taken place while all types of nontribal fisheries were closed.

The States of Washington, Oregon, and Idaho opposed the tribal fishery, noting that the Federal Government had issued no biological opinion on what effect the tribal fishery might have on "threatened" Snake River and Columbia steelhead. Judge Marsh agreed with the States' contention that National Marine Fisheries Service had failed to issue a biological opinion showing tribal gillnet fishing wouldn't harm steelhead stocks protected under the ESA.

Judge Marsh made the following statement in his ruling: "While I am highly sensitive to the importance of the tribes' treaty fishing rights, I am also mindful of the fact that no one will be fishing if the resource is depleted to the point of extinction."

Instead of being concerned primarily with the long-term preservation of the listed steelhead, the Judge stated, "The Federal Government appears to be more concerned with what the tribes are willing to accept as reductions to their fall commercial harvest than they are with the needs of the listed species."

Judge Marsh concluded, in his ruling against the tribes and Federal Government: "Federal agencies may not circumvent the unambiguous statutory mandate of the ESA simply to avoid more difficult issues or to appease one interested party at the expense of the others. Regardless of the result, the process must comply with the law and I fine the proposal submitted to me [by the Clinton administration and the tribes] . . . fails in that respect."

Yet, the tribes contend that, despite Judge Marsh's ruling, they can keep fishing. All that State governments can do is ask the public not to buy the fish the tribes catch, since technically they would be fishing under the "ceremonial and subsistence" exemptions to ESA.

As a practical matter, however, in this technological age of flash freezing and vacuum-packaging, it is impossible for the States meaningfully to enforce this prohibition on the commercial sale of endangered wild fish netted by the tribes in their "ceremonial and subsistence" fisheries.

The National Marine Fisheries Service and the Clinton administration have embarked upon a policy doomed to produce more strife and fewer fish for future generations of Indians and non-Indians alike.

The solution to this problem is to pass legislation I introduced in July: the Tribal Environmental Accountability Act (S. 2301). This bill prohibits a tribe from claiming sovereign immunity as a defense if a tribe is a defendant in a case brought to enforce a Federal environmental law, such as the ESA. This much-needed legislation would allow tribes to be sued to mandate compliance with Federal environmental laws to the same extent that State governments or private entities can be sued. If the administration is unwilling equally to enforce the mandates contained in the Endangered Species Act across all user groups, then other interest groups must have the opportunity to pursue enforcement of this law, no matter how flawed it may be, in the courts of the United States.

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

the PRESIDING OFFICER (Mr. ENZI). the clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

PATIENTS' BILL OF RIGHTS

Mr. KENNEDY. Mr. President, there are just a few remaining days in this Congress, and the Republican leadership continues to block action on a Patients' Bill of Rights. It is clear what is going on here. It is clear to every Member of the Senate. It should be clear to the American people. The American people want Congress to pass strong, effective legislation to end the abuses by HMOs, managed care plans, and health insurance companies.

The Patients' Bill of Rights, sponsored by Senator DASCHLE and Senate Democrats, provides the needed and long overdue anecdote to these festering and growing abuses. Our goal is to protect patients and see that insurance plans provide the quality care they promise but too often fail to deliver, and to make sure that the plans, having given assurances to those who sign up for the plans, include the protections they say are going to be there. They aren't in too many of the cases today. And we want to remedy that.

Our bill was introduced last March. Earlier legislation was introduced more than a year and a half ago, but the Senate has taken no action because the Republican leadership has been using every trick in the procedural playbook to prevent a meaningful debate.

The Republican leadership is abusing the rules of the Senate so that health insurance companies can continue to abuse patients. The Republican leadership wants to gag the Senate so that HMOs can continue to gag doctors who tell patients about needed treatments that are expensive for HMO balance sheets. The Republican leadership wants to deny a fair debate on the Patients' Bill of Rights so that HMOs can continue to deny needed patient care. The Republican leadership wants to avoid accountability in the U.S. Senate so that managed care plans can avoid accountability when their unfair decisions kill or injure patients.

This record of abuse should be unacceptable to the Senate, and it is certainly unacceptable to the American people. Almost 200 groups of patients, doctors, nurses and families have announced their support for our bill and are begging the Republican leadership to listen to their voices.

Mr. President, here on the Senate floor we have listed some of the various groups that support the Patients' Bill of Rights, which, as I have pointed out, was introduced last March. We introduced similar legislation a year and a half ago. We were denied effectively any hearings; denied any consideration by the committee; denied any consideration here on the floor of the U.S. Senate.

On this chart is the list of some of the organizations that support this legislation that we are trying to debate, even in the final days of the session, in which we have been denied the opportunity to debate. You can see them and read them. They have been put into the RECORD constantly: the American Medical Association, the American Cancer Society, the National Alliance for the Mentally Ill, the National Partnership for Women and Families, the National Association of Children's Hospitals, the AFL–CIO, the American Nurses Association, the American Heart Association, the National Breast Cancer Coalition, the Children's Defense Fund, the American Academy of Pediatrics, the National Council of Senior Citizens.

There it is—the doctors, the nurses, representatives of the working families, the associations representing the children, the associations representing women—the National Lung Association, the Paralyzed Victims of America, the American Psychological Association, the Consumers Union. The list goes on and on, all the way to the Multiple Sclerosis Society, the American Academy of Neurology, and the Center for Disabilities, representing the various disability groups. All 170 of them are supporting our effort to bring this legislation to the floor of the Senate to enact it or debate it or even bring the proposal that our Republican friends want and permit us to have debate on it and attempt to amend it.

Over the course of this debate, there are some who have criticized those of us who have been trying to have this legislation considered on the floor of the U.S. Senate. But it is interesting. They do not have a chart like this. They don't have a chart that lists the organizations that support their proposal because they haven't got any.

I have stated repeatedly on the floor of the U.S. Senate that we are waiting for one of our colleagues who is supporting the Republican position, or who is part of the Republican leadership, to indicate to us one association that represents doctors, one association that represents nurses, one association that represents consumers, one association that represents any group of health professionals. Just give us one. They can't. There is silence over there.

We have here the partial listing of virtually every single professional medical association in America, every nursing association, every consumer rights association, virtually every one of those associations. Mr. President, every one of them, as I will show in just a few moments, is advocating that we move ahead with legislation now—not tomorrow, not the next day, but now. Move ahead, start the debate and see us resolve these issues in the period of the next few days.

But what does the Republican leadership say? No, no. The Republican leadership says they have other things in mind. They want to debate and consider the Vacancies Act. This is what the Republican leadership is telling us—that the Vacancies Act is more important than debating and considering how we are going to treat a child with cancer in our country.

That is effectively what they are saying. They want us to debate the Vacancies Act. They want us to debate the Internet tax issues. We are going to have a cloture vote tomorrow. We are not going to schedule the consideration of this legislation tomorrow. We are going to have a cloture vote on the Internet tax proposal. And we had, just last week, the consideration of the salting legislation—salting legislation. The Republican leadership said we ought to consider the salting legislation. Then they had other pieces of legislation they brought up—child custody, bankruptcy, affects 1,200,000 people every year. They wanted us to consider that legislation, which we did. There were initially close to 40 amendments on there and still the leadership scheduled it even when Senator DASCHLE had offered a more limited list of amendments if we considered the Patients' Bill of Rights. And now we are considering the financial services legislation. These are all pieces of legislation that we either had last week or this week or will have the first of next week while we are virtually silent on the consideration of legislation that is in such extraordinary demand across this country.

Mr. President, just this week a letter arrived from 52 rehabilitation hospitals and other providers of rehabilitation services to people recovering from terrible injuries, strokes, heart disease or coping with disabilities. These facilities deal with some of the most seriously ill people in our society, and here is what they said. Here is what they said:

> We encourage you to continue your fight on this issue. We support S. 1890 because it offers the greatest level of protection for patients with disabilities and chronic conditions. We feel that enactment of S. 1890 should be of the utmost importance to Congress. Enactment of the Patients' Bill of Rights is a priority for patients needing rehabilitation services, but it is not a priority for the Republican leadership.

This is effectively the total leadership in this country that is reflecting their concern and their support for the Patients' Bill of Rights, saying that we ought to act on it and we ought to act on it now. We are prepared to act on it. We are prepared to deal with this issue as the next order of business. We are prepared to call the roll on whether this legislation provides for the kind of protections that those individuals in our society who have physical and mental disabilities—I call them challenges—should be able to have. We ought to be able to debate that.

Virtually every organization that represents those individuals says we

want this now in this Chamber. But not the Republican leadership. No. No, not the Republican leadership. They say let's debate the Vacancies Act. Virtually every organization that is concerned about cancer in our society says start the debate and start on it now. Not the Republican leadership. No. No, they want to consider the Internet tax bill.

Every child organization—the American Academy of Pediatricians, every group that represents children in our society says start the debate now, start calling the roll, start the debate on how we are going to protect the children in our society. We can't wait. Too many children are in need today. Not the Republican leadership. They say we want to debate salting. We want to debate salting; we are not going to listen to the various organizations that are out there representing children in our society. We are not going to listen to the organizations that are out there representing the cancer patients in our society. We are not going to listen to the organizations that are out there representing the disabled in our society. We are not going to listen to the organizations that represent the doctors and nurses and consumers in our society.

No, because, as the Republican leader says, we are in the majority, and we are going to set the schedule. We are in the majority, and we are going to set the schedule. And the schedule they have set is financial services, bankruptcy, child custody, salting, and the Vacancies Act. And the list goes on.

But not with regard to the Patients' Bill of Rights, Mr. President. Last week, there was a march on Washington by cancer patients and families of cancer patients from all over the country. Cancer is a disease that has touched almost every family in our country. It is perhaps the most dreaded diagnosis that any person can confront. The marchers called for expanded cancer research and assured access to the best possible care for every cancer patient.

The Patients' Bill of Rights deals with both of those issues. That is why it is supported by virtually every major cancer organization in this country. The Patients' Bill of Rights guarantees access to quality clinical trials. It assures timely access to needed specialists and centers of excellence equipped to treat patients, particularly cancer patients.

We have more than 14 cancer centers around this country that specialize in different forms of cancer. They have been enormously positive in terms of remedies and new modalities in the treatment of this disease. We have one in my own State of Massachusetts that deals with children's disease and the progress that has been made has been absolutely incredible—absolutely incredible. There should be no debate over a child who has cancer getting the kind of specialized care that that child needs and deserves.

The progress we have made in the war on cancer over these past years has been greater in children than any other group, and they need specialty care; they need primary care, as all children do. They need preventive care, as all children do. Children are the healthiest group in our society. The totality of children only account for about 6 percent of the health budget in our Nation. They don't drain the health care budget, although more of them are living in poverty than any other group in our society. But we ought to be able to say, if a child is going to be attacked by cancer, we ought to give them a specialist. That is what this bill does, Mr. President. That is what this bill does. The Republican bill doesn't do it. If they think theirs is better, let's have the opportunity to debate it.

Our legislation also, with regard to treating the particular needs of either children or those who are afflicted with cancer, requires the HMOs to give the patients access to the needed prescription drugs, not just the drugs that happen to be on the plan's list because they are the cheapest.

I don't know how many of our colleagues remember the testimony that we had the other day from those who were representing many of the mentally ill and who were part of HMOs and what they were told when they needed certain kinds of prescription drugs—that they had to take the prescription drugs that were on the list of the HMO rather than the prescription drugs that was being recommended by the doctor. They had to take that and demonstrate that it wasn't working for them not just once but twice. And then the third time perhaps they would have the opportunity to be able to get the prescription drugs that were needed.

The tragic circumstances that flowed from those kinds of requirements shouldn't happen here. When the individual was signing up, they could look over and they could see formularies that deal with some of the problems in terms of mental health. They figured that their particular needs, if they were going to require them, were going to be attended to. And then comes the time that they need those various prescription drugs and they say, no, you have to take these here, and you have to show they don't work. Then you come back again and you have to take them again and show that they don't work and have a doctor certify, and then maybe, maybe, we will give you the kinds of drugs that the doctor prescribed in the first place. That is happening today. That is happening today. And we want to remedy that.

This legislation assures continuity of care so that someone in the middle of a course of a cancer treatment will not be forced to change doctors because their employer changes plans or because their health plan changes the providers in its network. We want to say that if you have a life-threatening situation and you are being treated with chemotherapy or a member of your family is, and then suddenly your employer goes out and changes delivery, we don't want the circumstance when you are at a time of enormous personal stress and tension to be told, Oh, no, you can't go to your doctor anymore. You have to go to another doctor. Oh, I know that doctor didn't know your case before. I know the doctor hasn't examined you before. I know the doctor hasn't been a part of this whole process over the last year, year and a half, but you are not able to go ahead and have your old doctor who has been treating you, with whom you have established a relationship, who understands your case, understands those particular needs of yours. No, no. You can just be dropped there.

We prohibit that. We insist in those circumstances that a patient be able to continue that kind of care until there is some resolution of that particular illness. It is very important, Mr. President, very important, in terms of treatment, in terms of quality, in terms of what we as a society like to believe we have established in terms of a doctor-patient relationship—one of trust, one of intimacy, one of understanding, one of caring, which is so important.

That has an enormous impact. All of that has an impact on recovery. If you provide the opportunity for a parent to be with a sick child at the time of a critical illness, they can demonstrate that the child's recovery is 30 to 40 times more rapid than it would be without that parent. We can demonstrate that.

It has a dollar-and-cents saving, obviously; but the important point is that once in a while, at least we feel on this side, we ought to give some attention to the child and the parent and the family, and quality. That is what we are talking about when we insist that that doctor-patient relationship, in terms of special needs, is going to be protected, particularly in the area of cancer, but it is important in any critical illness.

Access to the quality clinical trials is particularly important. These trials are often the only hope for patients with incurable cancer or other diseases where conventional treatments are ineffective. They are the best hope for curing these dread diseases.

Insurance used to routinely pay the doctor and hospital costs associated with clinical trials. They used to always do that. But managed care plans are refusing to allow their patients to participate or to pay these costs. Our bill requires them to respond to this need. The Republican bill does not, and the Senate leadership does not want to debate this bill.

Listen to what Bruce Chabner, who is the clinical director of MGH Cancer Center, a professor of medicine at Harvard University, and the chief medical officer at the Dana Farber Partners Cancer Care, one of the outstanding cancer researchers and cancer personnel in the country, has to say:

I am here to support the bill that would require HMOs and insurance companies to support clinical research. I would like to explain briefly the role of insurance coverage in research.

This is important, Mr. President, because we have heard so much about the costs of various proposals. Listen to this:

Most of the costs in clinical research are associated with the cost of discovery. Laboratory experiments and the development of new treatments are supported by Government grants, by industry and by institutional commitments from hospitals and medical schools. These contributions provide the hundreds of millions of dollars that lead to new treatments and hope to millions of our patients with cancer. However, the clinical treatment of these patients requires support for the routine care associated with these clinical trials. The only source of such support for routine care costs is health care insurance and HMO contribution. This is the final step in proving that a new treatment or a new device actually works in people. Without this step, research is meaningless and has no impact on people, nor does it save lives. We are not asking the insurance companies and HMOs to support the vast effort to discover new treatments.

Do we understand that, Mr. President? The researchers and the centers of research are not asking the HMOs for additional resources for breakthroughs. What they are basically asking is:

We are not asking for support for the cost of analyzing data and support during the clinical trials. We are only asking them to continue support for patient care costs.

Just continue the costs for treating the patients and permit them to go into these trials. That is the only thing they are asking. Isn't that amazing? One would think the HMO would say, "Gee, if our patient gets better, it will be less costly for the HMO." One would think somebody in the financial system would say that. But, no, they just won't let them and, in too many instances, will not give them the assurance that if a doctor says it is in your best interest that you should be in a clinical trial because you have breast cancer—and the enormous progress we have made in the area of breast cancer is just absolutely extraordinary. Still, one out of every seven women in our society—is afflicted by breast cancer. That number is enhanced every year, tragically, even with the progress we have made.

We are saying: Look, we have made important progress; we are continuing to make progress; let us have those individuals who can benefit go into these clinical trials at really no extra cost to the HMO. If that patient is going to be able to be cured, then, obviously, there is going to be less cost. The patient obviously is going to be better off. But the costs will be reduced as well.

Dr. Chabner continues:

I am sure that every Member of Congress, if faced with the awful dilemma of cancer, would want this kind of continued support for their family member.

Meaning the clinical trials:

This research provides the only hope our patients have of conquering this disease and the only hope our society has for curing cancer.

There it is, Mr. President, with regard to cancer. Our bill insists on it, and no such provision is in their proposal at the current time, even though it is recommended by every part of the medical profession. But it is still not there.

As Dr. Chabner points out, access to clinical trials is critical if we are to make progress in conquering this dread disease, but it is also critical for patients. Often, particularly in the case of cancer, clinical trials offer the only hope for cure or improvement. Too often, managed care is locking patients out of the clinical trials that offer potential benefit—in effect, passing a death sentence.

Yesterday, I read extensively from the statement of Diane Bergin, a mother of two and a patient with ovarian cancer, about her struggles to obtain access to clinical trials and the emotional roller coaster she faced in dealing with her plan. I will not repeat her full statement today, but I would like to read the conclusion to her comments, because she speaks for similarly situated patients all over this country. She says:

No one facing a serious illness should be denied access to care because that treatment is being provided through a clinical trial. Sometimes, it is the only hope we have.

That is where we stand, Mr. President. That is where we firmly stand, those of us who believe in a Patients' Bill of Rights. We stand for hope for these patients. This is what she says:

Sometimes, it is the only hope we have. And the benefit to me, whether short or long term, will surely help those women who come after me, seeking a cure, a chance to prolong their life for just a little while, just so they can attend a graduation, or a wedding, or the birth of a grandchild.

That is what is at issue in this Patients' Bill of Rights, Mr. President. That is what we ought to be debating here. And still, the Republican leadership says, "Oh, no; you have to debate the Vacancies Act, salting, child custody, and the Internet tax; you can't debate this kind of critical issue."

We find that completely unacceptable. But Republicans have made the judgment and decision of denying, not just those of us in the U.S. Senate who support it—it isn't denying us, it is denying the representatives of all the medical societies in our country, the doctors, all the nurses, all the representatives of the cancer groups in this country. That is who they are denying, and it is denying the people they represent—their patients.

Diane continues:

I strongly support, and my family is right there with me, requiring insurers to pay for the routine costs——

Routine costs——

of care that are part of an approved clinical trial. I think the cures of the future depend on it.

Diane Bergin is a patient at Georgetown University's Lombardi Cancer Center. Now listen to this, Mr. President. Listen to this. At the same forum where Diane spoke, we also heard from Karen Steckley, a nurse who is the director of clinical operations at the Lombardi Cancer Center, where Diane Bergin is a patient. She has eight full-time master's level nurses on her staff who spend virtually all of their time arguing with managed care companies that do not want to pay for clinical trials, even when that is clearly the best treatment available for a patient.

Do we understand that, Mr. President? Let me just mention that. Here at the Lombardi Cancer Center, in the shadow of the Capitol, one of the great medical centers in this country, dearly named after one of the great American heroes of our Nation, here is the director saying they employ eight full-time professional nurses to spend their whole time arguing with HMOs to permit these patients to participate in these clinical trials when their doctors have suggested that that offered them the best hope and opportunity for survival.

Imagine that. We hear from our friend from Texas about bureaucracy and red tape. Imagine having those top-flight nurses out there participating and working with doctors to try to ease the pain and be a part of a team to try to find some breakthroughs in these cancers. That is what is happening. Here is the documentation. And it is not just in the Lombardi Cancer Center, it is in all of these major centers across the country. And we cannot find time to debate whether that is in the interest of the health of our American people, Mr. President, when that is happening today?

I do not know how many people are being turned back today. I do not know how many women who have breast cancer are being told no by their HMO and are being closed out from participating in those clinical trials at the Lombardi Cancer Center and are virtually taking a death sentence in many of those instances, Mr. President. I read into the RECORD yesterday what the results are when you do not have that kind of participation, particularly in the early times of diagnosis. But that is what is happening.

Mr. President, the opponents of this legislation talk a lot about costs associated with our bill. We know that

every independent analysis of our legislation has concluded that the cost will be negligible because it simply requires all health plans to provide the services they promise when they collect the premiums.

That is basically what we are trying to do, Mr. President, to say when you go out and you sell this product—the HMO—make sure you are going to comply with what you represent. That is often not the case.

I gave the tragic instance just a few days ago about what happened in my own State of Massachusetts when patients with mental illness were guaranteed a certain number of days in-house, and then they were denied them—tragic circumstances where a patient went out and committed suicide. He still had 17 days left, but the HMO would not put him in there. That had a devastating impact on the three children and the wife as a result of that decision by the HMO, and the fact that there is no recovery at all; that family is absolutely devastated, Mr. President. And we have remedies for them as well.

Mr. President, 14 leading organizations of cancer patients, representing 8 million Americans surviving with cancer, and the 1.5 million Americans who will be newly diagnosed with cancer this year, have spoken out strongly on the need for this amendment. These are organizations that patients and physicians, alike, look to for guidance on cancer issues—the National Coalition for Cancer Survivorship, Cancer Care, Incorporated, the Candlelighters Childhood Cancer Foundation, the Susan G. Komen Breast Cancer Foundation, the National Alliance of Breast Cancer Organizations, the North American Brain Tumor Coalition, the American Society of Clinical Oncology, the Alliance for Lung Cancer Advocacy, Support and Education, the Friends of Cancer Research, the Leukemia Society of America and the Oncology Nursing Society. That is about it, Mr. President; all of them say, "Pass this, and pass it now, there is nothing more important that we can do"—every one of them. But no, the Republican leadership says, "No. We're deciding—we're deciding what the agenda is going to be." And that legislation is not part of the agenda.

Meanwhile, these abuses continue every single day, Mr. President. And here is what those groups in a joint statement said: "Clinical trials represent the standard of care for cancer patients. Patient care in clinical trials is no more expensive than standard therapy."

So now, Mr. President, we know what needs to be done.

I can continue. I see my colleagues here on the floor of the Senate. I will just wind up with what we have said before, Mr. President, that every one of these protections in the Patients' Bill of Rights has either been recommended unanimously by a bipartisan group that was set up by the President of the United States—you had to have virtual unanimity in order to get the recommendation. The vast majority of these protections were recommended by that President's panel—not in the form of legislation, but as protections for consumers.

The vast majority of these are in effect in Medicare, and they are working to provide protections for our senior citizens. A vast majority of these are recommended by the health plans themselves, the HMOs themselves. They say they ought to have these kinds of inclusions and protections, but they are not written into the law. A large proportion of them are recommended by the insurance commissioners, a bipartisan group, across this country. There is not a single protection on here that does not have the recommendation of one of these groups. This is a commonsense approach to try to ensure that we are going to have quality care for every American, supported by virtually every one of the health care provider groups in our society.

All we are asking, Mr. President, is that we have the debate. It is no secret about the various provisions that we have included in this. There is no secret here, Mr. President. We all understand it. We all know we can debate these issues and reach a resolution. But let us get about doing the country's business.

Let's do something in terms of protecting the American family. Let's do something about protecting children to make sure they get the specialty care; for women who have breast cancer, to make sure they are going to be in the clinical trials; to the emergency cases, to make sure they are not going to have the ambulances drive by the nearest hospitals. Let's go out and protect the doctors and the nurses so they can recommend the medical procedures in the best interests of those patients. Let's go out and protect the American people. Let's continue to demand that we are going to have the Patients' Bill of Rights as the piece of legislation that we are going to debate before this Congress adjourns.

There are just a few remaining days in this Congress, and the Republican leadership continues to block action on a Patients' Bill of Rights.

It is clear what is going on here. It is clear to every member of the Senate. And it should be clear to the American people.

The American people want Congress to pass strong, effective legislation to end the abuses by HMOs, managed care plans, and health insurance companies. The Patients' Bill of Rights sponsored by Senator DASCHLE and Senate Democrats provides the needed and long-overdue antidote to these festering and growing abuses. Our goal is to protect patients and see that insurance plans provide the quality care they promise, but too often fail to deliver.

Our bill was introduced in March. Earlier legislation was introduced more than a year and half ago—but the Senate has taken no action because the Republican leadership has been using every trick in the procedural playbook to prevent a meaningful debate.

The Republican leadership is abusing the rules of the Senate, so that health insurance companies can continue to abuse patients.

The Republican leadership wants to gag the Senate, so that HMOs can continue to gag doctors who tell patients about needed treatments that are expensive for HMO balance sheets.

The Republican leadership wants to deny a fair debate on the Patients' Bill of Rights, so that HMOs can continue to deny needed patient care.

The Republican leadership wants to avoid accountability in the United States Senate, so that managed care plans can avoid accountability when their unfair decisions kill or injure patients.

This record of abuse should be unacceptable to the Senate—and it is certainly unacceptable to the American people. Almost 200 groups of patients, doctors, nurses, and families have announced their support for their bill and are begging the Republican leadership to listen to their voices. They range from the American Medical Association to the AFL-CIO, from the American Heart Association to the American Academy of Pediatrics, from the Consortium of Citizens with Disabilities to the American Cancer Society, from the National Alliance for the Mentally Ill to the National Partnership for Women and Families.

Just this week, a letter arrived from 52 rehabilitation hospitals and other providers of rehabilitation services to people recovering from terrible injuries, strokes, heart disease, or coping with disabilities. These facilities deal with some of the most seriously ill people in our society—and here is what they said: "We encourage you to continue to your fight on this issue. [We] support S. 1890 because it offers the greatest level of protection for patients with disabilities and chronic conditions. . . . We feel that enactment of S. 1890 should be of the utmost importance to Congress." Enactment of a Patients' Bill of Rights is a priority for patients needing rehabilitation services—but it is not a priority for the Republican leadership.

Last week, there was a march on Washington by cancer patients and families of cancer patients from all over this country. Cancer is a disease that has touched almost every family in our country. It is perhaps the most dreaded diagnosis that any person can confront. The marchers called for expanding cancer research and assuring

access to the best possible care for every cancer patient.

The Patients' Bill of Rights deals with both those issues. That is why it is supported by virtually every major anticancer organization in this country. The Patients' Bill of Rights guarantees access to quality clinical trials; it assures timely access to needed specialists and centers of excellence equipped to treat the patients' particular cancer; it requires HMOs to give patients access to needed prescription drugs, not just the drugs that happen to be in the plan's list because they are the cheapest. It assures continuity of care, so that someone in the middle of a course of cancer treatment will not be forced to change doctors because their employer changes plans or because their health plan changes the providers in its network.

Access to quality clinical trials is particularly important. These trials are often the only hope for patients with incurable cancer or other diseases where conventional treatments are ineffective. They are the best hope for learning to cure these dread diseases. Insurance used to routinely pay the doctor and hospital costs associated with clinical trials—but managed care plans are refusing to allow their patients to participate or to pay these costs. Our bill requires them to respond to this need—but the Republican bill does not, and the Senate leadership does not want a debate on this issue.

Dr. Bruce Chabner, a distinguished oncologist, commented on the importance of this provision.

As Dr. Chabner points out, access to clinical trials is critical if we are to make progress in conquering this dread disease. But it is also critical for patients. Often, particularly in the case of cancer, a clinical trial offers the only hope of cure or improvement. But, too often, managed care is locking patients out of clinical trials that offer potential benefit—in effect passing a death sentence. Yesterday, I read extensively from the statement of Diane Bergin, a mother of two and a patient with ovarian cancer, about her struggles to obtain access to clinical trials and the emotional roller coaster she faced in dealing with her health plan. I will not repeat her full statement today, but I would like to read the conclusion to her comments—because she speaks for similarly situated patients all over this country.

She says, "No one facing a serious illness should be denied access to care because that treatment is being provided through a clinical trial. Sometimes, it is the only hope we have. And the benefit to me, whether short or long term, will surely help those women who come after me, seeking a cure, a chance to prolong their life for just a little while, just so that they can attend a graduation, or a wedding, or the birth of a grandchild.

"I strongly support, and my family is right there with me, requiring insurers to pay for the routine costs of care that are part of an approved clinical trial. I think the cures of the future depend on it."

Diane Bergin is a patient at Georgetown University's Lombardi Cancer Center. At the same forum where Diane spoke, we also heard from Karen Steckley, a nurse who is the director of clinical operations at the Lombardi cancer center, where Diane Bergin is a patient. She has eight full-time masters level nurses on her staff who spend virtually all their time arguing with managed care companies that do not want to pay for clinical trials, even when that is clearly the best treatment available for a patient. Often, they are able to get patients into trials—but sometimes they fail, and patients die or suffer needlessly as a result.

Mr. President, the opponents of this legislation talk a lot about the costs associated with our bill. We know that every independent analysis of our legislation has concluded that the cost will be negligible, because it simply requires all health plans to provide the services they promise when they collect premiums from their subscribers and that good plans provide as a matter of course. But think of the high cost and waste in the current system—when patients are denied timely care, so that they must be treated when their illnesses have become much worse and much more costly to treat. And think of the criminal waste involved when eight master-level nurse practitioners must spend their time arguing with insurance companies instead of caring for patients.

Fourteen leading organizations of cancer patients, representing the eight million Americans surviving with cancer and the 1.5 million Americans who will be newly diagnosed with cancer this year, have spoken out strongly on the need for this amendment. These are organizations that patients and physicians alike look to for guidance on cancer issues. They include the National Coalition for Cancer Survivorship, Cancer Care, Incorporated, the Candlelighters Childhood Cancer Foundation, the Susan G. Komen Breast Cancer Foundation, the National Alliance of Breast Cancer Organizations, the North American Brain Tumor Coalition, US TOO International, the Y-ME National Breast Cancer Society, the American Society of Clinical Oncology, the Alliance for Lung Cancer Advocacy, Support and Education, the Friends of Cancer Research, the Leukemia Society of America, and the Oncology Nursing Society.

Here is what they say: "Clinical trials represent the standard of care for cancer patients. Patient care in clinical trials is no more expensive than standard therapy. Cancer will strike roughly one in three Americans during their lifetimes. Even those who escape the diagnosis will have friends and family touched by the disease. Any patient rights or quality care legislation will be a shallow promise for people with cancer if it does not include provisions ensuring access to clinical trials."

A shallow promise. Our program has it. The Republican plan does not. That is one of the reasons why these organizations and the patients they represent conclude: "Among the various proposals being considered by the Congress to improve access and quality for the patients under managed care, the only one that provides meaningful relief for people with cancer is the one sponsored by Senators DASCHLE and KENNEDY in the Senate and Congressmen DINGELL and GANSKE in the House, S. 1890 and H.R. 3605. We urge you in the strongest possible terms to support the Patients' Bill of Rights. This legislation . . . is a necessity for people with cancer. Nothing less is acceptable."

These organizations also point to another issue that is critical for patients with cancer—access to specialty care. They say, "the primary alternative proposals [to the Patients' Bill of Rights] does not offer significant assurances of access to specialty care that may mean the difference between life and death for a person with cancer." The difference between life and death for a person with cancer. That is what this debate is about—but the Republican leadership won't even bring legislation to the floor.

The American public wants action to provide better care for cancer patients. They want to guarantee that any family member with a member afflicted by this dread disease will get the best possible care. But, too often, managed care plans say, "no". And now, the week after the great cancer march, the Republican leadership continues to say "no" to cancer patients and their families—and yes to protecting insurance company profits. That is just plain wrong.

We have held a series of forums focussing on the needs of children, families, cancer patients, the disabled, small businesses, women and others. At each one, the message to the Republican leadership is the same. Stop delaying action through procedural maneuvers. Patients and families are suffering. Allow a full and fair debate, so that the Patients' Bill of Rights can pass. Stop putting industry profits ahead of patients. It is because patients and families and doctors and nurses all over this country understand the need to stop insurance company abuse with meaningful reform that almost 200 organizations representing them have endorsed the Patients' Bill of Rights, but not one has endorsed the Republican alternative. And all of these organizations want the Senate

leadership to stop hiding behind procedural tricks and abuse of the rules and bring legislation to the floor.

But Senator LOTT continues to say no. Last Wednesday, Senator LOTT even circulated a consent agreement that would have allowed unlimited debate and amendments to the Internet tax bill—with one exception. No health amendments.

It is clear that the Republican leadership will go to almost any lengths to prevent a debate on the Patients' Bill of Rights. Earlier this month, they forced the Senate into a meaningless quorum call for six hours and then forced the Senate to adjourn—not just to block consideration of the Patients' Bill of Rights but to stop Senators from even talking about the issue. We have only two weeks left in this session. We have many bills to consider and act upon. But the Republican leadership would rather close down the Senate than allow even a discussion of managed care reform, much less a vote by the Senate.

The Republican leadership was willing to shut down the entire federal government three years ago in order to slash Medicare and provide tax breaks for the wealthy. Now they're willing to shut down the entire Senate in order to protect the profits of HMOs.

All we want is a fair and full debate on the Senate floor. But the Republican leadership continues to say, "no," because they don't want the loopholes in their plan exposed and fixed.

The fundamental flaws in the Republican bill mean greater profits for insurance companies and lesser care for American patients. Senator LOTT does not want the Senate to vote to fix these flaws. He does not want a vote: on whether all Americans should be covered, or just one third of Americans as the Republicans shamefully propose, on whether there should be genuine access to emergency room care, on whether patients should have access to the specialists they need when they are seriously ill, on whether doctors should be free to give the medical advice they deem appropriate, without fear of being fired by their HMO, on whether patients with incurable cancer or Alzheimer's disease or other serious illnesses should have access to quality clinical trials where conventional treatments offer no hope, on whether patients in the middle of a course of treatment can keep their doctor if their health plan drops them from its network, or their employer changes health plans, on whether the special health needs of the disabled, and women, and children should be met, on whether patients should be able to obtain timely independent review of plan decisions that deny care, on whether health plans should be held responsible in court for decisions that kill or injure patients.

The list of flaws in the Republican bill goes on and on.

The Republican leadership's record on this issue is painfully clear. Their cynical strategy is to protect the insurance industry at all costs, by blocking any reform at all, or by passing only a minimalist bill so weak that it would be worse than no bill at all.

This obstruction has been going on for more than a year. HMO reform never appeared on any priority list of the Republican leadership. The Republican Policy Committee issued periodic attacks on any attempt to prevent insurance abuses. No Senate committee was permitted to consider any legislation to protect patients and American families.

Meanwhile, the momentum for reform across the country continues to grow. This summer, the stonewall strategy finally collapsed in the face of public pressure. So the Republican leadership did the next worse thing. They introduced a bill that had the name of reform—but not the reality. They dug in their heels again, and refused to allow a fair debate by the Senate to change that bill from a sham to genuine reform—from a bill that protects industry profits to a bill that protects patients—from a bill that would be deservedly vetoed by the President to a bill that could be signed into law as a genuine achievement for every family.

Bill Gradison, the head of the Health Insurance Association of America, was asked in an interview published in the Rocky Mountain News to sum up the strategy of the special interests committed to blocking reform. According to the article, Mr. Gradison replied "There's a lot to be said for 'Just say no.'" The author of the article goes on to report that "At a strategy session * * * called by a top aide to Senator DON NICKLES, Gradison advised Republicans to avoid taking public positions that could draw fire during the election campaign. Opponents will rely on Republican leaders in both chambers to keep managed care legislation bottled up in committee."

Instead of participating in a genuine debate on how to assure that all patients have the protections now available only to those fortunate enough to be enrolled in the best plans, insurance companies and their allies in the business community have heeded the call of the Republican leadership. A leadership aide told the industry to "get off their butts and get off their wallets" and block reform. They directed their special interests friends to write the "definitive paper trashing all these bills."

The Republican leadership could have called up the Patients' Bill of Rights at any time for a full and fair debate. Instead, they have proposed a series of phony "consent" agreements that would prevent fair debate and make passage of real reform impossible. These stalling tactics are clearly meant to run out the clock, so that managed care reforms cannot be passed before Congress adjourns, and so that the Republican leadership can avoid taking responsibility for its defeat.

The record of Republican attempts to avoid the blame for inaction would be laughable, if the consequences for patients across the country were not so serious.

On June 18, Senator LOTT proposed to bring up the bill, but on terms that made a mockery of the legislative process. His proposal would have allowed the Senate to start considering HMO reform, but he would have been permitted to end the debate at any time. The proposal also barred the Senate from considering any other health care legislation for the rest of the year. So if Senator LOTT did not like the direction the bill was headed, he could kill it and tie the Senate's hands on HMO reform for the remainder of the year.

On June 23, 43 Democratic Senators wrote to Senator LOTT to urge that he allow a debate and votes on the merits of the Patients' Bill of Rights. We requested that the Senate take up this issue before the August recess.

In response, on June 24, Senator LOTT repeated his earlier unacceptable offer.

On June 25, Senator DASCHLE proposed an agreement in which Senator LOTT would bring up a Republican health care bill by July 6, so that Senator DASCHLE could offer the Democratic Patients' Bill of Rights, and other Senators could offer amendments on HMO reform. We would agree to avoid amendments on any other subject. Only amendments related to the Patients Bill of Rights would be eligible for consideration. Senator LOTT rejected this offer as well.

On June 26, he offered once again an agreement that allowed him to withdraw the legislation at any time, and bar any further consideration of any health care legislation for the remainder of the year.

On July 15, Senator LOTT made yet another offer. This time, he proposed an agreement that permitted only one amendment. He could bring up his bill. We could bring up ours. And that would be it—all or nothing. No votes on key issues.

On July 29 and on September 1, the Republican leadership offered variations of this proposal, with amendments restricted to three for Democrats and three for Republicans.

The reason the Republican leadership wants to restrict amendments so drastically is obvious. Senator LOTT knows his legislation is deeply flawed, and that it cannot possibly be fixed with just three amendments. He believes that he and his special interest friends can hold most of the Republican Senators for a few votes, but he fears that

they will not be willing to stand before the American people on the Senate floor and cast vote after vote for the special interests and against the interests of American families.

Our Patients' Bill of Rights was introduced in March—and a predecessor bill was introduced by Congressman Dingell and myself more than eighteen months ago, at the beginning of this Congress.

Senator DASCHLE, in an effort to be responsive to the Republican Leader's ultimatum that an agreement on the terms of the debate must be reached before the debate can begin, has offered reasonable proposal after reasonable proposal—and every one was rejected.

Yet the Republican leader has allowed the Senate to debate many other bills this year, with ample time and ample opportunity for amendments.

We had 7 days of debate on the budget resolution, and considered 105 amendments. Two of those were offered by Senator NICKLES.

We had 6 days of debate on the defense authorization bill, and considered 150 amendments. Two of those were offered by Senator LOTT and he cosponsored 10 others. We 8 days of debate on IRS reform and considered 13 amendments.

We had 17 days of debate on tobacco legislation—a bill we never completed—and considered 18 amendments.

We had 5 days of debate on the agriculture appropriations bill and 55 amendments.

We had nineteen days of debate on the highway bill, with 100 amendments.

The Republican leadership has allowed five days of debate and 24 amendments to the bankruptcy bill.

They have allowed 36 amendments and two days of debate on the FAA bill passed last Friday.

All these bills were important, and all deserved reasonable debate and opportunities for amendments. They were brought up without any undue restrictions on debate. That is the normal way of doing business on important pieces of legislation in the Senate.

The Republican leadership was willing to have an adequate opportunity to debate and vote on these other important measures. But when the issue is protecting American families instead of insurance industry profits, different ground rules apply to protect the industry and deny the rights of patients.

Senator DASCHLE has offered yet another reasonable approach to resolve the impasse that Senator LOTT has created by his efforts to prevent meaningful reform. He offered to agree to let the Senate debate other bills during the day, and use evenings to debate the Patients' Bill of Rights. The American people expect us to work for them—and if that means a few late nights, so be it. Senator LOTT continues to say my way—or no way. And his way is not the way that serves the interests of the American people. The American people deserve a Senate that works as hard as they do. They deserve managed care reform.

Last Friday, we recessed at 1:00 pm. Most of the time the Senate was in session was spent in morning business rather than doing legislative work. Monday, we did not come in until noon and we did not do legislative business until 3:30. Throughout this year, we have effectively worked less than a four day week. There is no excuse for our not doing the people's business—and one of the highest priorities for American families is a Patients' Bill of Rights. There is no excuse for not acting this year.

If the Majority Leader will stop abusing the rules of the Senate and allow this debate to proceed, I believe that the Senate will pass strong reforms that will be signed into law by the President. The American people deserve real reform, and I believe that when the Senate votes in the clear light of day, it will give the American people the reforms they deserve. This issue is a test of the Senate's willingness to put a higher priority on the needs of families than on the profits of special interests. And it is time for the Senate to act.

The choice is clear. The Senate should stand with patients, families, and physicians, not with the well-heeled special interests that put profits ahead of patients.

The American people know what's going on. Movie audiences across the country erupt in cheers when actress Helen Hunt attacks the abuses of managed care in the film "As Good As It Gets." Helen Hunt won an Oscar for that performance, but managed care isn't winning any Oscars from the American people. Everyone knows that managed care today is not "as good as it gets."

Too often, managed care is mis-managed care. No amount of distortions or smokescreens by insurance companies can change the facts. The Patients' Bill of Rights can stop these abuses. Let's pass it now, before more patients have to suffer.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER (Mr. ALLARD). The Senator from North Dakota.

Mr. DORGAN. I ask unanimous consent to speak out of order.

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

Mr. DORGAN. Mr. President, I am joined on the floor today by the Senator from Nebraska, Senator KERREY. I cannot help but mention the presentation just made by Senator KENNEDY. I fully support and agree with his presentation. He talks about the agenda. What is the agenda here in the Senate? What do the leaders of this Congress feel is important for this country?

I gave a presentation on the Senate floor one day about a young boy named Ethan, who was born with severe difficulties from cerebral palsy, for which he required intense physical therapy. And the HMO said, "No, we're going to cut off that therapy because he will not make significant progress." Now what they defined as "insignificant progress" was the ability to walk by age 5. It was not doctors who were making that decision. It was accountants in an HMO who were saying, "Being able to walk by age 5 is insignificant." So there was a matter of dollars and cents versus a young boy's health.

That is the point the Senator from Massachusetts makes about the urgency of having an agenda on the floor of the Senate that deals with real issues that affect real people. We have a "legislative landfill" here. You know landfills. Almost all landfills are out of sight, over the hill, down the valley. You go through a big gate and don't even see it. You drive your merchandise down there that you want to dispose of, then you dump it and they cover it up.

We have a legislative landfill here in the 105th Congress. There was tobacco legislation. It was sent out to the landfill, and covered up. Campaign finance reform also went into the legislative landfill, and was covered up. Add the Patients' Bill of Rights as another bill sent into the legislative landfill they have created, and covered it up.

FARM CRISIS

Mr. DORGAN. Mr. President, we talk about the farm crisis and whether Congress will address a farm crisis that is urgent. I just want to make this point. I watched this week, as did all Americans, this hurricane that came roaring out of the Caribbean and threatened a fair part of the southern part of this country. My heart goes out to those people, worrying about their State, their lives, their property, and everything that they have saved and built. Then a wind comes along at 100, 125, and 150 miles an hour, and wipes it away.

There is an emergency declaration, as we always do. Whether it is floods, fires, or earthquakes, or hurricanes, Congress responds with an emergency declaration. We say: You are a victim and the rest of the country wants to help.

A week ago, the President sent down an emergency request to this Congress dealing with the farm crisis. It wasn't a wind, it wasn't a fire, it wasn't a flood, it wasn't a hurricane or an earthquake. Family farmers in this country have been literally devastated by the abject collapse of farm prices. Grain prices have just collapsed. In my State, in 1 year net farm income collapsed 98 percent.

Ask yourself: Could anybody on your home street or block or in your county

or your city survive if their net income dropped 98 percent? The remaining income is 2 percent. These are people who milk the cows, plow and put seed into the ground, and harvest in the fall. These are people in this country who raise America's food. They take enormous risks. They turn their yard light on and with their family have hopes and dreams to make a living.

There has been a 98 percent collapse of the net farm income in North Dakota for family farmers. Prices have collapsed. We have the worst crop disease in this century. This President is right when he says we have an urgent farm crisis and he sends down an emergency proposal to deal with this.

Two nights ago, I drove home after a conference committee on the Appropriations Committee. In that conference meeting, on a party-line vote, the President was told: We don't care about your emergency request. We don't think it is quite that important. We are going to offer up a 4-foot rope to somebody drowning in 10 feet of water, and we will suggest somehow that we have helped.

I was sorely disappointed. More than that I was angry when I drove home that night. We meed to understand that these folks who farm America's land out there, the family farmers, don't ask for very much. All they ask is for an opportunity to make a living. When farm prices collapse and when they are hit with crop disease, it is as much a crisis for them as wind, flood, fire, or tornado. This Congress has a responsibility to help.

There is a week and a half left in this Congress. If this Congress doesn't help, thousands and thousands and thousands of farmers and their families living on the land will lose their livelihood.

I know the Senator from Nebraska has some information about exactly what the President has proposed and what the stakes are here, State by State, and what we are trying to do. I yield for a moment to the Senator from Nebraska for a question and some comments.

Mr. KERREY. Mr. President, I ask the distinguished Senator from North Dakota, one of the things we had hoped to do with this legislation is to get consideration similar to the disaster request which we all know will occur as a result of this hurricane.

We have experienced this before. The Nation comes together as a country; suddenly we are Americans. A U.S. Senator asked to help the people in Mississippi, the distinguished majority leader's State. In Alabama, probably Florida as well, and Louisiana, clearly there are damages. Here comes a natural disaster. Here comes Hurricane Georges. Nobody could have prepared for that hurricane. It has destroyed people's lives, cost them hope. What will happen is, a disaster declaration will be made, a request will come to the Congress to put the law of the country on their side, to give them opportunity and hope again. That is what the law can do at its best; it can give people hope.

I know this very well, I say to my friend from North Dakota. About a year and a half in a business, in 1975, a tornado hit Omaha, NE, and I thought we were pretty much out of business as a result of the tornado having blown us away. However, I come to find out, 2 days later, that Mayor Zorinsky, the mayor of Omaha at the time and the man who preceded me in the U.S. Senate, requested from the President of the United States, Republican President Gerald Ford, a disaster declaration, and the law was put on our side. It gave us a chance to build our business back, gave us a chance to pursue our dream. That is what the law tends to do. That is what the distinguished Senator from Massachusetts was talking about earlier. I get hundreds of calls a year, and, more than any other issue, people say, "Senator, I don't have any power when I am dealing with an HMO; can you change the law and give me some power? Can you help me in dealing with this entity?" We are trying to change the law not to create a bureaucracy but to give people some hope.

My expectation will be, when the disaster declaration occurs for these southern States, it won't be a partisan issue, it won't be Republicans and Democrats, it will be U.S. Senators and U.S. Members of the House of Representatives rallying to try to make certain that people in the southern part of the country that have been damaged by this disaster are given some hope or given some opportunity.

I say to my friend from North Dakota, I was surprised, as you were, late Monday night when the House conference on appropriations for agriculture rejected the President's request for disaster assistance for the Middle West that has been destroyed and damaged by a natural disaster, a decline in demand that has produced losses across the board in agriculture. Still the most important part of our economy, creating more jobs than any other sector of our economy, and farmers throughout the bread belt of the United States, the bread basket of the United States, have lost hope. I was very surprised that it would occur on a straight party line vote that Members—who will likely say yes if the President puts down a disaster declaration request for the hurricane—voted no.

I say to my friend from North Dakota, they say, "We are reopening Freedom to Farm; that is the reason I'm to vote no."

I ask my friend from North Dakota if he is aware of the kind of income contribution that this disaster declaration will make to our States. There are many times when I come down here and deal with a piece of legislation and I ask myself, Will this have an impact on Nebraska? Will they feel it?—especially when I am talking to Nebraskan farmers out harvesting right now and who might not have seen what happened Monday night. Are you sure this will help? In Nebraska, the difference between what the President asked for and what the House conference, on a straight party line vote, voted for is $257 million.

Rest assured, if this was a transportation grant, our entire delegation would be united. There is no Republican or Democrat differential when we are trying to get a $250 million grant for Nebraska. Yet there is a decision here as a consequence of this Freedom to Farm argument—$257 million worth of income to Nebraska.

I have written the Midwestern Governors' Association and the Governors in those associations urging them to call their delegation as a consequence of not just what their State will lose but what their farmers are going to lose. Two hundred and fifty-seven million dollars' worth of income on Main Street America, in Main Street Nebraska, will make a lot of difference not just to farmers but to whether or not the businesses on Main Street will survive.

In Iowa, the amount of money is $365 million. I have written Governor Branstad and urged in an immediate letter: "Governor, weigh in on this, because you are about to lose $365 million"; to the Governor of Illinois: "You are about to lose $341 million"; in Indiana, $182 million; in Kansas, $195 million; in Minnesota, $256 million; in North Dakota, $115 million; in Ohio, $133 million; in South Dakota, $149 million; in Wisconsin, $80 million.

There are Senators from these Midwestern States who voted no for ideological reasons, because they don't want to reopen the Freedom to Farm. I don't understand that. This would make a tremendous difference in our being able to get through this recession.

The President asked for a disaster declaration. As I said, I have written all of the Governors in these States putting out an appeal. It will occur when each one of these Governors are going to come to us and ask for considerably less, and the beauty of this is that it doesn't go to the Government, it goes to individual family farmers; it increases their income and makes it likely to get their operating loans extended for another year.

I ask my friend if he is aware of the tremendous change in income pictures that will occur as a consequence of what the President has asked for and what the conferees turned down. Again, I ask a second question of my friend from North Dakota. He has had plenty of town hall meetings, just as I have. I

am asked, "How do we persuade those easterners to go along with us?" The problem doesn't appear to be easterners, or people on the west coast either. Both Senators from California, both Senators from Connecticut, both Senators from Maryland, both Senators from Massachusetts, both Senators from Nevada, both Senators from New Jersey—even though they are not going to benefit—did precisely what the Senator from North Dakota said earlier. It is not just important for us to come here and defend our region, our Nation is in trouble. Our Nation is suffering as a consequence of the crisis and the disaster occurring in the Midwest right now.

We are going to respond. We are going to vote aye because we know that we need to pull together as a country. I am sure that it is likely to be 100–0 when it comes time to decide whether or not we are going to respond to a disaster in the southern States that has occurred as a consequence of this hurricane. I come to the floor, Mr. President, to ask the Senator from North Dakota if he is aware of the tremendous amount of assistance that each one of these States is going to get, and if he, as well, hears from his farmers when he goes home, "How do we persuade the folks on the east and west coasts that we have a problem out there that needs to be addressed?"

Mr. DORGAN. Mr. President, the Senator from Nebraska asks an important question. I want to emphasize again that the President has sent down an emergency request. He sent down an emergency request and said what is needed in order to address the farm crisis is $7.9 billion. Now, I will say to my friend, as I indicated when I started this, when the emergency request comes—and it will—to deal with this hurricane that just hit, I am going to vote for it. Perhaps other hurricanes will hit during this season. I have voted for aid for earthquakes, floods, fires, and hurricanes; and I always will because this country has a responsibility to do that. I won't think twice about it. We don't have hurricanes in North Dakota, but when a hurricane hits in this country, count me as someone voting for the emergency request.

FEMA and others will evaluate what is necessary, and the President will send us a supplemental emergency request. I have always voted for them and I will again. It wasn't, as I said, a fire, flood, earthquake, tornado, or hurricane that caused the crisis that required the President to send up this emergency request. It was the collapsed prices and crop disease. It was the worst crop disease of a century combined with a total collapse of prices.

Now, why do we have some people who ought to be voting in support of this emergency request reluctant to do so? As the Senator said, it is ideology. This Congress, a couple years ago, passed something called the Freedom to Farm bill. I didn't vote for it. I didn't think it was appropriate. I don't think you will have family farmers in this country when prices drop off the cliff and you don't have an adequate safety net for them. If you don't have a price support for them to get across the price valley, farmers can't make it. The big corporate farms will get across the valley because they have the financial strength to do it.

Some may decide that they don't care about family farmers or whether they exist. They may worship at the altar of a "free market" that doesn't exist in agriculture. They decided that we were going to cut farmers loose. Even if prices collapse after we pass this Freedom to Farm bill, they are going to refuse to budge because they have so much pride in the work they did a couple years ago that they don't want to admit it was wrong. I am not asking anybody to admit that.

I am just saying that farm prices have collapsed. Wheat prices have dropped 57 percent since passage of the farm law. North Dakota farmers lost 98 percent of their net income in one year. The same is true through much of the Midwest in the farm belt. At this point, shouldn't Congress stop, look, and listen and say this is a crisis? Does this country want family farmers with yard lights that light up the hopes and dreams on the family farm out there in the country? Do they want family farmers in the future? They should for a lot of social and economic reasons. Then Congress has to come forward now and address this issue that the President has recommended with an emergency request.

The Senator from Nebraska has gone through and talked about what it means to these States. I want to describe it in slightly different terms. There is not a Republican or a Democratic way to go broke. Family farmers don't care about party labels, tickets, or politics. They care about whether they are going to be able to make it through the winter?

I talked about a young man named Wyatt the other day. He is a sophomore in school right now in Stanley, ND. He wrote a letter to me that brought tears to my eyes. He said, "My dad is a family farmer." After he described what the family was going through, he said, "My dad can feed 180 people and he can't feed his own family." That describes better than almost any description we can offer how productive our family farmers are. Yet, they are being wrung dry by prices that have collapsed, and they are told that even though they are all-star producers, somehow they don't matter.

It seems to me that we must, as a Congress, address this issue, and the point is this: There are those who say let's address this issue by doing what is called increasing the AMTA payment by some 19 cents a bushel for a bushel of wheat. That is like walking up to somebody bleeding to death and holding out a Band-Aid and saying, "Aren't I wonderful? Here is a Band-Aid."

The people proposing it know better. They have told me in private that it will not address this problem. It won't get those farm families into the field next spring. Tens of thousands of them will be broke and forced out of business before they can get into the field next spring because this is a half-baked solution. It is, as I said, like offering a 4-foot rope to somebody drowning in 10 feet of water. Let's not have half-baked solutions. Let's not pole-vault to get over the election.

Let's pass the emergency request of the President to solve this problem. We need to help these farmers have the hope that they can get in the field next year, plant a crop, harvest it in the fall, and have some hope that perhaps prices will rebound and they will be able to continue farming in this country in the future. Either we are going to decide to solve this problem or we are not. That is what this is about.

First of all, I respect the fact that I come from a political party that lost. I understand that. I understand winning and losing. I belong to a political party that doesn't control this Chamber. I understand that. I am perfectly willing to lose from time to time. We do. In fact, it is getting habit-forming. But I am not willing to lose quietly on this issue.

Up until the last 2 minutes of this legislative session, I intend to be on the floor demanding that this country respond to the urgency of this matter, just as we would if it were a natural disaster. I will be demanding that we respond to the hopes and dreams of family farmers that are going to lose their family farms if we don't act. They will lose it in the next week, the next month, or the next 4 months, and they will lose it as sure as I stand here, if we come up with half-baked solutions.

I know the Senator from Nebraska wants to add to that. Let me just say again, it is the old silk-purse-out-of-a-sow's-ear thing. We have people here resistant to doing what they know in their heart is the right thing to do because they are worried because it would look like a 180-degree turn on Freedom to Farm. Don't worry about that. Let's figure out what we can do together, all of us together. Let us do what we know in our hearts will help the farmers get into the fields next spring and have some hope that maybe they can make a decent living. If we do that, we will have done something to strengthen this country and invest in this country's future.

Then we can then go home with pride and say to those that Thomas Jefferson described as the "best Americans,"

those producing our foodstuffs on the family farms, that we have done something to assure their future and give them an opportunity.

Our economy is doing better. Inflation is down, unemployment is down, and the deficit is almost gone. All of those numbers are good and the country feels better about the economy. We should be able to say to family farmers that we will not, in these good times, turn a blind eye to their economic plight. They matter to this country.

I would be happy to yield to the Senator from Nebraska once again.

Mr. KERREY. Mr. President, just briefly, I appreciate very much the answer the Senator from North Dakota has provided. I want to make it clear again that I put out an SOS to the Governors of the Midwestern region, pointing out to them what they are about to lose.

To the Governor of Illinois, $341 million of additional income to the State of Illinois. Is that going to make every farmer in Illinois prosperous? No. For all of the free market, plenty of people are still going to go broke in Illinois even at that. But $341 million, I say to the Governor. It is the same way in Indiana—$182 million; Iowa, $365 million; Kansas, $195 million; Michigan, $60 million; Minnesota, $250 million; Missouri, $120 million; Nebraska, $250 million; North Dakota, $115 million; Ohio, $133 million; South Dakota, $150 million; Wisconsin, $80 million.

I have been a part of the Midwestern Governors Association. During the agriculture crisis, there was the appeal that we made to Congress. Our income is declining; our tax revenues are going down; we are not able to support our schools—many of the things that happen as a consequence of things beyond our control. We found a positive response in the Republican Congress in the 1980s. We came and made the appeal. The Congress responded with the new farm bill which helped us enormously.

Mr. President, I hope this little presentation or request of the Governors, as well as our correspondence to the Governors, will produce a response. I hope and I pray that sometime in the next 10 days we can, as we most assuredly will—when the majority leader comes to the floor on behalf of Mississippians, and many other people in the South who have been damaged by Hurricane Georges, we are not going to walk down here with a partisan hat and say, "That is the majority leader, he is a Republican, and for ideological reasons I am going to say no." We will say yes.

I hope in the next 10 days that we can find a way on this Agriculture appropriations bill to send this bill back to conference and instruct the conferees to do the right thing, which is to grant the President's request for the disaster assistance, which will brighten the days of not just American farmers but also Americans who understand that our livelihood depends upon their success and their prosperity. I hope we are able to take our partisan hats off and deal with this thing as U.S. Senators and not as Republicans or Democrat Senators.

Mr. DORGAN. Mr. President, let me finish with just 1 minute. I know our colleagues are on the floor. They look like they want to do some serious business.

Mr. WARNER. Mr. President, if I might just say, the business we are doing is very serious. While I will not take a position one way or another on the issue, I would be remiss, and all others would be remiss, if we did not recollect last year how Senator DORGAN stood the floor on behalf of his constituents and others with regard to the devastating floods, and when he spoke just now about his support about other areas of the country, and I think in the depths of his heart about those harrowing experiences in which he so ably represented the citizens of his State.

Mr. DORGAN. Mr. President, I thank Senator WARNER. Let me just continue for 1 additional minute, and then turn the floor over to the Senator.

I don't like having to come here and ratchet away on this issue day after day. I know some get tired of that, but this literally is about whether people will survive out on the family farm. I have used some letters to try to describe their plight. I used a letter the other day of a woman who described the two jobs she has, the two jobs her husband has, in addition to raising kids and running the farm, and all the part-time jobs her kids have. She wrote how they are just flat broke, out of money and with no capability of making it. The price of hogs is down. The price of cattle is down. The price of grain has collapsed. She said to her daughter, "Let us try to buy you one pair of new jeans for school." And her daughter said, "No. Mom, I understand we can't afford that." They are just out of money and about to give up hope.

This Congress needs to intervene to do something. We need to say to our farmers, "You matter to this country." I am not saying we should prop up some artificial economy for farms. I am saying that these farmers face monopolies in every direction they turn. They face monopolies with the grain trade. They face monopolies with the way they do business with the railroad. They face them with the cattle slaughter. They face them with the hog and sheep slaughter, and they face them with the flour millers.

I had charts. I will not put them up again. In every area, the top three or four companies control 60, 70, and in some cases 80 percent of all of the activity. And these farmers are told, "You compete in the free market." Then they have to compete with other countries that deeply subsidize their products. It is not a free market. It has never been free. We are the only ones who will come up with these goofy stories and tell the farmers to go to the grain markets which are stacked against them. Then when prices collapse, we tell our farmers we are not going to be there to help. This is the only country that does that.

This country ought to decide now that it made a mistake putting the future of family farmers on a free market that doesn't exist, and we ought to correct it. This President says that we have an emergency need, and he asked for a supplemental appropriations to meet that emergency need totaling about $8 billion.

I drove home the other night after the conference committee between the House and the Senate. That conference, on a party-line vote, said no; we are not willing to do that. I hope we are going to change that result in the next week and a half, Mr. President.

Mr. JOHNSON. Mr. President, I have a question for the Senator.

One is, there has been a great deal said by the Senator from North Dakota about changing the farm bill and reopening the farm bill relative to taking the caps off the marketing loan rates. It is my understanding that the existing farm bill has marketing loan provisions in it; that the real discussion and the recommendation from the President has simply been that we raise the caps of an existing program within the existing farm bill; that, in fact, the initiative would not involve any significant change in the farm bill, certainly no more so than accelerating or increasing half the payments. Will the Senator share a view on that?

Mr. DORGAN. The Senator from South Dakota is absolutely correct. The farm bill that Congress passed said we would provide a support price equal to 85 percent of the five-year Olympic average of the average price of this grain. Then they put an artificial budget restraint on it even though they promised that formula. Once again, the big print giveth and the little print taketh away. Despite the promise, they put an artificial cap on it. That means our support prices don't work. The promise doesn't offer real help and it doesn't offer protection.

What we have proposed—and the President and others have proposed—is to get rid of the artificial cap and to give them what the big print said they would give them and stop this taking away with the little print. That is all this proposal is about.

Mr. JOHNSON. If I may follow up on that, the Senator from North Dakota has been one of this body's leaders relative to budget responsibility, fiscal responsibility, and the overall effort that we have gone about in bringing the annual Federal budget deficit from

$292 billion only 6 years ago to at least a unified budget surplus this year. I think the Senator from North Dakota was deeply involved in the crafting of the legislation that set up the framework that allowed us to bring this country to the current point of much greater fiscal responsibility.

But it is my understanding, in the context of that debate and setting up the pay-as-you-go budget mechanisms that were established in the early 1990s, which have been so successful, that one of the underlying premises and understanding of that legislation was that there would be from time to time emergency needs that would be met with the request from the President with the concurrence of the Congress, and that it is not inconsistent with the underlying legislation and the progress that we have made towards reducing the deficit. So long as we use care to denominate emergencies as only things which are truly emergencies and are reasonably not foreseeable by either the White House or by the Congress, the funding of these emergency needs is not inconsistent with the effort we have made to reduce the deficit and to maintain the discipline of the 1990 and 1993 budget agreements.

Is that the Senator's recollection relative to the context of this emergency budget request?

Mr. DORGAN. Yes. The Senator from South Dakota is, of course, correct. Emergency needs have always been anticipated and expected in the budget process. When emergency needs are requested, I am someone who will always vote to fund those emergency needs. It is not outside of the scope of what we decided to do when we decided to try to get this country's fiscal house in order. The Senator is correct about that.

I don't understand why some continue to insist that the funding doesn't exist for this emergency need. Of course, it does. Of course, it is a need.

Let me say to the Senator from Virginia, when I said he is here for serious business, that the implication was not that this isn't. This is the most serious business for me in this Congress. I know the Senator from Virginia is involved in defense and a range of other issues that are also very serious for this country. I very much appreciate his service and the service of the Senator from Arizona.

The Senator from South Dakota, Senator JOHNSON, of course, is from a farm State, just like mine, that is suffering the same kinds of problems. It is devastating. This crisis is really devastating to not just the economy of the State but to the families who tonight will go to bed not knowing whether they are going to be able to hang on to their family farm. That is the dilemma here, and it is something we have to face.

Mr. WARNER. Mr. President, the RECORD will reflect that when the Senator made his comment, this Senator said no, I respect him, it is serious business, and then reflected on how ably the Senator has represented his constituents during this crisis.

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

The PRESIDING OFFICER (Ms. COLLINS). The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. INHOFE. I ask unanimous consent to speak out of order for such time as I may consume.

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

Mr. INHOFE. I thank the Chair.

1999 DEFENSE APPROPRIATIONS

Mr. INHOFE. Madam President, we had a very significant meeting yesterday of the Senate Armed Services Committee, which was a culmination of months and months of work on behalf of many of us trying to explain to the American people the very threatened situation that our country is in, and I am very proud that we had a meeting that I will describe to you in the next few minutes which, I think, is going to actually change America's approach to our defense system. I think it is very appropriate to talk about this now because I also would be speaking in favor of the Strom Thurmond National Defense Authorization Act for fiscal year 1999.

I think it is important for us to understand the deplorable condition of our defense system. We have for 14 consecutive years, counting this year, actually had a decline in defense spending. It has dropped and it has dropped and it has dropped. I have to hasten to say this also transcends politics. It has been in Republican administrations and Democrat administrations. Of course, during the administration of President Clinton it has been worse than it has been before. We are now at the lowest level in procurement since 1960. This was attested to yesterday by General Reimer, Dennis Reimer, the commander of the Army.

Our military now is smaller than it was in the 1930s and is on more missions than we went on during the Vietnam war. Our Army deployments have tripled, the Air Force deployments have quintupled, if there is such a word, and the Navy ships in the Persian Gulf have reached one of the lowest states of readiness in 5 years. We have Navy aircraft crashes. They are called class A mishaps. They have doubled this year, the highest in 5 years, and CNO Adm. Jay Johnson has attributed this to a lack of spare parts.

As I go around to the various military installations, I see that we don't have spare parts, that we are cannibalizing perfectly good aircraft to get spare parts to keep other ones running.

The Navy was 7,000 short in their recruits this year—7,000. That means we don't have enough sailors to go out and man the ships necessary to meet the minimum expectations of the American people. The pilots are leaving the Air Force in droves. Right now, our pilot retention has dropped below 20 percent. Madam President, it costs $6 million to put a pilot in the seat of an F–16, and yet we are down now to a 20-percent retention.

What does this mean? It means that it costs almost 100 times as much to go out and retrain someone as to retain someone who is already there. What is the reason for this?

I spent most of the August recess, Madam President, going around to the various military installations in my plane. In fact, I was taking journalists with me so they would start writing about this deplorable situation that we find our military in right now. I know one of the individuals who went with me in my plane is Roland Evans, of Evans and Novak, and we made a lot of visits to various installations on very, very short notice. In one of the installations, we had over 20 pilots in one room. I said, "Why is it you are down to 20 percent? How many of you in here, after this tour of duty, are going to come back in and continue your careers flying for the Air Force or the Navy?" About 20 percent are going to do it. It is actually a little below that now in the Navy.

I said, "What's the reason for it?" They started out with the fact that we have starved the budgets for the military to the extent that they don't have adequate spare parts, and those kids who are out there, the mechanics who are putting these engines back into condition, flying condition, are using spare parts that were cannibalized out of another engine, maybe a new engine, and the end result of that is they are not sure of the work quality of these individuals since they have been up and they are working sometimes—we ran into some situations where they are working 16, 18 hours a day. I ask you, Madam President, would you feel very secure about flying an aircraft that has been maintained by someone who has been on his 18th hour that day? It is a very difficult thing. These young people are willing to do it.

Then after they talked about that, they talked about—Wait a minute, it is not just that; we were hired and recruited to have a career in flying and defending America. We want combat skills. As a result of the deployments to places like Bosnia where we don't have any national security interests, these people are not able to continue their training. Out at Nellis Air Force Base in the Mojave Desert where they

are supposed to have the red flag exercises—these are beautiful exercises that allow fighter pilots to go in and train under actual combat conditions, or nearly actual combat conditions, and they are not able to do it. They have cut down the number of training flights, because when they come back from the long deployments to places like Bosnia and other places where we don't have any national security interests, instead of being with their families, they try to get training in, and there isn't time when they are back home. Consequently, we are having them leave by droves.

Now, I used the example, of course, of pilots because there seems to be more interest in them. It is easier for people to understand that if you have a $6 million investment in a man or woman to fly a vehicle and they go off and start working for the airlines and yet they really wanted to stay and defend America, you have to examine why is this. It is money, it is the contingency operations and it is a lack of mission. I have heard that so much from these people, saying, well, we no longer know what the mission is of this country. We are in places where we are not able to use our combat skills. The marine pilots, they are flying helicopters that were used by their fathers in Vietnam.

We hear about the MTWs. Sometimes we stand on the Senate floor and we start talking in the language that a lot of people don't understand because they don't know what an MTW is. That is a major theater war. There is an expectation out around the United States that America's military is able to defend America on two regional fronts, and this is not our situation today, as came out in the hearing that we had yesterday. I think the people in Oklahoma are aware of this because I commute, I go back every weekend, and I have town meetings. They are fully aware of the condition of our military. I was recently in Chelsea, OK, the home of Will Rogers, and over at the Port of Catoosa, places where they would otherwise have to depend on what they are reading of something that is coming out of the Washington media market so they wouldn't really be in a position to understand how deplorable this situation is.

As far as the two major theater wars, we are not able to do that today. If you ask the Chairman of the Joint Chiefs of Staff and you ask the various chiefs, they will say: Yes, we can do two nearly simultaneous major theater wars. But then you ask them, what is the risk factor? The "risk factor" is a term that is used in saying: Yes, you are prepared to do this, but if you do this, No. 1, how long will it take? No. 2, how many soldiers will be wounded or killed?

In asking them yesterday what the risk factor is of two major theater wars, they said it is medium for the first one and high for the second. We need to have the risk factor low, because we are now quantifying as to how many American lives will be affected should we find ourselves in a situation where we have two major theater wars. It comes to something like 16,000 additional Americans will be wounded because of this high-risk factor.

One might wonder why there is a high risk factor. Right now we know, if you have been reading the newspapers, Madam President, that we have very serious problems in places like Iraq. I don't think there is anyone with a background in the military who will tell you if a crisis exists, as it does now, if we have to go into Iraq, that it can all be done from the air. It cannot all be done by air. You have to follow up with ground forces.

If you go over to the 21st TACOM in Germany—that is where they handle all the logistics in that theater, which includes Bosnia, Iraq, and the entire Middle East. What would we do if we had to support a ground effort in Iraq when we are now at over 100 percent just taking care of the needs of Bosnia?

I know that is a shock to a lot of people when they realize that going into Bosnia, taking all the stuff down there to support the troops that we have there and that our NATO allies have there, and fulfilling the commitment we made to them—which we never should have made—is using up 100 percent of the capacity of the 21st TACOM.

That means, in the event we had to go into the Middle East, like Iraq or Iran or Libya or any other place, we would have to be dependent 100 percent on the Guard and Reserve.

What has happened to the Guard and Reserve? Because of underfunding and deployments to all these different places like Bosnia, in Oklahoma we are deploying our Guard and Reserve for up to 270 days. How many people are in an occupation where they can be let go for 270 days?

We have our occupation specialties, our MOSs, that we don't have. We don't have doctors going over there now. If we were forced to support a ground operation in Iraq, we could not do it with our Guard and Reserve. That is how desperate the situation is.

We covered something else yesterday—I wish the hearing that took place yesterday had happened maybe a month before; then we would have been able to do a better job with the defense authorization bill which we are, hopefully, about to pass in a short period of time—and that is, we brought to the surface the realization that, in addition to the problems I have outlined, we have a backlog of real property maintenance—these are things that have to be done to maintain our property to house our soldiers around the world—of $38 billion. This is $38 billion that will have to be spent sometime, and we have no preparation for that at all.

We have a shortfall of $1 billion in BASOPS. Those are things that have to be paid for today. We are talking about garbage collection, water bills, and this type of thing. We do not have that kind of money. General Tilleli, who is in charge of some 37,000 troops in South Korea right now, said just the other day:

> They will not be able to fully support sustained operations due to overdue infrastructure repairs.

This is a direct quote:

> Strategic airlift will be affected, regardless of one or two MTWs, unless the en route infrastructure in Alaska, Hawaii and Guam receive adequate funding.

Which they are not right now.

> Presently these three locations require infrastructure repairs on their fuel handling, fuel shortage and material handling equipment.

On a recent trip to Fort Bragg, one of the most necessary of all installations, they have barracks that are leaking. The roofs are leaking like sieves. We were there right after a very hard rain. Not only was it leaking to where our troops were in the water at the time, but also it was going down into the basement where they have the armory, where the weapons are being stored. They are corroding and rusting, and our troops are spending their time in a high OPTEMPO or PERSTEMPO rate during the hours they have to work in order to keep them for use for training purposes.

At Camp Lejeune—it might surprise you, Madam President, even Marines have to have a decent quality of life or at least have to know something good is going to happen—they have the CH-46. That is a type of helicopter they have been using. These helicopters are all older than the pilots flying them. We have a V-22 program that is supposed to replace all the CH-46s, and it is not in place. We are not there yet. We want to get there, but we are not there. That comes into this whole equation of having to fund the overall defense system. They say you are as strong as the weakest link in a chain. All of our links are equally weak and about to break.

Madam President, we found at Camp Lejeune in one particular helicopter squadron that only 4 of the 11 helicopters were operational. The rest were either down for maintenance or had been robbed of their parts to keep the last four working. This is something that cannot be continued.

I am very proud of General Bramlett. He is currently the FORSCOM commander. He is just about to retire. In his memo that came a couple of weeks ago—I am going to quote some things because I want them in the RECORD—he said:

> We can no longer train and sustain the force, stop infrastructure degradation, and

provide our soldiers with the quality of life programs critical to long term readiness of the force.

Commanders at Fort Lewis, Stewart and Bragg report units will drop below ALO—

That is, authorized level of organization—

in the fourth quarter of fiscal year 1999. This threatens our ability to mobilize, deploy, fight and win.

Further quoting General Bramlett:

Funding has fallen below the survival level in fiscal year 1999 . . . . Current funding levels place FORSCOM's ability to accomplish its mission in an unacceptable risk.

Unfunded requirements can only be realized with an increase in the overall funding level for the Department.

I chair the Readiness Subcommittee of the Senate Armed Services Committee. Last week, we had both General Bramlett and General Schwartz, who will be taking his place as commander of FORSCOM. They believe the memo he wrote is true today.

I know I have described a very ominous situation, Madam President. But the good news is that at yesterday's Armed Services Committee hearing, we had Chairman of the Joint Chiefs of Staff Shelton, along with the chief of the Army, General Reimer, General Krulak of the Marines, General Shelton, Admiral Johnson of the Navy, and General Ryan of the Air Force. I want to say publicly how proud I am of the courage that they exhibited yesterday. I do not remember a time when—and I have been here for 12 years and I have read about this situation for longer than that—I don't remember a time when the chiefs of the services had the courage to stand up and say to the President that our budget that you have been giving us for the last few years is inadequate to defend America. It displayed an incredible amount of courage. I am very, very proud of them.

They identified an immediate need for $17 billion above the President's budget. They displayed a level of honesty that we should all appreciate and we seldom get.

I was very proud also—I happen to be a conservative Republican and have always been prodefense—but we had several Democrats on the committee yesterday. I was surprised and so gratified to hear them come out and join in. Senator JOHN GLENN questioned the fact we may have gone too far in our drawdown in forces. I was very proud of Senator LIEBERMAN and his statement when he said, "We are asking more of our military post-cold war than during the cold war," and his comments regarding national ballistic missile defense, which I want to touch on very briefly in a minute.

Senator CLELAND, MAX CLELAND from Georgia, spoke out and he actually made this statement in the committee, that we are going to have to go back and listen to what Dr. Schlessinger said recently when he said that the problem is so severe that we are going to have to, in a massive way, rebuild our defense system and do it in a similar way that we did in the early 1980s. He said that it does not seem that with 3 percent of gross domestic product we would be able to sustain an adequate force; it is going to have to be 4 percent.

So what Senator CLELAND was saying is, we need an additional $70 billion just to build our forces up to meet the minimum expectations of the American people. What is interesting about what Senator CLELAND said was that in addition to the fact that that equates to $70 billion, if you take what each of the chiefs says is necessary over and above what we have allocated for fiscal year 1999, it comes to about $70 billion.

Just for a minute, let's go back to Senator LIEBERMAN who made the comment about the national missile defense system. I have found that when I go around the country and ask people what their feeling is and what we would be able to do if, for example, a missile were fired from someplace in China or someplace from the other side of the world to Washington, DC, knowing that it would take 35 minutes to get over here, and it is carrying a weapon of mass destruction, either biological, chemical or nuclear, what we in the United States could do—because most people think we could shoot it down—fifty-four percent of the people in America think that if a missile were coming over, we would be able to shoot it down.

In fact we cannot shoot it down. We are naked. We have no defense, Madam President, against a missile coming in from another continent. And the reason is that it is outside the atmosphere. We do not have anything that will knock it down. By the time it reenters the atmosphere, it is going at a velocity that we do not have anything to knock it down with.

We have been derelict in not pursuing the course we started on in 1983 to have a system deployed to defend ourselves against an ICBM coming into the United States by fiscal year 1998. That is what we are just winding up right now. Yet we have noted that we were on that course since 1983, until Bill Clinton was elected President of the United States in 1992, and then started vetoing the defense authorization bills and the defense appropriations bills, until we took out funding that would have been there to finish the job to have deployed a national missile defense system by 1998. That is now. Someone was pretty smart back in 1983 to realize this is the time that we would have to have a system in place.

However, we now know that it is going to take another 3 years or so to do it. Several of us who have been promoting a national missile defense system have concluded that one of the reasons we have not been able to impress upon the people of America how dangerous of a situation we are in right now is that they have been confused by all the different types of national missile defense systems.

So we have all kind of gotten down to one, the one that would give us the best system, the cheapest in the shortest period of time just to take care of a limited attack by a warhead that would be coming over on a missile.

That would be the Aegis system, Madam President. We have $50 billion invested in 22 ships right now. They have the potential missile defense capability to knock down long range missiles outside the atmosphere. To do this, to upgrade the system to be fully capable in the upper tier would cost approximately $4 billion more and take about 3 more years. We want to get on that road so we can get a system here as soon as possible, but we do not have it yet. We do not have it in this defense authorization bill. And yet we have gone as far as we can go with the bill now.

I only regret that we did not have these committee hearings a month ago so that we could have done a better job preparing for the defense of America than we have done in the 1999 Strom Thurmond national defense authorization.

So with that, I just want to say that I do fully support the bill. I hope it comes up some time either Thursday or Friday and we can vote for it, support it, pass it, and then start rebuilding our defenses so that we can at least meet the minimum expectations of the American people and be honest with them and defend my seven grandchildren, my four children, and the rest of America.

Thank you. I yield the floor.

Mr. GRAMS addressed the Chair.

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

Mr. GRAMS. Thank you very much.

I want to compliment the Senator from Oklahoma. I think yesterday's hearing was very, very important, and what the chiefs had to say regarding the defense of this country, and the money that is being spent or not being spent and how important it is. I really appreciate the Senator bringing this to the floor and helping all of us understand the problems that we are facing.

I rise today briefly to express my continued disappointment at the political maneuvering which has resulted in an extension——

The PRESIDING OFFICER. Cloture has been invoked on the motion to proceed to the Internet bill. Does the Senator desire unanimous consent to speak out of order?

Mr. GRAMS. Yes. Sorry. I ask unanimous consent that I be allowed to speak out of order.

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

NORTHEAST DAIRY COMPACT EXTENSION

Mr. GRAMS. Mr. President, I rise today to express my continued disappointment at the political maneuvering which has resulted in an extension of the Northeast Dairy Compact—an example of legislation driven by regional politics.

I wish to register strong protest to the extension and ask that my colleagues join me and those in the Upper Midwest who must once again speak out against patently unfair, anti-American, anticompetitive policy.

This is an archaic Federal dairy policy that penalizes farmers in the Upper Midwest, while giving benefits to farmers in other parts of the country in the dairy industry.

The expected Agriculture appropriations conference report will include House language which underhandedly extends the Northeast Interstate Dairy Compact.

Under the 1996 Food and Agriculture Improvement and Reform Act, commonly known as the FAIR Act, federal milk marketing order reform would go into effect in April, 1999. However, the conference committee has now adopted the House Agriculture Appropriations Committee bill language which delays the implementation date for Federal milk marketing order reform until October, 1999—6 months later. Not only does this delay long overdue marketing reforms, it also extends the Northeast Dairy Compact, which is not set to expire until the Federal milk marketing orders go into effect.

Mr. President, USDA did not request a delay of the milk marketing order reforms. The real purpose of the House language is simply to extend the Northeast Dairy Compact.

That this extension is even being considered leads me to believe there are some who remain unaware of the notorious history of the Northeast Dairy Compact's creation and its negative impact on consumers and all dairy farmers—with the notable exception of the largest dairy industries within the compact region.

The 1996 FAIR Act included substantive reforms for dairy policy. It set the stage for greater market-orientation in dairy policy, including reform of the archaic Federal milk marketing orders. Yet, despite a strong vote by the Senate to strip the Northeast Interstate Dairy Compact from its version of the FAIR Act, and the deliberate exclusion of any Compact language from the House version of the bill, a Northeast Interstate Dairy Compact provision was slipped into the conference report.

This language, however, does call for the compact to be terminated upon completion of the Federal milk marketing order reform process, again, set in April of 1999.

It is imperative that the Northeast Interstate Dairy Compact sunset as was intended, and that no new compacts are created. Dairy farmers have not seen positive benefits as a result of the compact and consumers have been hurt by higher prices.

It is estimated that consumers in the compact region of the Northeast have an increased annual cost of almost $50 million due to the compact. Not surprisingly, milk consumption in the compact area has dropped as a result. The only real winners have been the largest industrial dairies of the Upper Northeast.

It is really no surprise. Just consider it: if the compact pays a premium per hundredweight of milk, and large industrial dairies are able to produce, let's say 15 to 20 times more than the "typical" traditional dairy farm that the compact was supposedly going to protect, who do you suppose wins? It certainly isn't the traditional dairy farm. They are still put at a competitive disadvantage, thanks to regional politics, and so are dairies outside the compact region.

The artificial price increase stimulates overproduction and it floods the rest of the market in other parts of the country, and in other markets as well, including milk for cheese. Basically, all the principles of market forces, including pricing based on supply and demand and producers effectively determining profit and loss through efficiency, have now been replaced by artificial pricing.

If any other industry tried to fix prices in this manner, I believe they would be hauled into court. Let me show this chart. The questions contained on the chart, which of these is actual Federal policy? Looking at the four questions:

All computers should be price-adjusted according to their distance from Seattle.

All oranges should be price-adjusted according to their distance from Florida.

All country music should be price-adjusted according to its distance from Nashville.

All milk should be price-adjusted according to its distance from Eau Claire.

All of these are foolish. But this is Federal policy. The last one, "All milk should be price-adjusted according to its distance from Eau Claire," WI, might have made sense back in the 1930s when it was instituted, because of transportation and refrigeration, in order to encourage dairy production in other parts of the country. The Midwest, really, is the heart of the dairy industry in this country. So they set up these laws, but these laws are now archaic, outdated. They no longer need to be on the books. All they do is penalize the farmers in the Midwest who get the lowest prices for their milk and reward farmers further away from Madison or Eau Claire, WI, who receive more money for dairy products, despite the new and improved transportation and refrigeration in this country. This may have served a purpose in the 1930s, but it is outdated when we come into this century.

What it does is have the government picking winners and losers when it comes to dairy. They have their foot on the neck of dairy farmers in the Midwest while granting dairy farmers in other parts of the country more money.

All we are asking for is fairness in this policy. Should computers be priced according to their distance from Seattle? No. Should oranges be priced according to their distance from Florida? They are not. Is all country music priced according to its distance from Nashville? No, that is ridiculous. And the same should be true for dairy—Should all milk be priced according to its distance from Eau Claire? No.

USDA's own data show that milk production has increased substantially in the Compact region of the Northeast. In fact, the increase in production has been so great that the Compact Commission has started to withhold money from farmers, in anticipation of being required to reimburse the Commodity Credit Corporation for increased purchases of surplus dairy products.

But the creation of the Northeast Interstate Dairy Compact, we have done a disservice to traditional dairy farmers in the Compact region, consumers within the Compact region, and all dairy producers nation-wide who have been forced to pay the price of this anti-competitive measure.

The higher milk prices in the Compact region are cause for alarm, but these consequences were easily foreseeable. What is outrageous is the idea of another extension of this anti-competitive effort.

As far as I'm concerned, this is it—the last straw. There will be no more extensions. The Northeast Dairy Compact has had its day. It has failed. It is being kept alive for another six months by a life-support system of favors and big business.

I believe it's time to put fairness first and put the Senate on notice. The Upper Midwest has waited long enough for substantive reform—basic fairness. I will continue to make this point during the next Congress, no matter how long it takes to get the message across.

Special protection benefits and anticompetitive measures make competitors worried, and rightly so. The Northeast Interstate Dairy Compact has spurred a movement in the Southeast to create a similar Compact.

In fact, earlier this year the groundwork was laid for a national patchwork of regional compacts. Roughly half the country had either passed enabling compact legislation, was debating such legislation, or was a part of the Northeast Interstate Dairy Compact.

Can you imagine in the time when we are trying to knock down trade barriers with other countries around the world to have greater access to markets, to help export our products, especially in agriculture, that we, here in

our own country, would put up trade barriers between portions of the country?

Clearly, the writing is on the wall. As far as dairy policy is concerned, we're at a pivotal juncture. We must either decide to support a national system or regionalize. A national patchwork of compacts would render the Federal Milk Marketing Order reforms meaningless. It would essentially kill any hope for real federal reform. Interstate commerce in the milk industry would be a confusing maze.

To extend the Compact ignores the mandate of the 1996 FAIR Act itself. Further, attempts to accomplish this regional protectionism through an annual appropriations bill is also particularly offensive.

Certainly, it is difficult to have the courage to bypass a quick-fix in favor of a long-range view. But that's where real leadership comes into play. Let's be advocates for the traditional dairy farmers, not just the mega-dairies, and maintain the integrity of the legislative process by standing up to policy making behind closed doors.

An extension of the Northeast Dairy Compact does not belong in important Agriculture Appropriations legislation.

What is required next is a complete overhaul of this antiquated and just plain unfair dairy policy.

Again, established back in the 1930s, it has long outlived its usefulness. It is counterproductive, anti-American and unfair. Let's give all dairy farmers in all areas of the country the ability to compete on a level playing field.

I close with a quote from the Chicago Tribune. The quote says:

> More compacts [like the Northeast Interstate Dairy Compact] will only mean higher milk prices for even more consumers and more lost market opportunities for the Midwest. . . . How could Washington approve this throw back to Depression-era economics when other farm subsidies . . . are being phased out? Back-room deals and pork barrel politics, that's how [it is done.]

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

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

TAX CUTS AND THE GOOD GOVERNMENT AMENDMENT MUST PASS

Mr. GRAMS. Mr. President, just briefly, today, as you know, marks the end of the fiscal year for Washington, the fiscal year of 1998; tomorrow will be the first day of fiscal year 1999. This turn of the calendar, like any new year, is an appropriate time to review the accomplishments of the previous year and also to set goals for the next year.

What a year it has been. Last year, we passed significant tax relief—including a $500 per-child tax credit that will soon take effect. In addition, for the first time since 1969, we passed and abided by a balanced budget. It has not been easy. It has not gone without temptations. There have been spirited attempts to spend taxpayer dollars and drag us into an even larger deficit, blowing one spending cap at a time. This remains a difficult task even today—Congress is pushing to complete legislative work on all 13 appropriations bills by this time. But to date, the President has signed only one into law, and only two others are on their way to him. The reason for the delay is that by habit, Washington loosely interchanges the act of deciding how much to spend with that of "spending much."

To my dismay, many colleagues and the President's Administration have used this end of the fiscal year and the near end of the Congressional session to push for their election-year political agendas. The result? Again is political blackmail: if you do not give me this, I will shut the government down and blame you for being heartless and ineffective. This delay has also put off important consideration of overdue tax relief for hard-working American families. In fact, the entire tax bill recently passed by the other legislative body is now in jeopardy because Washington cannot decide on how best to spend taxpayers' money for political agendas.

Now, let me be clear on my position. A tax cut is not spending. Only in Washington's bookkeeping do we consider a cut in revenue to be spending.

Mr. President, are we going to allow another Government shutdown—a situation where everybody loses? I certainly hope we don't. In the past few months, I have asked both the Senate majority leader and the Senate minority leader several times to honor the commitment they made during the consideration of last year's disaster relief legislation to support a bill I introduced called the "Good Government Amendment," which would create an automatic continuing resolution to avoid a Government shutdown. But so far, it has been to no avail.

We do have a system that allows the Government to operate through October 9. But what happens if that agreement, that continuing resolution allowing the spending to go on, is not extended and the threat of a shutdown could cost the taxpayers billions more in new spending in order to close this year?

With the end of the fiscal year upon us and just a few days left in this session, don't you think we need a contingency plan, some mechanism to avoid the end-of-session battles that often result in more Government spending?

There are essential functions and services of the Federal Government we must continue, regardless of our differences in budget priorities. Our constituents deserve assurances that the Federal services they expect will not be bogged down by politics. They should also expect that Washington is trying to find ways to spend their money wisely and not wastefully. The rest should be returned in the form of tax relief.

Mr. President, despite a shrinking Federal deficit, total taxation is at an all-time high. The tax relief Congress enacted last year doesn't go nearly far enough; it returns to the taxpayers only one cent for every dollar they send to Washington. By the way, taxes on the average American family are at the highest level in history—even higher than during World War II. The average family will pay about 40 percent of everything they make in taxes to Federal, State and local governments.

I urge my colleagues to review CBO's August Economic and Budget Outlook, which shows precisely where revenues will come from in the next ten years. The data indicates that the greatest share of the projected budget surplus comes directly from income taxes paid by the taxpayers, not through the FICA taxes, or Social Security.

In 1998, individual income, corporate, and estate taxes consist of 80 percent of total tax revenue growth, while the share of FICA tax is about 20 percent of that growth. General tax revenues are expected to grow by $723 billion, or 60 percent, over the next 10 years.

What I am saying is that the taxpayers generated the surplus, outside of the money earmarked for Social Security, and we ought to return at least a portion of it to them. If we don't return at least some of the surplus to the taxpayers—and soon—Washington will spend it all, leaving nothing for tax relief or the vitally important task of preserving Social Security. Such spending will only enlarge the Government, and if we enlarge the Govenment today, it will make it even more expensive to support in the future.

The tax relief proposal now making its way through Congress will help farmers and small business owners to pass their legacies to their children. It would reduce self-employed medical costs, and it would correct the injustice of the marriage penalty tax.

My problem with this proposal, however, is that it just doesn't go far enough. I think most Americans, if given the facts, would agree, looking at their own pocketbooks and their own tax statements, that tax cuts are needed.

Mr. President, some in the Senate juxtapose tax relief with Social Security reform. They suggest to the American people that they are mutually exclusive choices. They say you can't have one with the other. If you have

tax cuts, we are not going to save for Social Security and protect it; or if we protect Social Security, we can't have tax relief. That is not true. That is not the case. To be sure, Washington has been guilty of mishandling the Social Security system.

Since 1983, Washington has raided more than $700 billion from the trust funds for non-Social Security programs, and Congress voted for the spending. In the next 5 years, the Federal Government will raid another $600 billion from the Social Security trust funds, as well.

Now I hear some who come to the floor and say they won't vote to use Social Security trust funds to give tax relief. I ask, why their change of heart today? They voted for most, if not all, of the spending bills in the last 15 years which have used Social Security to make up the difference of revenues versus outlays. In other words, they are willing to take Social Security surpluses and put it into higher Federal spending, but they are not willing to take excess income revenues and put it into tax relief for average Americans.

I just note that no one raised the issue of saving Social Security when those spending initiatives were on the table. No one juxtaposed spending with Social Security. That was because Washington was spending other people's money. But once the tables are turned and the Senate is asked to pass tax relief for America's hard-working taxpayers—meaning that Washington gets a little less—suddenly, we face gridlock and are in a quandary.

Again, Washington says it just can't afford to let Americans have some of their money back; Washington needs it to satisfy its spending appetite. I always ask Americans, "Did Washington ever call you and ask how are you going to get by with less money if we raise your taxes? How are you going to continue to provide for your families?" And they say, "No, they never call and ask that." They just pass it and take it. So American families have to then learn how to do more with less, or get by without.

Mr. President, despite the rhetoric of saving Social Security, few have come up with a concrete plan to actually save it. The problem is that, by law, the Social Security surplus has to be put into Treasury securities. That means Washington can legally use the money to fund its non-Social Security pet programs. They take the money out of the trust fund, put it into the General Treasury, and then spend it. Ask anybody how are they going to take any money out of the Social Security trust funds? How are they going to redeem any of those notes or Treasury bills in the trust fund? They are going to have to go to the American people and ask for more money in taxes in order to retire the debts.

In other words, the money Americans have already saved for their retirement future has been spent by the Government, and the Government is now going to come back to you and say you have to pay again in order to satisfy the needs. So these assets are essentially nothing more than Treasury IOUs, redeemable only by cutting spending, raising taxes, or borrowing from the public. Unless we change the law, Washington will continue to use Social Security until it goes broke.

Mr. President, I am going to introduce legislation next week that will help shift retirement decisions back to those who know retirees' needs the best, and that is the retirees themselves.

On the last day of the fiscal year, we can be proud of the Balanced Budget Act that Congress enacted and upheld over the course of the past year. But we must also be prepared for the upcoming year, as well. A Government shutdown is looming again—a testament to politics in an election year more than sound debate over budget policy. I truly hope that this political chicanery does not make tax relief, and ultimately the hard-working American taxpayers, the losers in this inside-the-beltway game of politics.

I yield the floor.

Mr. CRAIG addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, I thank my colleague, Senator GRAMS, for dealing with an issue that this Senate has to deal with, and in a very short time. Somehow there is this belief here in Washington that you can save Social Security, but you can't give tax relief. Well, I, like Senator GRAMS, believe we must and can do both, not only to keep the economy moving and growing, but also to recognize the importance that we have a surplus, thanks to our diligence over the last decade, and now we can use it to strengthen and reform Social Security, and we probably have the opportunity of a generation to do that. I hope that the Congress can and will do both.

Mr. GRAMS. I thank the Senator.

Mr. CRAIG. Mr. President, I ask unanimous consent to speak as in morning business for no more than 10 minutes.

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

(The remarks of Mr. CRAIG pertaining to the introduction of S. 2533 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

Mr. CRAIG. With those considerations and the bill introduced, I yield the floor.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

UNANIMOUS CONSENT AGREEMENT—CONFERENCE REPORT ON H.R. 3616

Mr. THURMOND. Mr. President, on behalf of the leader, I ask unanimous consent that the Senate now proceed to the consideration of the conference report to accompany H.R. 3616, the Department of Defense authorization bill. I further ask unanimous consent that following any debate today in relation to the conference report, the conference report be temporarily set aside.

I further ask that at 9 a.m. on Thursday, the Senate resume consideration of the conference report and there be an additional 3 hours for debate divided as follows: 1 hour equally divided between the majority and minority managers, 1½ hours under the control of Senator FORD, 30 minutes under the control of Senator THOMPSON.

I further ask unanimous consent that at 12 noon on Thursday the Senate proceed to a vote on adoption of the conference report with no intervening action or debate.

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

STROM THURMOND NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1999—CONFERENCE REPORT

The PRESIDING OFFICER. The clerk will report.

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. 3616) have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. The Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of September 22, 1998.)

Mr. THURMOND. Mr. President, as the Senate takes up the conference report on the national defense authorization bill, it brings to an end a process that began in February with the introduction of the President's defense budget by Secretary Cohen. During the intervening months, the committee conducted more than 50 hearings which identified the declining readiness status of our military. In response, the committee formulated a bill that addressed these issues and garnered the support of both the civilian and military leadership of the Department of Defense.

The committee completed the markup of the defense bill in mid-May. However, due to the intervening debate on the tobacco bill, the Senate took more than four weeks to complete action on the bill. Although the floor debate was protracted, I want to thank my colleagues for their overwhelming 88 to 4

vote in favor of the bill, and for their contributions during the floor debate.

The Senate's strong support of the bill was a key factor during the difficult conference with the House. When we began the conference to resolve the differences between the House and Senate bills, we faced a veto threat on four provisions. I am pleased to report that we were able to mitigate each of these objections. At this point, I am not aware of any remaining veto issues, and expect that the President will sign this bill.

Mr. President, tomorrow prior to the vote on final passage, Senator LEVIN and I will provide specific details on the conference report. Suffice it to say that this is a very good bill and contains vital provisions necessary for the security of our nation. However, like all compromise bills it does not please everyone and, unfortunately, one Senator has objected to provisions in the bill and delayed action on the report despite the fact that all members of the Senate Armed Services Committee and the House National Security Committee signed the conference report and despite the fact that the House passed the bill by a vote of 373 to 50. I am disappointed that it took until today to get the report to the floor, but am certain that the Senate will show its strong support for the bill when we vote tomorrow.

Mr. President, I want to emphasize again that this is a sound bill. It provides the best possible outcome for our national security while complying with the guidelines established in the balanced budget agreement. I recommend the conference report on the national defense authorization bill for fiscal year 1999 to the Senate and urge its adoption.

Mr. WARNER. Mr. President, I believe my friend and colleague—and I wish to thank him very much for his cooperation in assisting Senator THURMOND, myself, and others to bring up this bill—has a matter of great importance to the Senator which he wishes to address, and at this time I yield the floor.

Mr. KYL. I thank Senator WARNER. I thank Senator THURMOND, the chairman of the committee, as well.

As the Senator knows, I have raised an issue with the tritium provisions included in the fiscal year 1999 National Defense Authorization Act conference report. And I would be happy to engage in this colloquy with respect to that issue.

As the Senator knows, the conference report provision regarding tritium states, among other things, that "the Secretary of Energy may not obligate or expend any funds authorized to be appropriated or otherwise available to the Department of Energy for fiscal year 1999 to implement a final decision on the technology to be utilized for tritium production, made pursuant to section 3135 of the National Defense Authorization Act for fiscal year 1998."

I am concerned that the administration will use this provision to continue to delay progress on this important program and build in a one-year delay in meeting DOD requirements.

Can the Senator please explain the intent of this provision?

Mr. WARNER. Mr. President, again, I worked very closely with Chairman THURMOND throughout the conference, and I can reply to my colleague's question. I would be pleased to explain the impact of this provision.

The intent of the proposed compromise is to keep the Department of Energy tritium program moving forward. The proposed conference agreement would require the Secretary of Energy to select his preferred tritium technology not later than December of this year, consistent with the requirements of the National Defense Authorization Act for fiscal year 1998. Although the Secretary would be prohibited from spending any money in fiscal year 1999 to implement the selected technology, he would not be prohibited from completing research, development, demonstration, or design activities, and, indeed, we strongly encourage him to do so.

I would like to call on the Senator from New Hampshire, Strategic Forces Subcommittee chairman BOB SMITH, for a few comments on this.

Mr. SMITH. I thank the Senator. I share the concern of the Senator from Arizona about tritium. We must have a new source of tritium to maintain the U.S. nuclear deterrent. As chairman of the subcommittee that is responsible for this issue, I can assure all of my colleagues that I am fully committed to ensuring that the Department of Energy meets DOD's requirement for new tritium production.

I have made timely restoration of tritium production one of my highest priorities as chairman of the Strategic Forces Subcommittee. For the past 3 years, the committee has taken action to accelerate DOE's tritium selection process. We have accelerated the Secretary's decision date twice and increased the DOE tritium budget three times. This year, we added $60 million to the tritium program in the committee's markup. The conference outcome reflects a $20 million increase to the tritium program because that was the highest amount included in the energy and water appropriations bill.

The committee has taken these actions to ensure that the tritium program continues to move forward and we will continue to do so in the future.

Mr. WARNER. Mr. President, the committee has a long history of keeping the Department of Energy focused on restoring tritium production to meet defense needs.

Unfortunately, we found that the Department of Energy had not requested adequate budget authority nor developed sufficient plans to effectively implement a tritium production source decision, which the Secretary is required to make in December of 1998. The conference report requires the Secretary of Energy to submit with the President's fiscal year 2000 budget request a comprehensive plan on how he would implement his preferred technology. The plan would include a proposed implementation schedule, annual funding requirements for the life of the project, any legislation needed to implement the technology selected, and an assessment of the viability of purchasing tritium, if necessary for national security purposes, on an interim basis.

By requiring the plan to be submitted with the President's budget, Congress can act if we find the selected technology cannot reliably meet defense requirements, the implementation schedule is too lax, or funding is inadequate.

Mr. KYL. I thank the Senator.

Is it the Senator's understanding that, should the Department of Energy submit a deficient plan or fiscal year 2000 budget request, the committee will take action to rectify the problem?

Mr. WARNER. I say to my colleague, in brief, the answer is yes. Consistent with the committee's previous actions, we would address any schedule our funding shortfalls identified in the Secretary's plan and budget request. We fully expect that Secretary Richardson will submit the required plan on time and that the plan will include a credible budget request for this important program.

Mr. KYL. Is it further the Senator's understanding that the Department of Energy may reprogram funds to implement its December 1998 tritium production decision?

Mr. WARNER. In response, Mr. President, the Department is not restricted by this legislation from requesting permission to reprogram funds to implement its December 1998 tritium production decision. We expect the Secretary to take all actions necessary to restore a permanent and reliable tritium production source in time to meet established DOD requirements, and that includes reprogramming funds if necessary.

The comprehensive tritium implementation plan required by this bill requires the Secretary to submit a lifecycle plan to fully fund and implement whichever technology is selected. We intend to review that plan very closely to ensure that it can be implemented and that it will result in the delivery of tritium by the date required by the Department of Defense.

Mr. KYL. I thank the Senator.

I hope the Department does submit a reprogramming request to implement the December decision.

Is it the committee's intent to indicate in any way to the Department or

other parts of the Federal Government that the committee expects DOE to defer selection of a preferred tritium source in December of this year?

Mr. WARNER. I say to my colleague, as I stated previously, the legislative provision included in this conference report requires the Secretary to select his preferred option not later than December 31 of this year.

Mr. KYL. The Senator from Virginia and Chairman THURMOND have been strong and consistent proponents of the tritium production program. What is the Senator's view about how we should proceed at this point?

Mr. WARNER. First, I would say we should ensure that the Department of Energy's fiscal year 2000 budget request be adequate to ensure delivery of tritium on a schedule that meets the Department of Defense requirements defined in the Nuclear Weapons Stockpile Memorandum.

Second, it is the responsibility of the Armed Services Committee, working with other committees of the Senate, to ensure that the program plan and budget laid out by the Secretary of Energy in January of 1999 are credible and will allow the Department to meet the requirements of the Department of Defense. This means, among other things, that the Department of Energy is going to have to submit more credible budget requests than it has in the past.

Third, we are prepared to consider reprogramming requests or other actions DOE believes necessary to meet tritium production requirements on the schedule identified by DOD.

Mr. SMITH. I agree. As Chairman of the Strategic Forces Subcommittee, I wish to emphasize to the Department of Energy and the administration that the President's fiscal year 2000 budget request includes sufficient funds for a tritium production source.

Mr. WARNER. I agree. As a senior member of the Armed Services Committee, I fully expect Secretary Richardson to submit a budget in fiscal year 2000 and the outyears that includes adequate funding for our tritium source.

Mr. SESSIONS. Mr. President, I too am concerned about the tritium production decision and its future funding. My position over the last several months focused on the debate to retain the decisionmaking authority of DOE so that the Department might be free to make the most technically feasible, cost-effective decision to meet our national defense needs. I share the concerns of my colleagues about the delay of implementation and the need for adequate funding, and I am hopeful that DOE will include full funding for a tritium production source, not only in fiscal year 2000, but in the outyears as well.

Mr. WARNER. If I can say further, the Senator's colleague, the senior Senator from Alabama, likewise worked with the Armed Services Committee in the course of this very important resolution of this issue. That is Senator SHELBY.

Mr. KYL. Mr. President, I appreciate the commitment that Senator WARNER and other members of the Armed Services Committee and Senator SESSIONS have expressed regarding this program. I look forward to working with my colleagues to ensure that a new tritium source is implemented on schedule meeting DOD requirements.

Again, I thank Senator WARNER for his cooperation in helping to bring this matter to the floor at this time.

Mr. WARNER. Mr. President, I thank our colleague.

This is a subject that would not ordinarily attract the attention of a great many because it is a very complex and technical one. But this fine Senator, Senator KYL, has devoted much of his career to working with strategic programs. For that, I express my gratitude and, indeed, on behalf of most, if not all, of our colleagues for his very industrious and thorough work for many, many years as relates to the Nation's strategic programs.

Mr. KYL. Mr. President, I rise at this time to express my opposition to specific language in the defense authorization conference report prohibiting the use of fiscal year 1999 funds to implement the decision of the Department of Energy regarding a production source for tritium. Specifically, the language states as follows:

> The Secretary of Energy may not obligate or expend any funds authorized to be appropriated or otherwise available to the Department of Energy for fiscal year 1999 to implement a final decision on the technology to be utilized for tritium production, made pursuant to section 3135 of the National Defense Authorization Act for fiscal year 1998 . . . until October 1, 1999.

Mr. President, anything that might delay implementation of a tritium production program ought to be of great concern to all of us. Tritium is the key to maintaining the credibility of our nuclear deterrent. Without a reliable source of tritium, our nuclear forces could become impotent, thereby undermining the very essence of a deterrent that has kept the peace for more than 40 years.

Mr. President, for the benefit of those who are not as familiar with the program, tritium is a gas that is injected into a nuclear warhead to boost its yield. Once it is produced, however, tritium begins to decay at a rate of approximately 5 percent per year, therefore it must be replenished constantly.

The United States has not produced tritium since 1988 when the Bush administration made the decision to shut down the K-reactor at the Savannah River site. Since that time, replenishment of tritium in the stockpile has continued only by recycling it from dismantled nuclear warheads.

When the Bush administration made the decision to shut down the K-reactor, it immediately embarked on a new production reactor program with the purpose of identifying and selecting a new production source for tritium.

Mr. President, I should say at this point that I have no parochial interest in what type of technology the Department of Energy selects to produce tritium. I favor only the option that will provide an assured source of tritium in the timeframe necessary to meet the requirements set by the Department of Defense. My interest in tritium dates back to the 1988 decision by the Bush administration when I was the ranking minority member of the Defense Nuclear Facilities Panel of the House Armed Services Committee.

It is because I have no parochial interest and that I have had such a longstanding interest in ensuring a reliable source for tritium in the United States that I rise in opposition to the actions taken by the conferees in the fiscal year 1999 defense conference report.

For 10 years, the Congress has been on record as encouraging DOE to make a decision on a tritium production source. A report issued by former Senator Sam Nunn in 1990 said:

> The committee strongly supports the acquisition of a new production reactor, believing an assured supply of tritium is the highest nuclear material priority in support of the nation's nuclear deterrent forces.

A 1992 defense authorization report from the Senate stated:

> As long as the United States maintains a nuclear deterrent it will need a reliable supply of tritium to retain the viability of the stockpile.

A 1995 House report stated:

> The Committee is deeply concerned about the lack of progress by the department in establishing a long term source of tritium, which is necessary to maintain the nation's nuclear deterrent.

And section 3135 of the fiscal year 1998 defense authorization bill required the Secretary of Energy to select a production source for tritium not later than December of this year.

For 10 years, Congress has been on record as pushing the Department of Energy to select among all of the technologies once thought to be optimum to produce tritium. First, there was the heavy water option, then the modular, high temperature gas cooled reactor, then a triple play reactor. Even the heavy metal reactor came under consideration. The Fast Flux reactor was next, and then the commercial lightwater reactor and finally the accelerator. Now DOE is selecting between the TVA reactor option—a civilian lightwater reactor that may include irradiation services only, and building a particle accelerator at the Savannah River site.

For ten years, Congress has pushed and pulled DOE along to make a decision on a production source for tritium. Until now. This year, inexplicably, just three months before

the Secretary of Energy will make a decision Congress has been waiting for ten years to hear, the conferees decided to stop the DOE from expending or obligating any funds to implement its December decision. Why?

I certainly do not intend to criticize any individual Senator on the Armed Services Committee. Certainly they have all acted with deep concern for the national security of the United States. Senator BOB SMITH, the chairman of the subcommittee with jurisdiction over DOE nuclear matters and a strong advocate for a new production source, attempted to add $60 million to the budget line for tritium. He was thwarted for a variety of reasons.

Senator THURMOND, the chairman of the full committee, has always fought hard to protect the interests of his state; but he has fought equally hard for the interests of all Americans in national defense matters. And Senator WARNER, with whom I just had a colloquy, attempted to do his best in this regard, as well.

So why did the Congress prohibit the Department of Energy from spending or obligating funds to implement the tritium production decision? The answer is: politics. This conference compromise, I am sad to say, is all about politics. In the House, anti-nuclear foes teamed up with Members promoting one of the options under consideration by DOE, forming a coalition that threatened to jeopardize the entire defense authorization bill. Senate conferees had to find a "compromise" just to get the bill out of the conference committee. And the only compromise the House would agree to was calculated to allow advocates for the losing production option to challenge the Secretary's decision for a year, in effect, without prejudice.

I would be remiss in my duty if I did not express my strong opposition to this language, because I believe it is tragic that a matter of this magnitude—literally going to the viability of our strategic stockpile—might be influenced by parochial interests.

I can assure my colleagues that one of my top priorities from this point forward will be to ensure that the Department of Energy selects a tritium production source, that the Department requests adequate funds to implement its decision in fiscal year 2000 and beyond, and that the Department be allowed, indeed required, to proceed with the production of tritium without hometown politics or anti-nuke groups stopping it or slowing it down.

Force level requirements will dictate when the United States needs tritium. If START I levels are maintained, the United States may need tritium as early as 2005. Since it will take several years to complete TVA's Belefonte reactor or to build an accelerator, two of the options, we are already bumping up against the deadline to begin producing tritium for the active stockpile. We already know that tritium will not be available for the inactive stockpile. That means if there's a crisis, the United States will not be able to bring the inactive stockpile into the inventory.

Many hope that the United States and Russia will reduce their strategic forces to START II levels; however, there is no evidence that the Duma in Russia is inclined to ratify START II. And, U.S. law prohibits U.S. forces from being reduced beyond START I levels until START II enters into force. The Resolution of Ratification for the Start II Treaty states, "The START II Treaty shall be binding on the United States until such time as the Duma of the Russian Federation has acted pursuant to its constitutional responsibilities." At the START II level, the United States must make a decision on a tritium production source without delay.

So, I support the requirement that Secretary Richardson make that decision this December, and I pledge to work as hard as I can to ensure that the decision is carried through to the actual timely production of tritium. I urge my colleagues, including those in the House, to put the nation's interests first, and support a timely implementation of a tritium production facility decision.

I appreciate that the majority leader will make a strong statement tomorrow making clear his commitment to provide the leadership to ensure the achievement of that goal. And, the colloquy with Senator WARNER and Senator SMITH of the Armed Services Committee and Senator SESSIONS should make it clear that the Senate leaders on this issue are all strongly committed to seeing that the DOE follow up the Secretary's Decision with everything necessary to meet our tritium production requirements.

With these assurances strongly asserted here today, I am hopeful the congressional majority will hereafter present a united front, leaving no doubt that the administration must move with dispatch to implement the tritium production decision. As a result, I will support the conference report.

Mr. THURMOND. Mr. President, earlier today, my good friend, the junior Senator from Arizona, Senator KYL, entered into a colloquy with Senator WARNER and others regarding the tritium provisions included in the Defense authorization conference report. Senator KYL later made a statement about the agreement we negotiated in conference on the tritium issue. While I appreciated the kind words he said about me, I was somewhat surprised by some of his comments made about the tritium agreement we negotiated in conference. I'm reminded of something my old friend, Will Rogers used to say, "It's not what he don't know that bothers me, it's what he knows so well, that ain't so."

I want to take this opportunity to clarify what the conference agreement actually does. The tritium provision included in this bill will not cause any meaningful delay in the resumption of tritium production. Let me repeat that so all of my colleagues are clear about this point—our conference provision on tritium does not cause any meaningful delay in the Department of Energy's tritium production program.

Energy Secretary Richardson stated this fact in a letter dated September 24, 1998, in which he said that the conference provision will have a "minimal impact" on DOE's tritium program.

Just so all Senators will understand the compromise agreement we made on the tritium issue, I want to take a few moments to explain it.

First and foremost, we require the Secretary of Energy to select his preferred technology on time, in December of this year. Second, the Department of Energy is prohibited from spending only about 5 percent of the overall tritium program budget in fiscal year 1999. The conference agreement does not, however, limit the DOE from spending funds for design, research, or demonstration activities. These design, research, and demonstration activities account for approximately 95 percent of the program that DOE presented to Congress this year, which the Congress authorized. Thus, virtually all of those activities which the Department intended to conduct in fiscal year 1999 are authorized to be conducted by the conference agreement and the conferees expect the Secretary to complete those activities in fiscal year 1999. This includes much of the work to be conducted on the tritium extraction facility, which would be constructed regardless of which technology were selected by the Secretary. Third, and most importantly, we require the Secretary of Energy to submit a comprehensive plan in January, 1999—just 20 days after he makes his preferred technology selection—on how tritium production will be restored. Such a plan does not exist currently, nor has one been proposed by the administration. This comprehensive implementation plan goes to the very issue raised by the Senator from Arizona.

So I hope all Senators can readily see that we managed to achieve a compromise on this very difficult issue, with virtually no adverse impact on the tritium program, while avoiding a veto threat, and satisfying most of the desires of most members.

This is a very strong bipartisan bill. Every member of the conference committee—both Democrats and Republicans—have indicated their strong support the conference agreement by signing the conference report, which as

many of my colleagues know has not happened in many years. This is a good conference report and it should be passed with unanimous support.

Mr. WARNER. Mr. President, I would like to address the importance of bringing up the defense authorization bill. I first commend my distinguished friend, long-time friend, Senator THURMOND, and our ranking member, the Senator from Michigan, Mr. LEVIN, and all members of our committee, together with staff, for a very hard job throughout the year to put together the bill and now the conference report which Chairman THURMOND worked out with his counterparts on the House Armed Services Committee.

These are very difficult times in the history of our Nation. I look back over my lifetime when in World War II and the very closing days of that war I served briefly in the U.S. Navy. There was absolute clarity in the minds of all who served in uniform, in the minds of every citizen of the United States. We knew who the enemy was, what they stood for, what their capabilities were, and there was no doubt as to what this Nation should do to bring that conflict to an end, and, indeed, it was done.

Subsequently, in the Korean war, President Truman made a very bold and correct decision to draw the line in the face of communism. Again, it was understood, understood by all of us in uniform. I happened to have served a second tour in the Marines in that conflict. All of us understood that as well as the people back home. Through his courage, he did draw that line against communism.

In subsequent conflicts, indeed in Vietnam, there was a measure of clarity. I wish to stress, that clarity does not exist today. Today, the problems confronting the security of this Nation, as well as that of our allies and friends, lack clarity. It is very difficult, in many instances, to determine who is the enemy, what are their capabilities, and, most important, Mr. President, what are their intentions to inflict harm on this great Nation or the nations of our allies or, indeed, the free peoples of the world.

That is why yesterday we had a historic meeting of the Armed Services Committee. Before that committee appeared the chiefs of the several services, the Army, the Navy, the Air Force, and the Marine Corps, together with General Shelton, the Chairman of the Joint Chiefs. It was a very important meeting.

Reports today in the press describe, and, indeed, we had strong differences of views, but the issues are so serious, they merited nothing less than strong expressions of opinion by Members of the Senate, and, indeed, the members of the Joint Chiefs, I think in a very steadfast and credible manner, stated what their positions are today and for the future. There is no doubt in my mind that those fine individuals, all of whom I know very well, have foremost in their hearts the interests of this Nation and the people, the men and women who proudly wear the uniform of this country and the thousands of civilians who dedicate their careers to work in the Department of Defense or other agencies directly related to our national security.

Yesterday was a landmark hearing. We, as a matter of practice, in the Armed Services Committee, whenever these men—hopefully someday women—come before that committee seeking confirmation of the U.S. Senate to become a chief of staff, it is a long tradition of our committee that we obtain from them their commitment, at any time the committee so desires, to have them present to testify and to give their personal opinions regarding the state of the Armed Forces of the United States and the need for the President and for the future.

They did that yesterday in a very forthright and courageous manner. They had consulted with the President, they had consulted with the Secretary of Defense, and they came before the Senate Armed Services Committee and laid down with specificity the respective needs of their departments. Those needs, in my judgment, should be addressed as quickly as possible by the Senate, then by the Congress, and those dollar needs authorized and appropriated so that we can restore the full confidence of those who proudly wear the uniform today in their ability to endure the hardships and the risks associated with military service and to having nothing less than the best equipment to carry out their respective missions proudly as soldiers, sailors, airmen, and marines.

I commend the chiefs for their testimony yesterday. I think our colleagues, in the course of the hearing, elicited, by way of questions and other colloquy, important facts which make an irrefutable case to bring before this body in the very near future requests for immediate funding to take care of certain needs and then, in the next fiscal year, considerable sums of money, Mr. President, for each of the military departments and, hopefully, lay down the foundation for the outyear budgets to be increased in amounts comparable to those in the year 2000 budget so that, once again, America can avoid, in the words of the respective members of the chiefs, a hollow military force.

I remember so well that period when General Shy Meyer, then Chief of Staff of the U.S. Army, used the phrase "a hollow army." It resonated not only in the Department of Defense and in the Halls of the Congress and not only in the United States, it resonated all over the world, that America, the superpower—at that time there was a second superpower, the Soviet Union—but the superpower acknowledges that its army was hollow, that they lacked the quality and the quantity of personnel, that they lacked the equipment to defend the security interests of this country and to associate with our allies wherever it might be in the world in the cause of freedom.

It was a real bugle call. And this Nation responded, largely through the leadership of President Reagan, to build back America's military strength. Well, we did not reach, in the judgment of the Chiefs—and I concur in that judgment—we did not reach that bottom that would in any way reflect back on the hollow Army of the early 1970s, fortunately, because the Chiefs have come to the Congress and stated their case.

Now I am absolutely confident—and indeed I hope for the participation of the President and the Secretary of Defense—that the Congress will begin to do the necessary authorizations and the appropriations to pull, in the very words of the Chairman of the Joint Chiefs of Staff, that aircraft which is nosed over in the dive, pull it out and to bring it back up to that level of readiness, that level of quality of life that the men and women of the Armed Forces deserve—that level of a military that will leave in the minds of Americans and people all over this world no doubt that the United States has behind it, the military power to support its foreign policy and to preserve the cause of freedom here at home and wherever we are challenged throughout the world.

I thank the Chair.

I yield the floor.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. KYL. Mr. President, I first commend the Senator from Virginia for his eloquent remarks, highlighting the result of the very important hearing yesterday before the Senate Armed Services Committee and calling all of us to the challenge of providing the adequate resources necessary for our armed services to carry out their mission in the defense of the security interests of the United States of America. It was an eloquent statement, and I think it is something that all of us need to take to heart.

Again, I want to thank Senator WARNER for his efforts, largely I suspect unappreciated, because they are behind the scenes to deal with all of the myriad of problems in putting together a defense conference report and assisting the chairman of the committee, Senator THURMOND, and working with our House colleagues as well. The colloquy that we had a moment ago was, in significant respect, to the result of his efforts. And I appreciate that.

JUNIPER BUTTE RANGE WITHDRAWAL ACT COLLOQUY

Mr. KEMPTHORNE. Mr. President, I would like to inquire of the managers as to the intent of the conferees with respect to the

issuance of grazing permits for lands withdrawn and reserved under Title XXIX of the National Defense Authorization Act for Fiscal Year 1999 in the event that the Air Force relinquishes such withdrawn lands. As the managers know, the Juniper Butte Range withdrawal under title XXIX, would withdraw certain public lands for use by the Air Force as a training area. The lands are withdrawn from the existing Juniper draw allotment managed by the Bureau of Land Management (BLM) in an area south of the Mountain Home Air Force Base, Idaho. The withdrawal is from the center of the allotment, leaving approximately 6,000 perimeter acres of the allotment still under a grazing permit and the jurisdiction of the BLM. It is my understanding that, at such time as the Air Force relinquishes its use of the withdrawn lands and returns jurisdiction to the Department of the Interior, the holder of the grazing permit for the Juniper draw allotment at that time should have an opportunity to obtain a grazing permit for the relinquished lands in the center of the allotment.

Mr. CRAIG. Mr. President, would my colleague yield the floor?

Mr. KEMPTHORNE. I would be pleased to yield to my friend.

Mr. CRAIG. Mr. President, I appreciate the leadership that my friend and colleague, Senator KEMPTHORNE, has shown on this legislation. He has raised a very important point here today. Anyone familiar with ranching in the West knows that an economically viable ranch requires access to large blocks of land to raise livestock in an environmentally sound way. With the intermingling of federal, state, and private lands in our state of Idaho, access to BLM land is essential for ranchers. Any time 12,000 acres are withdrawn from an existing BLM allotment, it will dramatically impact the rancher who holds the permit for that allotment. Blocked up land is more easily and economically managed. Scattered parcels have the opposite effect. There may come a time, as contemplated by the legislation, when the Air Force would relinquish its control over these lands. While Air Force relinquishment of the withdrawn lands may not occur for what would be considered a long time by most people, members of the ranching community measure such events by the passing of generations, and that end result can reasonably be anticipated. And so, I seek clarification for the inquiry initiated by my colleague from Idaho. The answer to his question will be vitally important to whoever holds the permit surrounding the withdrawn land at such time as the Air Force would, in fact, relinquish it to the Department of the Interior. I thank my colleague for yielding.

Mr. THURMOND. Mr. President, I would tell my able friends and colleagues from Idaho that I concur with their assessment of the intent of the conferees following relinquishment of the Juniper Butte Range to the Department of the Interior. The conferees are mindful of the impact this withdrawal will have upon the surrounding BLM lands and the use of those lands by current and future grazing permittees.

Mr. KEMPTHORNE. I thank the Chair and I thank the managers of this important legislation for their response to our inquiry. Mr. President, I wish to determine whether the managers of the legislation agree with my understanding as to one additional provision. Section 2917(b)(3) of the Juniper Butte Range Withdrawal Act provides for delegated authority and approvals granted by the Bureau of Land Management pursuant to the decisions of the Secretary of the Interior, or the Assistant Secretary for Land and Minerals Management. Section 2907(b)(1) specifically refers to the authority of the Assistant Secretary of the Interior for Land and Minerals Management to grant rights-of-way and approvals. It is my understanding that it is the express intent of the conferees that rights-of-ways and approvals must be granted by the Assistant Secretary of the Interior for Land and Minerals Management. This is as it should be. Mr. President, I ask the managers of this legislation if my characterization is accurate?

Mr. THURMOND. Mr. President, the Senator from Idaho has correctly interpreted the intent of the conferees as to the authority of the Assistant Secretary of the Interior for Land and Minerals Management. It is the intention of the conferees that the Assistant Secretary of the Interior for Land and Minerals Management shall grant rights-of-way and approvals and take such actions as are necessary under Section 2907(b)(1).

Mr. WARNER. Mr. President, I have been listening to the discussion of the Juniper Butte Range Withdrawal as it pertains to grazing permits and the delegation of authority. As to the relinquishment of withdrawn lands to the Department of the Interior for grazing use, I fully agree with the statements of the Senators from Idaho. I also agree with the need to clarify the congressional intent regarding the delegation of authority, as stated by my friend, the junior Senator from Idaho.

Mr. KEMPTHORNE. Mr. President, again, I wish to thank the managers of the bill and the senior Senator from Virginia for their cooperation in clarifying the congressional intent.

Ms. SNOWE. Mr. President, I rise in strong support of the fiscal year 1999 Defense authorization conference report.

This bill emerges in the turmoil of a post-cold-war world—one demanding a U.S. military that can face transnational developments such as weapons proliferation, regional tyrants such as Saddam Hussein, and emerging powers such as China.

As a result, the authorization cycle of the last few months allowed Congress to bring the Pentagon's budget into alignment with the changing Armed Services on which the nation will rely to deter a broad and unpredictable spectrum of global threats to U.S. national security.

The conference report emphasizes a type of warfare that will loom large in future defense planning: littoral operations near coastal plains. Accordingly to the Navy's official definition, littoral engagements require forces to maneuver "close enough to influence events on shore if necessary."

This post-Soviet mission connects our force structure to our security interests since 80 percent of the world's population lives near the shorelines and waterways that open into the littorals.

The priorities established by the conference report demonstrate how littoral concepts have started to displace more conventional ideas of weapons development.

Major research and modernization programs, for example, share the common goal of delivering increased firepower, speed, and precision at a lower cost.

Ship and aircraft architectures have sacrificed the hard angles prone to enemy detection in favor of modular composite materials that leave smaller signatures on a radar screen.

Smaller crews will maintain more advanced command an control systems configured for instant data transmission.

And self-guided missiles now assume the targeting role that concentrated divisions of heavy armor had to bear in the past.

In addition to high technology hardware, Mr. President, efficient training programs remain critical to the evolution of the military. I am therefore pleased that the bill allows the Armed Services to manage their gender-integrated training policies as commanders and instructors have designed them.

The new international security environment gives us new guidelines to measure the readiness of the Total Force. Active duty men and women must subsequently continue to train as they will deploy to accomplish the gender-neutral task of supporting our war fighters.

Common sense means that recruits destined to repair fighter-bombers, frigates, submarines, and missile launch tubes should train the same way, under the same standards, and at the same time.

Common sense means that radar operators, quality assurance engineers, and military police should follow universal rules of engagement for males and females who wear identical uniforms.

Yet we would suspend our common sense by pretending that the solution to workplace harassment means the segregation of enlistees into isolated training components.

We have to move beyond the charge that integrated training fosters sexual misconduct to ask how the men and women of the All-Volunteer Force can each play a decisive role in support of combat readiness.

It is for this core mission purpose, rather than the testing of social policy theories, that the armed services unite men and women to acquire the skills expected of all soldiers.

Gender-integrated training maximizes the return on the taxpayers' defense investment in making all service members accountable for a range of logistical, medical, and technical jobs that sharpen the ability of the Defense Department to protect both our homeland and the country's core interests abroad.

Finally, Mr. President, both the House and Senate defense authorizing committees struggled this spring with the nation's incoherent contingency operations policy. By the end of the coming fiscal year, the taxpayers will

have devoted $9.4 billion to the maintenance of our Bosnia mission since the conclusion of the Dayton peace agreement in November 1995.

But the administration has requested this enormous sum of money in a vacuum of silence about our strategic purpose and an aura of deception about the length of our commitment.

Officials perpetuate their failure of leadership with the assumption that Congress supports the Bosnia deployments simply by funding them. This assessment, however, only uncovers the cynicism of the administration's foreign policy.

Neither the House nor the Senate, as the President knows, would intentionally place our overseas forces in a position of jeopardy by depriving them of money for daily operations and self-protection.

At the same time, the Pentagon cannot continue to hold the safety of our troops hostage to unjustified budget requests for keeping between 6,000 and 8,000 military personnel in a country struggling to restore its political institutions.

The confusion underpinning U.S. policies toward Bosnia led Senator CLELAND and I to draft an amendment requiring the submission of statutory reports to Congress on the purpose and potential endpoint of military contingency operations involving more than 500 people in uniform. The reports must accompany all budget requests made for such operations.

Our amendment, including in the Senate's version of the bill and approved by the authorization conferees, reflects the lessons that the Bosnia experience teaches us about the interaction between the executive and legislative branches on the Defense Department's non-wartime deployments.

Congress must insist on a regular process under which we can match the administration's own peacekeeping policy arguments with its ongoing budget demands.

We need to determine more definitively if the Pentagon has a contingency operations strategy that advances the security interests of the United States rather than the false hope of relying on our military presence to solve the domestic political, economic, and cultural problems of other nations.

The Snowe-Cleland amendment, I believe, will equip Congress with the tools necessary to exercise aggressive oversight of the administration's peacekeeping initiatives.

The fiscal year 1999 Defense authorization conference report, Mr. President, foreshadows both the challenges and the phenomenal capabilities that the Armed Forces will manage in the new century. I, therefore, urge the Senate to uphold its tradition of bipartisan support for the military by adopting this responsible legislation.

ALABAMA SPACE SCIENCE EXHIBIT COMMISSION LAND CONVEYANCE

Mr. SESSIONS. Mr. President, I rise to make a few remarks concerning a specific land conveyance provision in the DoD Authorization Bill (section 2837). I am pleased that the conferees were able to make these technical, but necessary changes to the conveyance terms of real property from the Army's Redstone Arsenal to the Alabama Space Science Exhibit Commission.

Section 2837 of the Bill ensures that the future development of the U.S. Space & Rocket Center property previously conveyed by the Army to the appropriate agency of the State of Alabama will remain consistent with the long term master plan for the use of that property as agreed upon by the Center, Redstone Arsenal, and Marshall Space Flight Center, and that present financing arrangements and mortgages relating to new and existing facilities at the Space and Rocket Center are preserved, and appropriate coordination of further financing initiatives, mortgages and other debt society arrangements in accordance with the agreed-upon master plan is assured.

Mr. MCCAIN. Mr. President, permit me to quote from the Armed Services Committee's report accompanying the Senate-passed version of the fiscal year 1999 defense authorization bill:

> The Committee views with concern the slow progress of the C–130J program, the increased expense of developing the aircraft . . . and notes the Department's failure to provide a report on the remanufacture of existing C–130 airframes . . . Development costs were initially estimated at $350 million and introduction of the new model forecast to begin in mid-1997 . . . However, it has been estimated that the program has cost more than $900 million and is over two years behind schedule.

To the objective observer, this language would indicate a certain frustration or disenchantment with the developmental history of the C–130J airlifter. Indeed, cognizant as we are of the Air Force's enormous surplus of C–130s and the fact that, of the 256 such planes funded by Congress since 1978, only five were actually requested by the Air Force, one could reasonably conclude that Congress would not be in a hurry to expend scarce financial resources for additional planes. Yet, that is precisely what we continue to do, every year, to the tune of literally billions of dollars.

Let me see if I can summarize the situation. We are concerned about enormous cost overruns associated with the C–130J's development and with the degree to which that development has fallen behind schedule. The Air Force has far more C–130s than it needs. So our response is to spend hundreds of millions of dollars per year to purchase more.

Over the last two weeks, the Senate Armed Services Committee, on which I serve, has devoted considerable time and energy to the issue of military readiness. My office has only recently received the responses of the Armed Forces Chiefs of Staff to a number of questions I had submitted in an effort to ascertain to the extent possible the true state of military preparedness. Indeed, I have for the past six years spent a great deal of time tracking preparedness trends in the military in order that we might prevent the resurgence of the kind of preparedness problems that plagued our armed forces during the 1970s. I warned in the early 1990s that if we continued on our then-current path, the ability of our military to respond to crises and to prevail in the major regional contingencies for which they exist would eventually reach crisis proportions. As the train advanced down the track, those of us who did advance such warnings were categorized as Cold War anachronisms. As the train neared over the past two years, our numbers increased somewhat, but the President and many in Congress continued to ignore the growing problem. And now the train has arrived.

The United States Armed Forces are the finest in the world. No one would deny that basic fact. The quality of intellectual discourse on the subjects of force posture and military preparedness, however, has been disappointingly shallow. How often, Mr. President, have we heard critics of defense spending argue that the United States spends more on defense than the sum of its potential adversaries combined? Do such individuals honestly believe that the subject lends itself to such simplistic equations? Has history taught them nothing?

The United States military, alone in the world, is tasked by this country's civilian leadership to be prepared to respond to crises anywhere in the world, on short notice, and with sufficient strength to defeat aggression with a minimal loss of life. No other country bears that burden.

We have serious problems afflicting our armed forces that six years of presidential rhetoric to the contrary could not deny, although the Administration did its best to ignore it. So how do the committees with oversight of U.S. defense policy react to the current confluence of budgetary restrictions and historically high operational tempos? With the aforementioned C–130s, with a $1.5 billion ship not requested by the Department of Defense, with the continued acquisition of unrequested C–35 passenger jets, with the exasperatingly constant tendency to send hundreds of millions of dollars a year to National Guard units whether it is needed or not, and with the repeated acquisition of rockets and grenade launchers solely because contractors have convinced, with little effort, their congressional representatives to continue the flow of money for unneeded weapon systems. I

fully support and encourage the allocation of additional funding to address legitimate readiness concerns, which we have in abundance. The programmatic and highly questionable operations and maintenance expenditures that are included in the lists I am submitting, however, do not qualify.

It has been said that a million dollars here, and a million dollars there, and pretty soon we're talking real money. The list I am submitting pretty much fits that category. It is composed of hundreds of Member-adds. They range from half-a-million dollars to $94 million, not including the ship and airlifters, which are in a category all their own. The total dollar amount of the list from the defense authorization bill is $4.5 billion.

The continued practice in the defense appropriations bill of restricting procurement of major weapon system components to United States manufacturers at the expense of more cost-effective options—and, I should point out, at the expense of other U.S. companies that benefit from the cooperative arrangements we maintain with allied countries and are consequently threatened by these "Buy America" provisions—represent a throwback to an earlier time when defense budgets allowed for such congressionally-mandated inefficiencies. Similarly, prohibitions and restrictions on the Department of Defense's ability to manage itself in order to protect hometown contractors and civil servants, such as are included in the appropriations bill are reaching ever-more multifarious levels that would make Rube Goldberg proud. I invite my colleagues to read Section 8071 of the bill for one such example.

I am also concerned about the precedent set by Section 8125 of the appropriations bill, which intervenes in the relationships between Federal agencies, prime and subcontractors. The ramifications of that effort to benefit specific subcontractors will redound to the Federal government's misfortune in complicated contractual matters involving primes that go out of business, leaving their subcontractors in the lurch. Obviously, we are all sympathetic to those subcontractors' plight, but intervening in bankruptcy proceedings like this provision does is not good government.

At a time when our declining force structure is stretched virtually to the breaking point; when our most skilled personnel are leaving the service in droves for better paying, less stressful jobs in the private sector; when frontline aircraft are routinely cannibalized so that squadrons may deploy and equipment and personnel are cross-decked to the long-term detriment of both, it is disheartening in the extreme to still witness the scale of unnecessary and wasteful spending represented in these bills.

The airplane mechanic having to remove parts from one fighter in order to repair another can be excused for not understanding why $5 million is diverted from the defense budget to the public school system in the state of a senior member of the Armed Services Committee. He or she can be excused for not comprehending the mind set that allocates $75,000 for establishment of a State Maritime Academy with no realistic military application. Five million dollars for Agricultural Based Bioremediation and $20 million for the National Defense Center for Environmental Excellence—the word "defense" being inserted in the title strictly for propagandistic purposes—and $3 million for research into stainless steel double hull technology, on which private industry is supposed to be spending its own money per the requirements of the Oil Pollution Prevention Act, are just the tip of a very large iceberg.

Try as I might, I cannot rationalize, with the scale of readiness problems highlighted in yesterday's Armed Services Committee hearing, the expenditure of $64 million for the National Guard Youth Challenge program. In fact, the budget authority earmarked for the Guard and Reserve, once again solely for parochial reasons, continues to represent one of the greatest hemorrhages of defense dollars for low-priority programs in the defense budget. Ten million dollars, Mr. President, to convert a National Guard Armory into a Chicago Military Academy in order to provide a Junior ROTC program is not consistent with national security imperatives that should be driving the process. I have no idea—no idea—why we are earmarking a million dollars for Lewis and Clark.

Earmarks for specific facilities are out of control. Whether it's the Francis S. Grabeski Airport in New York, the earmark of $2,250,000 from the Operations and Maintenance budget—yes, the very portion of the budget most closely tied to readiness—for the White Sands Missile Range and Fort Bliss, Texas, or the earmarking of $4.6 million for the Montana National Guard Distance Learning Network, such practices illustrate all too well the unwillingness of Congress to translate its rhetoric on readiness problems into constructive action and to cast aside once and for all the business-as-usual approach that is so damaging to our national defense.

The appropriations bill adds $50 million for the B-2 bomber for continued upgrades. The continued expenditure of millions for upgrades for that formidable fleet of 21 aircraft is particularly disturbing, as the B-2's practical utility scarcely warrants the funding Congress lavishes upon it every year. If it could fly combat air patrols, I would be inclined to be a little more sympathetic. Its' theoretical application to real world contingencies, however, leaves me aghast at the cost of that program.

Mr. President, my views on parochial-oriented spending remain very much in the minority. That is why we continue to see billions of dollars wasted by Congress to satisfy parochial interests. I will not, however, shy away from continuing to shine a spotlight on these wasteful practices. During a week in which the Joint Chiefs of Staff have testified on the myriad of readiness problems afflicting our armed forces, to ignore the scale of the problem represented in the lists I am submitting for the record would be to fail the men and women who wear the uniform of our Nation. They deserve better. It is a shame they will not receive better.

I ask unanimous consent that highlights of special interest provisions in the fiscal year 1999 Defense Authorization and Appropriations Conference Reports be printed in the RECORD.

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

Highlights of provisions in the fiscal year 1999 defense authorization and appropriations conference reports

Increase purchase of C-130 J (Hercules), from 1 to 7, Marietta, Georgia	$465,000,000
LHD (WASP Class) Amphibious Assault Ship, authorization for $1.5 billion, Pascagoula, Mississippi	50,000,000
Purchase C-XX, Executive travel aircraft built in Wichita, Kansas and Savannah, Georgia	27,000,000
Los Alamos, New Mexico public school system diversion from military readiness	5,000,000
Agricultural Based Bioremediation	20,000,000
Stainless steel double hull technology research, Mississippi	3,000,000
Conversion of a National Guard Armory into a Chicago Military Academy	10,000,000
Testing and training operations and support at the White Sands Missile Range, New Mexico and Fort Bliss, Texas	2,250,000
B-2 Bomber upgrades, California and Washington	50,000,000
Increase purchase of MK-19 grenade launcher from 697 to 800, Maine	3,000,000
Various Medical Research Programs	355,000,000
Disaster relief and emergency services	
Breast cancer research	
Osteoporosis research	
Teleradiology	
Diabetes	
Pain	
Mentor-Protege Program	10,000,000
National Guard and Reserve:	
National Guard Youth Challenge Program	64,000,000

Highlights of provisions in the fiscal year 1999 defense authorization and appropriations conference reports—Continued

Montana National Guard Distance Learning Network	4,600,000
Civilian Technicians personnel reduction restrictions: Miscellaneous equipment	100,000,000
Buy America restrictions:	
Ship anchor and mooring chain	
Ball and roller bearings	
Carbon, alloy and armor steel plate	
Shipboard auxiliary and propulsion systems	
Ship cranes	
Other miscellaneous items	

Mr. McCAIN. Mr. President, A complete listing of these parochial provisions concerning the fiscal year 1999 defense appropriations conference report and the fiscal year 1999 authorization conference report are available on my web site.

Mr. President, shortly, I intend to propound a unanimous consent request for the Internet Tax Freedom Act to be considered. In the meantime, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

UNANIMOUS-CONSENT AGREEMENT—S. 442

Mr. McCAIN. Mr. President, on behalf of the leader, I ask unanimous consent that the majority leader, after notification of the Democratic leader, may proceed to S. 442, the Internet tax bill, and the motion to proceed then be considered agreed to; and further, at that time the Commerce Committee amendment be adopted, to be followed by the immediate adoption of the Finance Committee amendment. I further ask unanimous consent that the bill be considered as original text for the purpose of further amendment. I finally ask consent that during the pendency of the bill only relevant amendments be in order in addition to a Bumpers amendment in order relating to catalog sales.

Mr. President, let me clarify, there will be relevant amendments, but there will be a Bumpers amendment that will be in addition which is not a relevant amendment but the Senator from Arkansas wants very much it to be considered at this time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. McCAIN. Mr. President, let me also point out that the other side, the Democratic side, has agreed to this after some very difficult negotiations. I appreciate the work especially of the staff on the other side of the aisle for helping us make this be a reality.

Mr. President, so it is my understanding that after the defense authorization bill is considered tomorrow, we, in the early afternoon, will move to the Internet Tax Freedom Act. There will be a number of relevant amendments. I believe they can be worked out, including the Bumpers amendment. And I believe that we can move forward and resolve this very important bill very rapidly.

I thank my friends on both sides of the aisle. I understand there are strongly held views. I believe those views will be given the consideration they deserve during the debate on this very important piece of legislation.

Mr. President, I yield the floor.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

FINANCIAL SERVICES ACT OF 1998

Mr. GRAMM. Mr. President, I came over this evening to speak briefly about H.R. 10 and where we are in our efforts to bring that important bill to the floor of the Senate. I want to explain to our colleagues the concerns I have—those concerns are shared by Senator SHELBY and by others—and explain the compromise that we have proposed in the hopes that those who are for this important bill will prevail upon those who are holding back on reaching a compromise on a key issue in the bill, and who by doing so are jeopardizing enactment of this important legislation.

Let me try, as briefly as I can, to lay out where we are in terms of the parliamentary situation, what the issue is that is contested in this parliamentary maneuvering, why that issue is so important to me, and what we can do, in my opinion, to resolve it.

First of all, thanks to the great leadership of Senator D'AMATO in the Banking Committee, we have put together a comprehensive financial modernization bill. While there are still parts, in my opinion, that need to be changed, it is a good bill. There are many provisions of the bill that I support. I congratulate Senator D'AMATO. I have to say that getting this bill through the Banking Committee with as little time as is left in the legislative session and bringing together most of the disparate interests that are ultimately represented, benefited or hurt, in a bill like this is one of the great legislative achievements that I have seen. I congratulate Senator D'AMATO for his effort.

Unfortunately, I cannot and do not support the bill in its current form. While there are many provisions of the bill that I do support, and while I would like to see the bill become law, and while if this problem could be dealt with I could step aside and allow the bill to come to the floor of the Senate, with this problem now pending, I am opposed to the bill.

Now, what is the problem? The problem has to do with a provision that sounds innocent enough. In fact, perhaps it sounds good to the ears of some. That is the so-called provision for community reinvestment. These are provisions of law that were adopted without a whole lot of debate in the late 1970s. The objective of these provisions of law was to force banks to lend money in the communities in which they were operating. The assertion was made that there were a lot of banks that were simply taking deposits and using them in other areas of the country and that, therefore, there ought to be a provision of law to require banks to meet the lending needs of their local communities.

Now, the purpose of the Community Reinvestment Act, or CRA, was to establish a procedure for an evaluation of whether or not banks were making loans in the communities where they were chartered or whether banks had simply become deposit takers and were taking those deposits and making loans somewhere else or buying government bonds or whatever other activities they might be involved in.

I personally don't think much of having the government require banks to use their capital in a particular way pleasing to the government or some government functionary. It sort of strikes me as crony capitalism. It is an unjustified intrusion into banking, in my opinion.

However, that is not what I have been objecting to in connection with this bill, nor is this government-directed capital allocation the only problem with CRA. The aspect of CRA in practice that I wish to bring to the attention of my colleagues is that CRA has become a vehicle for fraud and extortion. In fact, as strong as it may sound, the Federal banking regulators, through their delay of approval of applications, actually strengthen the hands of those who would use this law, the CRA law, in ways that it was never proposed to be used.

Let me give an example of how this works and how it is abused. Banks periodically have to be evaluated for meeting the CRA requirements. This is an evaluation done by the Federal banking regulators, at the conclusion of which they give a bank a rating. Whenever the bank wants to engage in some activity that requires approval of the Federal Reserve Board, or of the Comptroller of the Currency—like opening a new branch, merging with another bank—they have to make an application. Any person or group of persons can file a protest to that action in the name of CRA. They can do it even

though the bank may have an excellent rating in its last evaluation of its community reinvestment activities.

For example, when Senator SARBANES, who is a strong proponent of this provision of law, talked about the law, he pointed out that perhaps the bank that has done the "best job" of meeting community reinvestment requirements was Bank of America, that they have gotten sterling ratings for lending money in the communities they serve. But when Bank of America announced a merger with NationsBank, even though Bank of America had the highest ratings of any bank in America in lending in the communities that it served, professional protesters came in and opposed the merger and demanded concessions from the bank. In fact, one of the spokesman for the protesters, in making demands on the bank that has the best CRA record of any bank in America said:

> We will close down their branches and ensure they fail in California. This is going to be a street fight and we are prepared to engage in it.

So here is a bank, Bank of America, that has the best CRA rating of any bank in America, and yet when they apply to merge we have professional protesters come in and protest and threaten to delay their merger and ultimately strike concessions from this bank.

Now, what kind of concessions are being granted? The purpose of CRA was to have lending by banks in the communities they serve. But what CRA has turned into is a vehicle for extortion, whereby banks are accused of not meeting the CRA requirements, whether they have an excellent CRA record or not, but the protest are withdrawn in exchange for agreeing with protestors to meet a series of demands, and often these agreements include cash payments, thinly disguised as donations. Banks are being required to make cash payments to the professional protester groups. They have, in the past, under duress in my opinion, agreed to donate a percentage of their profits to the very institutions that have filed protests against their actions with the Federal regulator. They have been forced, in my opinion, under duress, into agreeing to quotas and set-asides in hiring, in purchases, in promotions.

So what has happened all over America is that under a provision of law that was supposed to encourage banks to lend in the communities that they serve, we now have banks being extorted and being forced to make cash payments which are little more than bribes, being forced to set up quotas and set-asides, being forced to give concessions to people who are selling goods and services, being forced to agree to hire and promote based on things other than merit. Needless to say, there is a growing concern about this in America. That concern is reflected in the Senate where we rejected a proposal to extend this CRA requirement to credit unions. We also had strong support to exempt small banks from the CRA requirement.

Now we have before the Senate a bill that would try to promote a more competitive financial structure in America, a goal I very much support and have advocated for years. So let me make it clear, I am for legislation. But unfortunately, the bill has four different provisions that dramatically expand CRA powers, and in essence, give the Federal Government, for the first time, the ability to impose penalties on banks, and even to impose penalties on nonbanking subsidiaries and affiliates, as well as create new hoops and new hurdles that banks would have to jump through to get certification as financial services holding companies or to engage in certain activities in subsidiaries.

What this would do is literally set up the vehicle for billions of dollars to be extorted from financial institutions in America by people who are professional protesters. You can hire groups to go to your hometown and stage a professional protest under the name of CRA, with the objective of extorting banks and forcing them to contribute, forcing them to make cash payments, and forcing them to do things that are an embarrassment in an economy that has always been the freest, most honest and most transparent economy in the world.

Now, when we set out to write this new major piece of legislation, particularly since it came over to us from the House of Representatives very late in the session, it appeared, for a time, that we reached an agreement that in this legislation we would leave the CRA battle alone, that this bill would not be used as a vehicle either to expand or reform CRA. That is to say that people like Senator SHELBY and myself would not use the bill to try to repeal CRA or reform it, something we very much favor; but we asked those on the other side not to use this bill to try to expand CRA. That effort apparently, broke down, and we have in the bill now four major expansions of CRA. Senator SHELBY and I have said that we are going to oppose this bill as long as these provisions are in the bill, as long as the bill is not neutral with regard to CRA.

Now, I want to make it clear that we are willing to work out an agreement. I want to go on record here today as to what we are willing to do. I see that my distinguished colleague, the senior Senator from Alabama, is here. Let me speak for both of us for a moment, and then I will let him speak for himself. We are willing to do either one of two things that could expedite the consideration of this bill. No. 1, we are willing to reach an agreement where the bill would be silent on community reinvestment. We would not seek to repeal it, we would not seek to reform it or restrict it; we would leave this evil where it lies. But we would require that it not be expanded.

When I made this proposal in the Banking Committee, it reminded me of Lincoln's position on slavery in the 1860 Presidential campaign. His position was that, as much as he abhorred the institution of slavery, where this evil existed, we would leave it alone, but we would not allow it to be expanded.

Now, with regard to CRA, that is a proposal that we have made in the past. I wanted to go on record making that proposal today, as much as I am opposed to CRA and believe that it is powerfully abused. If someone is representing the interests of banks or security companies, or insurance companies, and they are for this bill, all they have to do to get this bill before the Senate and in a position where it can become law is induce the people who want to expand CRA simply to agree with us to drop the CRA provisions from the bill. Proponents of CRA won't try to expand CRA, and we won't try to use this bill a vehicle to overturn those provisions that already exist in law.

A second, alternative proposal that we have made in writing, both to the minority members on the committee and to the chairman, is a proposal that says the following: the bill would expand CRA to include being considered at the formation of the new financial institutions that will exist under this bill. In other words, just as with the formation of a bank holding company, CRA performance can be evaluated in connection with the creation of a financial services holding company. But if we are going to expand CRA in that manner, there are two reforms to CRA that we want, and I submit that neither of these reforms is unreasonable.

The first reform we want is an anti-extortion provision, which says that CRA is about lending in the community you serve. Under this reform, we would have a strict prohibition against kickbacks, cash payments, quotas, and set-asides, in connection with purchases, hiring, and promotion.

The idea that professional protesters, as part of withdrawing their protest and letting banks proceed with their business, would then be hired by the bank in an advisory capacity to advise them on various issues conjures up in my mind the "protection" racket of an earlier era, where the little merchant had the gangster come into his place of business and say, "You know, somebody could come in here and do you some real harm, and I am willing to protect you."

Now, some people have said—being critical of Senator SHELBY and myself—well, the banks aren't complaining. Well, the plain truth is that

many of the merchants who were being extorted by the gangsters were afraid to complain. But it was wrong and we did something about it. You can call up the President of any bank in America, or any head of any Government regulatory agency and, if you have their confidence, ask them off the record, "Is CRA, as it now works, extortion?" They are going to tell you, in all probability, that the answer is yes.

So what we want is a simple anti-extortion provision that says that CRA performance can be evaluated in connection with the formation of financial services holding companies under the bill, but these institutions can't pay under-the-table bribes or kickbacks, or they can't, as part of the settlement, enter into agreements that have nothing to do with the purpose of CRA and have everything to do with extortion.

The second change we want is eminently reasonable, as well. It is that if a bank is in compliance with CRA, if they have been examined for CRA and they have been given a favorable CRA rating, then they should be deemed to be in compliance with CRA on anything they want to do that requires CRA compliance until their next examination. The idea that a bank today can get an excellent CRA rating, and then they apply for a merger and CRA protesters come in and shake them down again is unconscionable to me, and it is unreasonable. I can't, for the life of me, see how anybody could be against an anti-extortion provision, and I can't see how anybody could be opposed to a provision that says if you have a passing rating on CRA when you apply for a merger or an acquisition, you are deemed to be in compliance until you are reviewed again and get another rating.

Senator SHELBY and I have offered to do one of two things—either drop all the CRA requirements and go on with this bill, or expand CRA as we have described, but together with a simple anti-extortion provision and a simple provision that says if you are in compliance, you are in compliance.

Now, in the absence of an agreement on these issues, Senator SHELBY, I, and others intend to resist. We are simply a small number of Members, and I understand that there are many powerful interests around America who have interest in this bill. I say that Senator SHELBY, I, and others have a principle in this bill. Our principle is that we are against extortion, and we are not going to be parties to expanding it. We may not have the votes today to get rid of it. We may not have the votes to purge this evil from the American financial system. But I think under the rules of the Senate we do have the power—I hope we do—to prevent it from being expanded.

I just want to say to those who have an interest in this bill, if you want this bill passed, urge those who are on the other side of this issue to look at our reasonable proposal. The rules of the Senate were established to protect the rights of the minority. They were established so that if a few Members felt strongly about something and they were willing to stand up for their principles and beliefs, it was hard to run over them.

It is like Washington said when Jefferson came back from France, where he had been Foreign Minister to France while the Constitution had been written. Jefferson asked Washington what the Senate was for. His argument was, if you have a House of Representatives and that is the voice of the people, what do you need a Senate for? Washington, who, like Jefferson, was a southerner, was accustomed, when he was drinking tea, to sometimes pouring it into the saucer and letting it cool for a moment and then pouring it back into the cup and drinking it. So he said to Jefferson that the House—which has passed this financial services bill, even if only by one vote—will be like this cup and it will catch the heat and the fire of the moment; but the Senate will be the saucer in which we will allow the passions of the moment to cool. That is what role Senator SHELBY and I intend to fulfill as we exercise our rights. It may be that we can be run over and this bill can be passed; maybe not. I believe that those who want this bill would be well advised to urge Senator SARBANES and Senator MOSELEY-BRAUN, who are so determined to expand CRA—I think it would be advisable to ask them whether that is worth killing this bill over. Can't you just take a time-out on CRA and leave it out of the bill? Or, if you can't do that, why not agree to a compromise whereby those who oppose CRA are willing to let you expand it, but you have to give them an antifraud provision, and you have to give them reasonable enforcement, so that if you are complying with the law, you are considered to be complying with the law?

I hope people who are for this bill with their great economic interest will call on those who are on the verge of killing it in the name of CRA to be reasonable and let us move ahead.

I say today that unless there be any confusion from this point on, as one single Member of the Senate, I intend to do everything in my power to impede this bill unless these problems are resolved. I intend to do everything in my power to use all the rules of the Senate, no matter how long it takes, no matter how difficult it may be. It may be that Senator SHELBY and I, and others, can be run over, but it may be that the rules of the Senate are sufficiently strong that with our determined resistance this bill will die unless some accommodation is given on this issue.

I urge those on the other side of this issue—I am not talking about the other side of this body. I am talking about the people who have invested millions, billions, trillions in banks, insurance companies, securities companies who know in their heart that we are right about community reinvestment—I urge them to call on those who are trying to use this bill as a vehicle to expand community reinvestment not to kill this bill over this issue.

I yield the floor.

Mr. SHELBY addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama.

Mr. SHELBY. Mr. President, I want to first associate myself entirely with the remarks of the Senator from Texas. He was speaking very articulately for himself. But he was also speaking for me and a lot of other people, I believe, here in the Senate when he was talking about the problems with H.R. 10. There are a lot of good things in H.R. 10. But one of the most reprehensible things, I believe, Mr. President, is the expansion of the Community Reinvestment Act. Senator GRAMM has gone to great lengths to explain that tonight.

But before any of my colleagues would think about voting for the bill, if it comes up, H.R. 10, I think they ought to ask themselves and ask their local bankers, small bankers, the small directors and the officers if they in America support these measures that I think are reprehensible, such as increased administrative enforcement authority of the regulators to fine directors and officers of banks up to $1 million a day for CRA noncompliance. That is not the law today.

Two, that would make activities like insurance sales, or mutual fund sales, subject to CRA compliance on all depository institution affiliates on an ongoing basis. That is not the law today; and regulatory authority to shut down any affiliate within the holding company if just one subsidiary depository institution falls out of CRA compliance.

Just think about this. These are sweeping, sweeping changes in the law as we know it today.

Senator GRAMM talked at length about passing this banking reform bill—and I think it has a lot of reform in it—and keeping CRA neutral; not bother or try to repeal the CRA law as it exists today, although I personally would like to; leave it alone for another day, but not to try to expand it, either.

Those are some of my concerns.

Senator GRAMM and I have offered and we are hoping to negotiate with the proponents of this legislation for a resolution to the problems dealing with CRA issues. I will go over them one more time.

Mr. President, it would apply to the formation of financial services holding companies the same CRA structure that applies to the formation of bank holding companies today. I don't see

anything wrong with that. It would be uniform, and it makes a lot of sense.

Second, Mr. President, any financial institution that has been found to be in compliance with CRA in its most recent exam shall be deemed to be in compliance with CRA for all purposes and for any action until its next regularly scheduled CRA exam.

And, thirdly—I think this is very important—to put forth some language in there dealing with antifraud, antibribery provisions, and to say basically that it shall be illegal for any financial institution in connection with the CRA review evaluation or consideration to give anyone not employed by the bank any grant or subsidy in cash, or in kind, or to establish any quota, or set aside for employment, management, sales, purchases, or other business activities other than activities voluntarily undertaken by the financial institution to meet the credit needs of the local communities in which the financial institution is chartered.

This makes a lot of sense to me. I think it makes sense that people would focus in on this as we debate this bill.

But I just want to again say that we should go ahead if we could knock out and make CRA neutral in this; go ahead and work on the merits of H.R. 10, which are many, and try to do something. If we can't, Senator GRAMM—and there will be others—and I are going to do everything we can to protect our rights here in the Senate.

THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, at the close of business yesterday, Tuesday, September 29, 1998, the federal debt stood at $5,523,785,[illegible]399.80 (Five trillion, five hundred twenty-three billion, seven hundred eighty-five million, five hundred forty-six thousand, three hundred ninety-nine dollars and eighty cents).

One year ago, September 29, 1997, the federal debt stood at $5,388,316,000,000 (Five trillion, three hundred eighty-eight billion, three hundred sixteen million).

Five years ago, September 29, 1993, the federal debt stood at $4,387,836,000,000 (Four trillion, three hundred eighty-seven billion, eight hundred thirty-six million).

Ten years ago, September 29, 1988, the federal debt stood at $2,587,821,000,000 (Two trillion, five hundred eighty-seven billion, eight hundred twenty-one million).

Fifteen years ago, September 29, 1983, the federal debt stood at $1,354,190,000,000 (One trillion, three hundred fifty-four billion, one hundred ninety million) which reflects a debt increase of more than $4 trillion—$4,169,595,546,399.80 (Four trillion, one hundred sixty-nine billion, five hundred ninety-five million, five hundred forty-six thousand, three hundred ninety-nine dollars and eighty cents) during the past 15 years.

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.

(The nominations received today are printed at the end of the Senate proceedings.)

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–7237. A communication from the Chief of the Regulations Unit of the Internal Revenue Service, Department of the Treasury, transmitting, pursuant to law, the report of a rule entitled "Weighted Average Interest Rate Update" (Notice 98–48) received on September 28, 1998; to the Committee on Finance.

EC–7238. A communication from the Interim District of Columbia Auditor, transmitting, pursuant to law, a copy of the Auditor's report regarding revenue estimates in support of the issuance of certain bonds; to the Committee on Governmental Affairs.

EC–7239. A communication from the Executive Director of the Committee for Purchase From People Who Are Blind or Severely Disabled, transmitting, pursuant to law, notice of a list of additions and deletions to the Committee's Procurement List dated September 22, 1998; to the Committee on Governmental Affairs.

EC–7240. A communication from the Acting Assistant Secretary for Land and Minerals Management, Bureau of Land Management, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled "Geothermal Resources Leasing and Operations" (RIN1004–AB18) received on September 29, 1998; to the Committee on Energy and Natural Resources.

EC–7241. A communication from the Assistant Secretary for Land and Minerals Management, Bureau of Land Management, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled "Special Areas: State Irrigation Districts" (RIN1004–AC53) received on September 29, 1998; to the Committee on Energy and Natural Resources.

EC–7242. A communication from the Secretary of Defense, transmitting, notice of routine military retirements; to the Committee on Armed Services.

EC–7243. A communication from the Assistant Secretary of Defense for Acquisition and Technology, transmitting, pursuant to law, a report entitled "Reduction in Overhead Costs of Inventory Control Points"; to the Committee on Armed Services.

EC–7244. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Vidalia Onions Grown in Georgia; Decreased Assessment Rate" (Docket FV98–955–1 IFR) received on September 29, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–7245. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Nectarines and Peaches Grown in California; Relaxation of Quality Requirements for Fresh Nectarines and Peaches" (Docket FV98–916–2 IFR) received on September 29, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–7246. A communication from the Administrator of the Agricultural Marketing Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Oranges, Grapefruit, Tangerines, and Tangelos Grown in Florida; Limiting the Volume of Small Red Seedless Grapefruit" (Docket FV98–905–4 IFR) received on September 29, 1998; to the Committee on Agriculture, Nutrition, and Forestry.

EC–7247. A communication from the Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Amended Economic Impact Analysis of Final Rule Requiring Use of Labeling on Natural Rubber Containing Devices" (Docket 96N–0119) received on September 29, 1998; to the Committee on Labor and Human Resources.

EC–7248. A communication from the Director of the Regulations Policy and Management Staff, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Listing of Color Additives Exempt from Certification; Canthaxanthin; Confirmation of Effective Date; Correction" (Docket 93C–0248) received on September 29, 1998; to the Committee on Labor and Human Resources.

EC–7249. A communication from the Administrator of the Food Safety and Inspection Service, Department of Agriculture, transmitting, pursuant to law, the report of a rule entitled "Continuous Chilling of Split Poultry Portions" (RIN0583–AB95) received on September 29, 1998; to the Committee on Labor and Human Resources.

EC–7250. A communication from the Acting Director of the Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Fisheries of the Exclusive Economic Zone Off Alaska; Pollock in Statistical Area 610 in the Gulf of Alaska" (I.D. 092398D) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC–7251. A communication from the Director of the Office of Sustainable Fisheries, National Oceanic and Atmospheric Administration, Department of Commerce, transmitting, pursuant to law, the report of a rule entitled "Atlantic Tuna Fisheries; Atlantic Bluefin General Category" (I.D. 091198A) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC–7252. A communication from the Associate Managing Director for Performance Evaluation and Records Management, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Table of Allotments, FM Broadcast

Stations (Sturgis, Kentucky)" (Docket 96-226) received on September 24, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7253. A communication from the Associate Managing Director for Performance Evaluation and Records Management, Federal Communications Commission, transmitting, pursuant to law, the report of a rule entitled "Table of Allotments, FM Broadcast Stations (Beaver Dam and Brownsville, Kentucky)" (Docket 98-17) received on September 24, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7254. A communication from the Associate Managing Director for Performance Evaluation and Records Management, Federal Communications Commission, transmitting, pursuant to law, notice of the consolidation of Dockets No. 97-26 and No. 97-91 regarding FM broadcast stations received on September 24, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7255. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Transportation for Individuals with Disabilities" (RIN2105-AC00) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7256. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Americans with Disabilities Act Accessibility Guidelines for Transportation Vehicles; Over-the-Road Buses" (RIN2105-AC00) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7257. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "List of Nonconforming Vehicles Decided to be Eligible for Importation" (RIN2127-AH28) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7258. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Odometer Disclosure Requirements; Exemptions" (RIN2127-AG83) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7259. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Airbus Industrie Model A300-600 Series Airplanes" (Docket 98-NM-82-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7260. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Schweitzer Aircraft Corporation and Hughes Helicopters, Inc. Model 269A, 269A-1, 269B, 269C, 269D, and TH-55A Helicopters" (Docket 96-SW-10-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7261. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Airbus Model A320-111, -211, and -231 Series Airplanes" (Docket 97-NM-159-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7262. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Bombardier Model DHC-8-100 and -300 Series Airplanes" (Docket 94-NM-89-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7263. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Establishment of Class E Airspace; Davenport, IA" (Docket 98-ACE-21) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7264. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Saab Model SAAB SF340A and SAAB 340B Series Airplanes" (Docket 98-NM-100-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7265. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Establishment of Class E Airspace; Carrizo Springs, Glass Ranch Airport, TX" (Docket 98-AWS-44) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7266. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Cessna Aircraft Company Model T210R Airplanes" (Docket 98-CE-19-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7267. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Pilateus Aircraft Ltd. Models PC-12 and PC-12/45 Airplanes" (Docket 97-CE-53-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7268. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Fairchild Aircraft, Inc. SA226 and SA227 Series Airplanes" (Docket 98-CE-84-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7269. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule regarding airworthiness directives on SAFT America Inc. nickel cadmium batteries (Docket 97-CE-116-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7270. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Airbus Industrie Model A320 Series Airplanes" (Docket 97-NM-42-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7271. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Airbus Model A320 Series Airplanes" (Docket 98-NM-77-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7272. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Airbus Model A320 Series Airplanes Equipped with a Bulk Cargo Door" (Docket 97-NM-192-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7273. A communication from the General Counsel of the Department of Transportation, transmitting, pursuant to law, the report of a rule entitled "Airworthiness Directives; Short Brothers Model SD3-60 SHERPA Series Airplanes" (Docket 98-NM-138-AD) received on September 29, 1998; to the Committee on Commerce, Science, and Transportation.

EC-7274. A communication from the Acting Assistant Attorney General, Department of Justice, transmitting, a draft of proposed legislation to strengthen law enforcement's ability to combat illegal bulk cash smuggling; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCAIN, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 1480. A bill to authorize appropriations for the National Oceanic and Atmospheric Administration to conduct research, monitoring, education and management activities for the eradication and control of harmful algal blooms, including blooms of Pfiesteria piscicida and other aquatic toxins (Rept. No. 105-357).

By Mr. McCAIN, from the Committee on Commerce, Science, and Transportation, with an amendment:

S. 2120. A bill to improve the ability of Federal agencies to license federally-owned inventions (Rept. No. 105-358).

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. GRAMS:

S. 2532. A bill for the relief of D.W. Jacobson, Ronald Karkala, and Paul Bjorgen of Grand Rapids, Minnesota, and for other purposes; to the Committee on the Judiciary.

By Mr. CRAIG:

S. 2533. A bill to amend the Federal Power Act to improve the hydroelectric licensing process by granting the Federal Energy Regulatory Commission statutory authority to better coordinate participation by other agencies and entities, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. BAUCUS:

S. 2534. A bill to suspend temporarily the duty on 2, (4-chlorophenol) -3ethyl-2, 5-dihydro-5-oxo-4-pyridazine carboxylic acid, potassium salt; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. WARNER:

S. Res. 283. A resolution to refer H.R. 998 entitled "A bill for the relief of Lloyd B. Gamble" to the chief judge of the United States Court of Federal Claims for a report thereon; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GRAMS:

S. 2532. A bill for the relief of D.W. Jacobson, Ronald Karkala, and Paul Bjorgen of Grand Rapids, Minnesota, and for other purposes; to the Committee on the Judiciary.

PRIVATE RELIEF LEGISLATION

• Mr. GRAMS. Mr. President, today I am introducing a private bill addressing an inequity faced by a now dissolved Minnesota company, Norwood Manufacturing, Incorporated.

Norwood entered into contract with the United States Post Office to produce mail pallets according to Postal Service specifications. After producing the pallets, the Post Office canceled the contract, indicating the pallets did not meet the intended use, even though Norwood met the specifications requirement in the contract.

Genuine issues of material fact surround the question of whether the Post Office canceled the contract for cause, convenience, or possibly in bad faith. Surprisingly, Norwood was denied its plea to be heard in court. Summary judgment was awarded to the Post Office, and an appeal of this decision was denied.

At this point, all avenues of relief have been exhausted, including my efforts in 1995 to request a Congressional Reference from the Judiciary Committee, back to the Claims Court for review.

In my view, an injustice has occurred since usual legal relief has been precluded in the history of this case. I believe compensation by the United States is owed to Norwood. There is precedent for reimbursing companies which abide by contracts which either include errors, or when specifications change after a contract is signed and the company is not made aware of these changes. The Postal Service made an error, and it should have reimbursed this company, as is normal practice.•

By Mr. CRAIG:

S. 2533. A bill to amend the Federal Power Act to improve the hydroelectric licensing process by granting the Federal Energy Regulatory Commission statutory authority to better coordinate participation by other agencies and entities, and for other purposes; to the Committee on Energy and Natural Resources.

HYDROELECTRIC LICENSING PROCESS IMPROVEMENT ACT OF 1998

Mr. CRAIG. Mr. President, I rise to introduce a bill, and I send it to the desk.

Mr. President, the bill I introduce is the Hydroelectric Licensing Process Improvement Act of 1998. As its title suggests, the purpose of the bill is to improve the process by which hydroelectric projects are licensed by the Federal Energy Regulatory Commission. Under the existing law, non-federal dams that are constructed across navigable streams in the United States must be licensed by the FERC. In addition, under the present law, certain federal agencies, such as the United States Forest Service and the Departments of Commerce and Interior, have authority to mandate that FERC accept certain conditions in the license FERC ultimately issues. The Departments, for example, can impose conditions that address fish passage. The federal land agencies can impose conditions to protect federal land impacted by the project. FERC licenses, then, often contain conditions imposed by federal resource agencies.

These agencies, however, through no fault of their own, are single issue agencies. The law limits their considerations to a narrow spectrum of concerns as they decide mandatory conditions. Experience shows by the use of this licensing process that these decisions that are made by these agencies are very narrow. You could say narrow minded. Why? Because they are single-issue agencies. And the law now dictates that they operate only in that realm in their decisionmaking. We do not have to settle for bad decisionmaking simply because oftentimes the information that the Federal Energy Regulatory Commission gets, or the information they are dictated to by these single-purpose agencies, would result in bad decisionmaking. By adjusting this law, we can, I believe, have a better decisionmaking process. I will say that this is clearly the intent of the legislation that I am introducing today.

Now, Mr. President, these licenses for the dams can be for as little as 30 years and as much as 50 years. Decades ago, developers, both private ones such as investor owned utilities, and public ones such as municipal electric utilities or public utility districts, built hydroelectric projects and received original licenses for them from the FERC. Soon, many of those licenses will expire and the public and private license holders will seek new licenses from the FERC. Indeed, Mr. President, according to recent testimony of the National Hydropower Association before the House Energy and Power Subcommittee, over the next fifteen years, the FERC will consider for relicense, about two-thirds of existing non-federal hydroelectric projects. Nearly 300 projects, representing about 28,917 megawatts of power, will have their present, original licenses expire before the year 2012.

Mr. President, many of those projects will involve the federal resource agencies. The FERC will consider major projects in western states like California, and eastern states like New York. It will consider significant projects in northern states like Michigan and southern states like Alabama. We all are, and we all will be affected by the process by which the FERC relicenses these dams. Mr. President, this bill is extremely important in light of the foregoing.

Hydroelectric power is essential to the welfare of our country. It is clean, renewable and cheap. And, most importantly, it is very inexpensive compared with the other forms of energy. We need to take any steps necessary to ensure that this invaluable source of power remains available to the many consumers that depend upon it for their quality of life. Such steps include the process reforms contained in this bill.

Such reform is necessary because the unfortunate point is, in the last decade the licensing process was created that we now have. What did it do? The process didn't help the energy peaking capability of many of these projects.

According to a September 1997 study of the U.S. Department of Energy, since 1987, of 52 peaking projects relicensing by FERC, 4 projects increased capability, and 48 decreased capacity. In other words, they were less productive as a result of the licensing than they were prior to that relicensing. Ninety-two percent of the peaking projects since 1987 lost capacity. Hydropower is at risk, and it is important that our country understand that.

This is not only unfortunate, but it is bizarre. It is bizarre, Mr. President, because we live in a time when we are rightly sensitive to the environment in which we live. It is difficult to find a source of electric power more benign to the atmosphere than falling water. Yet, this benign power source is at risk. The process reforms I propose will help reverse this trend.

It is critical, Mr. President, that I note what the bill does not do. The bill does not—repeat, does not—eliminate the authority of federal resource agencies to mandate fish passages as conditions of a FERC license. Also, it does not—repeat, does not—eliminate the authority of federal land agencies to mandate FERC license conditions to protect federal lands impact by the hydroelectric project. That is what the bill will not do. It is important to understand that, because there are many groups that would think I would restrict the ability of some of these single-purpose agencies to participate in the relicensing process. Quite the opposite: I want to spread their authority in a way that makes it more responsible.

This is what the bill will do. The bill will reform the licensing process and improve the decisionmaking in that process in several ways.

1. It requires the federal resource agencies to consider a wider range of

factors than they presently consider, as they decide what mandatory conditions to impose in a FERC license. It would require the agencies to examine factors such as: (a) economics; (b) air quality; (c) irrigation; (d) navigation; (e) flood control; (f) recreation; (g) generation capacity; and (h) drinking water supply. The present law does not obligate federal resource agencies to consider such factors. But, better decisions will result if they do.

2. The bill requires those agencies to document their consideration of these factors. Agencies make better decisions in the light and not in the dark, Mr. President.

3. The bill allows the license applicant to obtain expedited administrative review of the conditions proposed by the federal resource agencies for reasonableness. Some check, no matter how minuscule, on the agencies' decisions to impose mandatory conditions is needed.

4. It requires the federal resource agencies to base their conditions on appropriate scientific review, which means a review based on empirical or field tested data, and subject to peer review. Good data helps lead to good decisions.

Mr. President, who can quarrel with federal resource agencies basing their decisions on sound science? Who can quarrel with federal resource agencies broadening the factors they consider as they decide mandatory conditions? Who can quarrel with giving the license applicant, who must bear the burden of mandatory conditions a right to appeal administratively, on an expedited basis, proposed mandatory conditions of the federal resource agencies? Mr. President, these reforms will make for better decisionmaking by the federal resource agencies.

The bill has another significant facet, Mr. President. It gives the FERC authority, after a license application is filed, and after, therefore, the federal resource agencies have documented their expanded and scientific review of conditions for the license, to require that the federal resource agencies submit those conditions to the FERC by a certain deadline. Simple, but it makes sense, because today those agencies don't have to comply with a deadline, but yet they have almost veto power by their absence from the process if they simply say they are considering a mandatory condition and are not yet willing to submit it to FERC for its inclusion in a license.

In this way, FERC will have before it at one time these various conditions of resource agencies, and, therefore, FERC should be able to efficiently and expeditiously bring about a license. This gives the licensee the opportunity of a quickee appeal. This is what the legislation does. It does not take away the authority of the agencies, it expands it. But it shapes it. It brings about a process that is definable and predictable. And that is exactly what does not occur today. Licensing today can take 8, 15, or 20 years when it ought take no more than 3 or 4 or 5 years. It is not reasonable or right that it should take that long.

Simply what we are doing is reshaping what was a very important piece of legislation now that we have some field experience with it. We cannot afford to lose clean, renewable, abundant resources like hydroelectricity.

In my State of Idaho, we are proud of our hydro base. It brings about inexpensive energy to my State, and to the State of the Presiding Officer. The whole Pacific Northwest is proud that it based its future on the past insight of developing its hydroelectricity. We shouldn't be required to lose it because of misguided law.

That is what I hope my legislation will do, if it becomes law. In the ensuing year, and in the new Congress, we will hold hearing across the West, and certainly here in Washington, on the validity of this approach, to shape the process that is currently underway into a time-predicatble process that all can understand and that all can deal with.

ADDITIONAL COSPONSORS

S. 709

At the request of Mr. HAGEL, the name of the Senator from Texas (Mrs. HUTCHISON) was added as a cosponsor of S. 709, a bill to protect private property rights guaranteed by the fifth amendment to the Constitution by requiring Federal agencies to prepare private property taking impact analyses and by allowing expanded access to Federal courts.

S. 1097

At the request of Mr. MOYNIHAN, the name of the Senator from Rhode Island (Mr. REED) was added as a cosponsor of S. 1097, a bill to reduce acid deposition under the Clean Air Act, and for other purposes.

S. 1422

At the request of Mr. MCCAIN, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 1422, a bill to amend the Communications Act of 1934 to promote competition in the market for delivery of multichannel video programming and for other purposes.

S. 1649

At the request of Mr. FORD, the name of the Senator from Illinois (Mr. DURBIN) was added as a cosponsor of S. 1649, a bill to exempt disabled individuals from being required to enroll with a managed care entity under the medicaid program.

S. 2180

At the request of Mr. LOTT, the name of the Senator from Maryland (Ms. MIKULSKI) was added as a cosponsor of S. 2180, a bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to clarify liability under that Act for certain recycling transactions.

S. 2182

At the request of Mr. GORTON, the names of the Senator from Arizona (Mr. KYL), the Senator from Vermont (Mr. LEAHY), the Senator from Iowa (Mr. GRASSLEY), the Senator from Oregon (Mr. SMITH), the Senator from Oregon (Mr. WYDEN), and the Senator from South Carolina (Mr. HOLLINGS) were added as cosponsors of S. 2182, a bill to amend the Internal Revenue Code of 1986 to provide tax-exempt bond financing of certain electric facilities.

S. 2295

At the request of Mr. MCCAIN, the names of the Senator from Georgia (Mr. COVERDELL) and the Senator from Minnesota (Mr. GRAMS) were added as cosponsors of S. 2295, a bill to amend the Older Americans Act of 1965 to extend the authorizations of appropriations for that Act, and for other purposes.

S. 2358

At the request of Mr. COVERDELL, his name was added as a cosponsor of S. 2358, a bill to provide for the establishment of a service-connection for illnesses associated with service in the Persian Gulf War, to extend and enhance certain health care authorities relating to such service, and for other purposes.

S. 2364

At the request of Mr. CHAFEE, the names of the Senator from Illinois (Ms. MOSELEY-BRAUN), the Senator from Nevada (Mr. BRYAN), the Senator from New Hampshire (Mr. GREGG), the Senator from North Dakota (Mr. CONRAD), and the Senator from Montana (Mr. BURNS) were added as cosponsors of S. 2364, a bill to reauthorize and make reforms to programs authorized by the Public Works and Economic Development Act of 1965.

S. 2432

At the request of Mr. JEFFORDS, the name of the Senator from South Dakota (Mr. JOHNSON) was added as a cosponsor of S. 2432, a bill to support programs of grants to States to address the assistive technology needs of individuals with disabilities, and for other purposes.

S. 2476

At the request of Mr. ABRAHAM, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 2476, a bill for the relief of Wei Jengsheng.

S. 2484

At the request of Mr. LEAHY, the name of the Senator from Connecticut (Mr. DODD) was added as a cosponsor of S. 2484, a bill to combat violent and gang-related crime in schools and on the streets, to reform the juvenile justice system, target international

crime, promote effective drug and other crime prevention programs, assist crime victims, and for other purposes.

S. 2494

At the request of Mr. MCCAIN, the name of the Senator from Virginia (Mr. ROBB) was added as a cosponsor of S. 2494, a bill to amend the Communications Act of 1934 (47 U.S.C. 151 et seq.) to enhance the ability of direct broadcast satellite and other multichannel video providers to compete effectively with cable television systems, and for other purposes.

S. 2519

At the request of Mr. MCCAIN, the name of the Senator from North Dakota (Mr. DORGAN) was added as a cosponsor of S. 2519, a bill to promote and enhance public safety through use of 9–1–1 as the universal emergency assistance number, further deployment of wireless 9–1–1 service, support of States in upgrading 9–1–1 capabilities and related functions, encouragement of construction and operation of seamless, ubiquitous and reliable networks for personal wireless services, and ensuring access to Federal Government property for such networks, and for other purposes.

SENATE CONCURRENT RESOLUTION 83

At the request of Mr. WARNER, the names of the Senator from Hawaii (Mr. AKAKA), the Senator from New Hampshire (Mr. SMITH), the Senator from North Carolina (Mr. FAIRCLOTH), the Senator from Texas (Mr. GRAMM), the Senator from Missouri (Mr. ASHCROFT), and the Senator from Texas (Mrs. HUTCHISON) were added as cosponsors of Senate Concurrent Resolution 83, a concurrent resolution remembering the life of George Washington and his contributions to the Nation.

SENATE CONCURRENT RESOLUTION 108

At the request of Mr. DORGAN, the names of the Senator from Pennsylvania (Mr. SPECTER), the Senator from Missouri (Mr. BOND), the Senator from Iowa (Mr. GRASSLEY), and the Senator from Louisiana (Ms. LANDRIEU) were added as cosponsors of Senate Concurrent Resolution 108, a concurrent resolution recognizing the 50th anniversary of the National Heart, Lung, and Blood Institute, and for other purposes.

SENATE RESOLUTION 257

At the request of Mr. MURKOWSKI, the name of the Senator from Colorado (Mr. CAMPBELL) was added as a cosponsor of Senate Resolution 257, a resolution expressing the sense of the Senate that October 15, 1998, should be designated as "National Inhalant Abuse Awareness Day."

SENATE RESOLUTION 278

At the request of Mr. BINGAMAN, the name of the Senator from Florida (Mr. GRAHAM) was added as a cosponsor of Senate Resolution 278, a resolution designating the 30th day of April of 1999, as "Dia de los Ninos: Celebrating Young Americans," and for other purposes.

SENATE RESOLUTION 283—RELATIVE TO PRIVATE RELIEF LEGISLATION AND THE UNITED STATES COURT OF FEDERAL CLAIMS

Mr. WARNER submitted the following resolution; which was referred to the Committee on the Judiciary.

S. RES. 283

Resolved, That (a) H.R. 998 entitled "A bill for the relief of Lloyd B. Gamble" now pending in the Senate, together with all the accompanying papers, is referred to the chief judge of the United States Court of Federal Claims.

(b) The chief judge shall—

(1) proceed according to the provisions of sections 1492 and 2509 of title 28, United States Code; and

(2) report back to the Senate, at the earliest practicable date, providing—

(A) such findings of fact and conclusions that are sufficient to inform the Congress of the nature, extent, and character of the claim for compensation referred to in such bill as a legal or equitable claim against the United States or a gratuity; and

(B) the amount, if any, legally or equitably due from the United States to Mr. Lloyd B. Gamble.

(c) It is the sense of the Senate that if any judgment is entered in favor of Lloyd B. Gamble against the United States, any damages arising from injuries sustained by Lloyd B. Gamble should not exceed $253,488.

AMENDMENTS SUBMITTED

GLACIER BAY NATIONAL PARK BOUNDARY ADJUSTMENT ACT OF 1998

MURKOWSKI AMENDMENT NO. 3672

(Ordered to lie on the table.)

Mr. MURKOWSKI submitted an amendment intended to be proposed by him to the bill (H.R. 3903) to provide for an exchange of lands located near Gustavus, Alaska, and for other purposes; as follows:

On page 2 line 8 strike "paragraph [4]" and insert "paragraph [2]".

On page 2 line 9 strike "paragraph [3]" and insert "paragraph [4]".

On page 4 line 1 strike "838.66" and insert "1191.75".

On page 11 line 19 strike "units" and insert "units resulting from this Act".

On page 11 line 20 strike "considered in applying" and insert "charged against".

On page 12 line 1 strike "units" and insert "units resulting from this Act".

On page 12 beginning on line 1 strike "be considered in applying" and insert "be charged against".

WETLANDS WILDLIFE ENHANCEMENT ACT OF 1998

CHAFEE AMENDMENT NO. 3673

Mr. SHELBY (for Mr. CHAFEE) proposed an amendment to the bill (S. 1677) to reauthorize the North American Wetlands Conservation Act and the Partnerships for Wildlife Act; as follows:

On page 2, after line 19, add the following:

SEC. 4. MEMBERSHIP OF THE NORTH AMERICAN WETLANDS CONSERVATION COUNCIL.

(a) IN GENERAL.—Notwithstanding section 4(a)(1)(D) of the North American Wetlands Conservation Act (16 U.S.C. 4403(a)(1)(D)), during the period of 1999 through 2002, the membership of the North American Wetlands Conservation Council under section 4(a)(1)(D) of that Act shall consist of—

(1) 1 individual who shall be the Group Manager for Conservation Programs of Ducks Unlimited, Inc. and who shall serve for 1 term of 3 years beginning in 1999; and

(2) 2 individuals who shall be appointed by the Secretary of the Interior in accordance with section 4 of that Act and who shall each represent a different organization described in section 4(a)(1)(D) of that Act.

(b) PUBLICATION OF POLICY.—Not later than June 30, 1999, the Secretary of the Interior shall publish in the Federal Register, after notice and opportunity for public comment, a policy for making appointments under section 4(a)(1)(D) of the North American Wetlands Conservation Act (16 U.S.C. 4403(a)(1)(D)).

YEAR 2000 READINESS AND SMALL BUSINESS PROGRAMS RESTRUCTURING AND REFORM ACT OF 1998

BOND (AND KERREY) AMENDMENT NO. 3674

Mr. SHELBY (for Mr. BOND for himself and Mr. KERREY) proposed an amendment to the bill (H.R. 3412) to amend the Small Business Act and the Small Business Investment Act of 1958 to provide for a pilot loan guarantee program to address Year 2000 problems of small business concerns and to improve the programs of the Small Business Administration, and for other purposes; as follows:

Strike section 205 of the bill and insert the following:

SEC. 205. SMALL BUSINESS FEDERAL CONTRACT SET-ASIDES.

(a) ANNUAL COMPREHENSIVE REPORT.—

(1) IN GENERAL.—Section 15(h) of the Small Business Act (15 U.S.C. 644(h)) is amended—

(A) in paragraph (1)—

(i) by striking "At the conclusion of each fiscal year" inserting "(A) Not later than April 15 of each year";

(ii) in the first sentence, by inserting "during the fiscal year that ended on September 30 of the preceding year" before the period; and

(iii) by adding at the end the following:

"(B)(i) Not later than May 15 of each year, the Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate a comprehensive report on the extent of the participation by small business concerns described in subparagraph (A) in procurement contracts during the fiscal year that ended on September 30 of the preceding year. In preparing the report, the Administration shall use the data from the reports submitted to the Administration for that fiscal

year under subparagraph (A), and the Federal Procurement Data System.

"(ii) Each comprehensive report under this subparagraph shall include a detailed description and qualitative analysis of the procurement data submitted to the Administration under subparagraph (A).

"(iii)(I) The description and analysis included under clause (ii) shall include a reconciliation of the apparent differences, if any, between the small business participation levels reported for that fiscal year and the small business participation levels reported for preceding fiscal years, that result from differences in classification or reporting of data under this subsection. In the report, the Administration shall identify the differences in classification or reporting, as the case may be, and set forth the statistics on total dollar values for the later fiscal year as those statistics would have been calculated if the categories of contracts had been classified or otherwise reported without the differences.

"(II) The total dollar values referred to in subclause (I) are the total dollar values of prime contracts awarded, total dollar values of subcontracts awarded, and total dollar values of prime contracts and subcontracts awarded to small businesses.";

(B) in paragraph (2), by striking "paragraph (1)" and inserting "paragraph (1)(A)"; and

(C) by adding at the end the following:

"(4)(A) The Administration may not issue a waiver or permissive letter authorizing the head of a Federal agency or the heads of any group of Federal agencies to change the statistical methodology used for meeting the reporting requirements of paragraph (1)(A) or (2) unless, when issued, the waiver or permissive letter is accompanied by the comments of the Chief Counsel for Advocacy regarding the appropriateness of the decision of the Administration to issue the waiver or letter.

"(B) No waiver or permissive letter referred to in subparagraph (A) shall be effective until—

"(i) the Administration submits a copy of the waiver or permissive letter, together with the comments of the Chief Counsel for Advocacy, to the Committees on Small Business of the House of Representatives and the Senate; and

"(ii) 30 days have elapsed since the date of the submission to the committees under clause (i).".

(2) INAPPLICABILITY OF CONTENT REQUIREMENT TO FISCAL YEAR 1998 REPORT.—Clause (iii) of subparagraph (B) of section 15(h)(1) of the Small Business Act, as added by paragraph (1)(A)(iii) of this subsection, does not apply to the comprehensive report submitted under that subparagraph for fiscal year 1998.

(b) HUBZONE PROGRAM.—Section 602(b)(2) of the Small Business Reauthorization Act of 1997 (15 U.S.C. 657a note) is amended—

(1) in subparagraph (I), by striking "and" at the end;

(2) in subparagraph (J), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(K) the Department of Labor.".

ROUTE 66 NATIONAL HISTORIC HIGHWAY

DOMENICI (AND BINGAMAN) AMENDMENT NO. 3675

(Ordered to lie on the table.)

Mr. DOMENICI (for himself and Mr. BINGAMAN) submitted an amendment intended to be proposed by them to the bill (S. 2133) to designate former United States Route 66 as "America's Main Street" and authorize the Secretary of the Interior to provide assistance; as follows:

On page 6 line 17 and 18 strike subsection (B) in its entirety and insert the following:

"(B) public lands in the immediate vicinity of the highway; and

"(C) private lands in the immediate vicinity of the highway owned by those who are willing to participate in the programs authorized by this Act.".

Amend the title so as to read: "A bill to designate former United States Route 66 as the "Route 66 National Historic Highway", and for other purposes.".

NOTICE OF HEARING

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. LUGAR. Mr. President, I would like to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will meet on Thursday, October 1, 1998, immediately following the first roll-call vote of the Senate in the President's Room of the Capitol. The purpose of this meeting will be to mark up the nomination of Michael Reyna to be a member of the Farm Credit Administration Board and to mark up the USDA Information Technology Reform and Year 2000 Compliance Act (S. 2116).

AUTHORITY FOR COMMITTEE TO MEET

COMMITTEE ON INDIAN AFFAIRS

Mr. GRAMM. Mr. President, I ask unanimous consent that the Senate Committee on Indian Affairs be authorized to meet during the session of the Senate on Wednesday, September 30, 1998, at 9:15 a.m. to conduct a markup, on S. 1870, to amend the Indian Gaming Regulatory Act; H.R. 1805, Auburn Indian Restoration Act; and S. 2097, to encourage and facilitate the resolution of conflicts involving Indian tribes. To be followed immediately by a hearing on S. 2010, to provide for business development and trade promotion for native Americans. The hearing will be held in room 485 of the Russell Senate Office Building.

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

ADDITIONAL STATEMENTS

CONFERENCE AGREEMENT ON H.R. 4060, THE FISCAL YEAR 1999 ENERGY AND WATER APPROPRIATIONS BILL

• Mr. McCAIN. Mr. President, I applaud my colleagues on both sides of the aisle in forging a conference agreement which will provide funding for important energy and defense related programs in this year's Energy and Water Appropriations bill. As we will not likely complete all of the individual 13 appropriations bills, I compliment the managers for completing their respective conference bills and reports.

I did not object to the conference report's passage yesterday by unanimous consent. However, I do take exception to the continuing practice of overloading an important spending bill such as this one with wasteful and unnecessary spending for unrequested, unauthorized or member-interest projects. I examined the Senate bill and report during our consideration earlier this year and counted more than $920 million in earmarks. I am disappointed that the conferees chose not to cut back on this wasteful spending, but rather took the opportunity to indulge and attach even more erroneous earmarks for projects which were not considered by either legislative body.

Mr. President, I will not dwell on the details, for I have compiled an extensive list of objectionable provisions which clearly reflects an outrageous spending binge by our federal government. This conference report is shamefully overridden with $1.6 billion of pork-barrel spending. Many members will come out of this process as winners with spending for their own special interest projects. Unfortunately, the losers are the American taxpayers who will have to shoulder this fiscal burden.

The complete list of objectionable provisions is available through my office.•

TRIBUTE TO FLO BRUMER ON HER 90TH BIRTHDAY

• Mr. MOYNIHAN. Mr. President, on November 21, 1998, Mrs. Florence Brumer of Utica, New York, will celebrate her 90th birthday. She is fortunate to reach this milestone not only in good health and high spirits, but in the company of her husband of 64 years, Lou, and their two children and four grandchildren, all of their spouses, and one great-grandchild.

A lifelong educator, Mrs. Brumer has touched many lives and been an inspiration to those around her. She received a bachelor's degree in education from New York University and a master's degree from the Teacher's College at Columbia University. She went on to spend over forty years as a teacher and curriculum supervisor in the New York City school system. When she retired in 1966, she moved upstate to Utica and became the city's most ardent promoter. An article in the local newspaper several years ago highlighted the Brumers' rave reviews of Utica's social and cultural life, which coming from Manhattan natives were particularly strong endorsements.

One of the most remarkable aspects of Flo Brumer's life is her vigor and enthusiasm for a wide variety of activities. A cancer survivor, she was a pioneer in the crusade against smoking back in the days when there was no such thing as a "smoke-free environment." Well into retirement, she donned sneakers and began the sport later known as "mall-walking." She has a great passion for political discussions, instilled in her, perhaps, at the table of her uncle, William I. Sirovich, who served as a member of the U.S. Congress (D–NY) from 1927–39. And as a bridge fanatic, she continues to play and win regularly while trying to recruit new partners.

Reaching one's 90th birthday is a notable occasion in and of itself, but to do so with such vitality and cheer is a truly great accomplishment. I offer her my heartiest congratulations and best wishes and close with a particularly apt Irish blessing:

May joy and peace surround you
Contentment latch your door,
And happiness be with you now,
And bless you evermore.•

TRIBUTE TO THE GATESWORTH ON ITS TEN-YEAR ANNIVERSARY

• Mr. BOND. Mr. President, I rise today to pay tribute to the Gatesworth at One McKnight Place in St. Louis, Missouri on its ten-year anniversary. The Gatesworth is an extremely elegant adult living community. In its years of existence The Gatesworth has received much praise for its commitment to active independent living.

During its short existence, The Gatesworth has received numerous awards including, National Home Builders "Best Lowrise," Contemporary Longterm Care "Best Interior Design," and Professional Builder Magazine "Feature Performance Award," just to name a few. Among the outstanding features of The Gatesworth are the four story atrium, two dining rooms, 102 seat theater, fitness center with indoor pool, on-site bank, beauty shop, gift shop, convenience store, library and billiard room.

I commend The Gatesworth staff for their spirit and energy throughout their ten-years of existence and hope The Gatesworth continues to prosper for several more decades.•

MOUNT ST. HELENS RECOVERY OPERATION ON THE COWLITZ RIVER

• Mrs. MURRAY. Mr. President, yesterday the Senate passed the Energy and Water Development Appropriations Conference Report. I seek clarification from the Chairman on two matters related to flood control measures along the Cowlitz River in Washington state necessary to mitigate impacts from the 1980 eruption of Mount St. Helens. That eruption reduced the Cowlitz River channel capacity to one tenth of its pre-eruption level. In 1985, Congress enacted Public Law 99–88 which authorized and directed the Army Corps of Engineers (the Corps) to construct, operate, and maintain a sediment retention structure with such design features and associated downstream actions as are necessary. An October 1985 Decision Document identified specific levels of protection for Cowlitz River communities, consistent with risk assessments and NED criteria.

Mr. GORTON. Mr. President, if I may join my colleague from Washington state, this Decision Document became the basis for the local cost-sharing agreement signed by federal, state, and local officials in April, 1986. This agreement was recognized by Congress in the Water Resources Development Act of 1986. It has come to attention of Senator MURRAY and I that the Corps is uncertain whether the levels of protection in the Decision Document are discretionary or required.

Mrs. MURRAY. Mr. President, it is our understanding that both Congressional intent and the recollections of those most intimately involved in crafting the cost-share agreement support the interpretation that these levels of protection are required. Does the distinguished Chairman concur?

Mr. DOMENICI. Mr. President, the Senators from Washington are correct. I am informed that the Mount St. Helens Decision Document does indeed set for the levels of protection for communities along the Cowlitz River. The Decision Document was the basis for the cost-sharing agreement with state and local entities and commits the Corps to maintain these specified levels of protection.

Mrs. MURRAY. I thank the Chairman. In addition, heavy rains and flooding during February 1996 brought to light some serious problems and omissions in the Mount St. Helens recovery effort that require immediate attention.

Mr. GORTON. My colleague from Washington is correct. In several cases work by the Corps or its contractors appears to have created new problems. In the case of the Coweeman River, over one mile of volcanic sediment that backed up in this tributary. Initially ignored, this sediment now poses a serious threat to the community of Kelso. The Corps is currently scheduled to initiate a two-year study of these hazards and levels of protection in fiscal year 2000. It makes sense to all concerned that these matters be addressed as soon as possible.

Mrs. MURRAY. Does the distinguished chairman agree that the Corps should use available funds in fiscal year 1999 to address this important issues and advance the study outlined by Senator GORTON?

Mr. DOMENICI. Mr. President, it would seem prudent and responsible for the Corps to use available funds during fiscal year 1999 to address this important issue.

Mrs. MURRAY. Mr. President, on behalf of myself and Senator GORTON, I thank the chairman.•

CRITICAL DEFENSE SHORTFALLS

• Mr. FRIST. Mr. President, the Senate Armed Services Committee held a hearing yesterday that resulted in a bipartisan call to address the readiness crisis in our armed forces. Senators charged the Joint Chiefs with warming over the critical defense shortfalls in a previous hearing last February in order to defend the President's Budget.

Many of us in Congress have been expressing to the Administration for years our concerns regarding the deep cuts in personnel, equipment, and training. Senator MCCAIN offered these warnings in a report he commissioned entitled "Going Hollow" as far back as 1993. I have written repeatedly on the subject of military readiness. In fact, last May I wrote that "the hollow state of readiness so many have warned about has arrived."

I am pleased the President and the Joint Chiefs have finally decided to abandon the shell game and address the serious weaknesses in our defense force structure. At this stage, placing blame is far less important than solving the problem. The more candid responses from the Joint Chiefs in yesertday's hearing are the first step in that process. Mr. President, I ask that two columns I have written on the subject of military readiness be printed in the RECORD.

The material follows:

UNACCEPTABLE RISK TO AMERICAN LIVES

(By U.S. Senator Bill Frist)

"Unacceptable risk," is the blunt assessment by Army four-star General David A. Bramlett describing his troops' ability to accomplish its mission.

In a disturbing memo to the Army's Chief-of-Staff, General Bramlett methodically describes the nearly insurmountable challenges facing Forces Command, for which he is responsible. "Funding has fallen below a survival level in FY99. The commanders are concerned that they can not meet the daily challenges of the three imperatives of readiness: training, quality of life and infrastructure."

General Bramlett's warning is only the latest evidence the Clinton Administration has failed to lead and maintain a ready fighting force. Consider a few other shocking examples of the damage caused by the Administration's extreme defense cuts:

In Cecil Naval Air Station, Florida, a commander reports having 43 aircraft assigned to him but only 20 operational. One new aircraft had its landing gear damaged in a botched landing. Three years later, that F/A18, after only 10 hours use, still sits idle because of the lack of spare parts.

Admiral Clemins, the Commander of the Pacific Fleet, reports that the Navy is 18,000 sailors short and is forced to send warships out of port inadequately manned.

Then Major General Marvin Esmond testified that his command, the Air Warfare Center at Nellis Air Force Base in Nevada, has

experienced a six-month delay in skill improvement for airmen due to delays in specialized training. This shortage of properly trained personnel has forced other airmen to routinely work 70-hour weeks of 12-hour shifts.

Our forces are some 45 percent smaller than in 1989. We have traditionally maintained the ability to execute at least two major regional conflicts, each approximately the size of the Gulf War. Today, most analysts agree we would have difficulty executing even one Gulf War-sized conflict.

This weakness may well explain the Clinton Administration's recent efforts to avoid confrontation with Iraq over weapons inspections.

Our lack of vigilance has serious consequences for our troops, our nation and even for our enemies. Only eight years ago our nation went to war in the Persian Gulf with the most ready force we have ever enjoyed. In short order we won a clear and decisive victory against one of the largest standing armies in the world.

For an armed conflict of this magnitude, there was an amazingly small loss of life for allied troops—and even for the Iraqis. Most surrendered rather than face our overwhelming forces and certain defeat. Today, America's military continues to do their duty and more, but politicians have a duty as well. We must meet our responsibility to equip and train our military so that they can not only survive, but win on the battlefield.

The Clinton Administration's platitudes about "leaner and meaner" betray this responsibility. The typical Marine, for example, is no less courageous today than he was in 1989. But he is less well trained, and there are far fewer Marines to back him up and ensure he can accomplish his mission.

As the President prepares a defense budget for the millennium, it's time to stop the erosion of our defenses. Our enemies of today are less predictable and more likely to attempt to attack at the first sign of any weakness.

Tennesseans are justly famous as volunteers in the defense of our nation. For their sake, and for the sake of all American volunteers in military service, Washington must do its duty to ensure our fighting men and women are better trained and better equipped than they are today. The price of an ill-prepared force is measured in blood, not in dollars.

OUR HOLLOW MILITARY

(By U.S. Senator Bill Frist)

Nearly six years of neglect and foreign-policy overreach have taken their toll in the Department of Defense. Make no mistake: The hollow state of readiness so many have warned about has already arrived. The Commander-in-Chief has allowed America's military preparedness to sink to the disgraceful levels of the Carter era. This administration is more concerned about the social engineering of the military's culture than the training, modernization, and maintenance that will keep our troops alive on the battlefield.

Inattention to readiness issues is reaching crisis proportions. A visiting pilot at Luke Air Force Base recently counted nearly forty F-16 fighters parked near the runway without engines. These aircraft were literally "hollow." In a recent interview, even secretary of Defense Bill Cohen acknowledged that "it does trouble us." Yet, this administration has plunged ahead with more overseas military commitments, not fewer, stretching our defenses ever thinner.

From 1993 to the present, the Clinton Pentagon has spent an average of $2 billion every year on "Operations Other Than War" like those in Bosnia, Haiti and Somalia. Indeed Congress just passed "emergency" funding to cover more than $1.8 billion for the Iraq mobilization and continued Bosnia "peacekeeping" operations this year. Yet, our armed forces have been in Bosnia almost three years. Without this injection of money, the ongoing expense of these operations would endanger our ability to respond to a national crisis.

Today our forces are more than 40 percent smaller than at the end of the Cold War, yet deployments have increased by 300 to 400 percent. The Pentagon counties to play a shell game with defense dollars earmarked for the modernization and training that will keep troops alive in future conflicts. Meanwhile, the administration's feel-good foreign policies attempt to turn our servicemen and women into global caretakers.

The most important measure of military efficiency is the number of American lives lost to attain a military objective. This dangerous foreign policy reduces America's ability to defend her interests and endangers the most valuable piece of our foreign policy—our men and women in uniform. As a nation, we cannot afford to continue paying lip service to abstractions like "readiness' and "modernization" without backing them up.

Recent incidents show how closely peacetime training is linked to life and death in times of war. Last October, Defense News reported that a Russian submarine shadowed the nuclear submarine USS Coronado for several days without being detected. A year earlier, a Chilean submarine moved undetected for several days within the perimeter of a U.S. battle group during a training exercise. In both cases, the foreign submarines could have fired upon our ships at any time. Fortunately for those American crews, we aren't at war. But as one senior Navy official observed, "it is only in training that a diminished capability is evident."

More recently, I toured our operations in Bosnia. While deployments to hot spots like Bosnia have clearly been made with noble intentions, too often they have been undertaken with questionable rationales and undefined mission goals. Unrealistic deadlines have been substituted for exit strategies. In Bosnia, for instance, our entanglement is now well into its third year. This would not be so troubling except for the administration's original promises that all mission objectives were achievable in one year. When Secretary Cohen pushes for further cuts in military installations as a cost saving measure, it's worth reminding him that the Bosnia operation alone is a moneypit that has cost the American taxpayer close to $7 billion.

Shifting goals are questionable to begin with. But to pay for them with dollars intended to maintain the nation's military readiness is simply inexcusable. These "Operations Other Than War" distract the military from its primary mission: to fight and win wars where real American interests are at stake. The more our forces stray from that mission, the less they'll be able to accomplish it, especially with minimal loss of life.

As we're asking a small military to do more with less, Washington must be disciplined in our use of shrinking defense resources. In this era of balanced budgets and relative peace, we neglect national defense at our own peril—and the peril of those Americans who put their lives on the line to protect the national interest.•

ENERGY SAVING PERFORMANCE CONTRACTS

• Mr. KOHL. Mr. President, I rise today to encourage my colleagues to continue our efforts toward promoting energy efficiency and renewable energy technology. The Administration has placed a high priority on energy efficiency for the coming year and we must follow their lead. The problems of air and water pollution as well as the dangers of climate change only reinforce the need for an increased effort. Improved energy efficiency can buy us the time needed to develop an improved national energy policy based on renewable energy which will be the foundation of the 21st century.

Human activities, particularly the burning of fossil fuels has increased atmospheric CO_2, methane and nitrous oxide, all of which contribute to global warming. In fact, U.S. fossil energy currently produces about one-fourth of the world's CO_2 emissions. The U.S. accounts for 25% of world oil use, two-thirds of which is consumed by the transportation sector. Economically, U.S. oil imports accounts for 50% of national oil use, which amounts to $60 billion, or 36% of our trade deficit. Mr. President not only is this dangerous for our environment, but it also poses a great threat to our economic security.

From FY1948–FY1997 total energy R & D spending reached $108 billion. Of this figure $66 billion or 61% has been spent on nuclear technology, $26 billion or 24% for fossil fuels, while only $11 billion or 10% has been spent on renewables and $7 billion or 7% for energy efficiency. In contrast, the DOE's 1995 Energy Conservation Trends report found that energy conservation activities from 1973 to 1991 curbed energy use by about 27%. In 1992 this savings equaled $283 billion or about half of the nation's $538 billion annual energy spending. These figures show the benefits energy efficiency can bring to the U.S. if managed properly. We must work to reverse this discrepancy and increase funding for renewable energy and energy efficiency programs.

One program which I believe shows great promise for the future is Federal use of Energy Savings Performance Contracts (ESPC's). Administered under DOE's Federal Energy Management Program (FEMP), ESPC's are a technique which reduces energy costs and consumption by the Federal government without increasing budgetary outlays. ESPC's are awarded to private firms who then install and maintain energy efficiency improvements in Federal facilities while guaranteeing savings.

However, the FEMP program has repeatedly gone under funded. It is for this reason I introduced the Federal Energy Bank Act of 1997 (S. 1375) which sought an alternative means of providing the critical needed funding for Federal energy management. I'd like

to take this time now to thank my colleagues, Senators FEINGOLD, BUMPERS, JOHNSON, BINGAMAN, JEFFORDS and CAMPBELL in supporting my bill and efforts.

Mr. President, President Clinton has recently directed all Federal agencies to maximize their use of ESPC's before the authority to use ESPC's expires in the year 2000. I call on all my colleagues to support a reauthorization and expansion of the ESPC authority before this valuable program expires. We should continue to work with DOE and the Administration to see this important partnership between the private and public sectors is extended well into the future.

Mr. President, if anyone is skeptical as to the benefits of the program I'd like to give two examples of successful ESPC's involving a Wisconsin company, Johnson Controls. Under one of the largest ESPC's in the country Johnson Controls has agreed to replace the outdated 50-year-old steam system at DOE's Hanford complex in Washington. The Hanford complex, which includes research labs, fuel fabrication facilities, industrial sites as well as numerous administrative buildings are undergoing a transition from a nuclear weapons production site to an energy research and development facility. This 25-year contract will save the taxpayers a guaranteed $108 million while reducing harmful emissions.

Johnson also has recently signed onto another ESPC with the U.S. Department of Transportation to make improvements to the Volpe National Transportation Center in Massachusetts. Johnson will make and maintain improvements to lighting, heating, ventilation, air conditioning as well as other energy management systems. This 10-year contract will reduce energy expenses by $200,000 each year for the life of the contract, and limit carbon dioxide emissions.

Mr. President, this is an important partnership which benefits many parts of society. It's good for the government, the private sector as well as the environment and should be continued. Again, I'd like to thank my colleagues for their past support. I encourage them to support reauthorizing this program for the future and support additional funding for energy efficient and renewable energy technology. Thank you Mr. President.•

BOY SCOUT HEROES

• Mr. CRAIG. Mr. President, I rise to share with the Senate a story about some fine young Idahoans who saved a family stranded in the wilderness.

While hiking in the Idaho wilderness, Boy Scouts from Troops 44 and 74 saved a family of seven who had become lost, were severely dehydrated, and disoriented. With the skills that they developed through their Boy Scout training, they successfully guided the family to a point where they were met by rescue workers. In order to reach the family, the Scouts were forced to descend treacherous canyon walls, shale slides, boulder falls, and cliff areas. During the climb out of the canyon, the Scouts used ropes to physically support the exhausted family members.

The performance of these fine young men goes far beyond commendable. Their flawless performance saved the lives of this family. In a day and age when we are bombarded by reports of how troubled and misguided today's youth are, it is truly refreshing to hear the story of these young men who have done something so outstanding. One can't help but respect their unselfish display of courage and resourcefulness. Perhaps their act, and the acts of other outstanding youths like them across the nation, will help us to restore our faith in them and in their future. It is my personal hope that by recognizing young men such as these, we can begin to refocus the lens through which we view society, in order to see, more clearly, the typical American youth—not as a delinquent or a burden, but a contributing member of society deserving our respect and our praise.

It is my pleasure to recognize Kody Haney, Brian Wanstrom, Alan Wanstrom, Kyle Hestag, Eric Williams, Dustin Moss, Brandon Moss, Alex Davies, Darian King, Cayd Brunson, Dustin Hymas, Chris Mendenhal, and leaders Darrell Wheeler, Jeremiah Burnett, and Marie Burnett. On behalf of the State of Idaho and the United States Senate, allow me to thank you—for your courage, unselfishness, determination, and most important for being shining representatives of American youth.•

DODGE DEVELOPMENT CENTER

• Mr. LEAHY. Mr. President, on April 2, 1998, in a statement I made on the Senate floor, I attributed the creation of the Dodge Development Center and Veterans Assistance Office in Rutland, Vermont to Chapter One of the Vietnam Veterans Association, also located in Rutland. I need to clarify for the record that, although some of the early members of VVA Chapter One were part of the very early stages of the idea, VVA, Chapter One was not responsible for the development, founding, or creation of the center.

Years of hard work went into organizing community involvement, volunteer labor and donations, fundraising, remodeling, and furnishing that has resulted in the establishment of the only homeless shelter just for veterans in Vermont—the Dodge Development Center. I want to congratulate the people primarily responsible for this accomplishment. They are: Robert Rummel, Paul Albro, Cynthia Turrell-Burns, Peggy Gibbud, Jeff Hatch, Clark Howland, Gene Miner, Tom Neary, Lance Warner, and Tim Beebe. There were also dozens of volunteers and community members who helped them make this dream come true.

I thank them for their persistence. They have worked through many funding and permitting hurdles over the years. On Veteran's Day this year, they will dedicate the center and open the doors of the shelter to homeless veterans. Again, I want to congratulate them and thank them for their determination.•

NORTH AMERICAN WETLANDS CONSERVATION ACT

• Mr. KEMPTHORNE. Mr. President, the North American Wetlands Conservation Act [NAWCA] has been very successful in its stated goal of providing for long-term conservation of dozens of species of migratory birds and their habitats through the coordinated action of governments, private organizations, and landowners.

In Idaho, a typical NAWCA project benefits mallards, pintails, cinnamon teal, gadwall, long-billed curlews, peregrine falcons, bald eagles, sandhill cranes, river otter, elk, pronghorn, mule deer, and many species of native fish. But one species in particular benefits in Idaho from NAWCA. The Trumpeter Swan has made a real comeback because of conservation under NAWCA.

Trumpeter Swans were once widespread and abundant across North America. But by 1900 they were reduced to near extinction by subsistence and commercial hunting. In fact, outside of Alaska, only one small remnant of fewer than 200 survived in remote sites in Eastern Idaho and nearby habitats in the Rocky Mountains. Most wintered in the high elevation wilderness west of Yellowstone National Park.

Although never officially listed as threatened or endangered, many agencies and private individuals have worked for decades to restore this population, which today numbers about 2,500 and nests from south eastern Idaho north to the Canadian Northwest Territories.

Restoration of this beautiful bird has required habitat protection and improvement, law enforcement to prevent illegal shooting, and years of research and management on Trumpeter Swans to restore a secure distribution. In eastern Idaho, this effort has involved conservation groups, including the Trumpeter Swan Society; irrigators, Indian tribes, private landowners, and businesses all working with the Federal Agencies, Idaho state parks and Idaho Fish and Game Department in cooperative efforts to ensure that the swans thrive.

The wintering population in the vicinity of the Harriman State Park and the famous Henry's Fork has risen to

about 1,000 birds. These are northern birds that come south to winter in Eastern Idaho with our own resident birds. There is a real need to further distribute these swans further south in the winter to reduce crowding, protect the habitats, and to scatter the population better.

Juvenile Swans do not learn ancestral migratory routes to more southern wintering areas in the absence of adults that can lead them to new areas. While we are steadily improving the habitat in the more southern parts of the State at sites like Bear Lake NWR, we will have to reestablish the migratory instinct.

From the Teton River Basin Wetlands and the Thousand Springs/Chilly Slough Projects [1–4], to the Bear Lake National Wildlife Refuge the NAWCA has helped the Trumpeter Swan in Idaho, and provided places to nest and distribute the winter population. These six projects have brought a $5.5 million investment to Idaho that will help the swans and dozens of other species.

Non-profit organizations provide important assistance to NAWCA efforts. Ducks Unlimited [DU], in particular, has contributed more money and effort to NAWCA than any other non-government entity. In the last few years they have contributed over $81 million. Bear Lake NWR alone has received over $1 million from DU and NAWCA.

The future looks bright for Rocky Mountain trumpeters if we can manage their habitats and provide secure wintering areas. A century ago, we almost lost Trumpeter Swans. The 21st century looks much brighter as a result of proactive, cooperative efforts to protect the swans and their habitat. As Trumpeters return to the wetlands that we conserve through programs like the North American Wetland Conservation Fund, they are an inspiring reminder of the progress that is possible.•

PRESIDENT'S RESPONSE TO INDEPENDENT COUNSEL'S INVESTIGATION

• Mr. JOHNSON. Mr. President, I rise to again express publicly my profound dismay and disappointment in President Clinton's personal behavior relative to the Monica Lewinsky affair. I cannot state in terms too strong the disapproval I feel. There can be no meaningful line of distinction between wrongful and immoral personal conduct on the part of the President and the expectations the American public rightfully has over his role as a public official. The President's conduct was wrong. The response of Congress must be deliberate and carefully consistent with the requirements of law and the Constitution, but at the very least, President Clinton owes the American citizenry an apology and good faith cooperation in bringing this sorry episode to an expeditious conclusion.•

TRIBUTE TO MAYOR JAMES FRANCIS "JIMMY" CRAWFORD

• Mr. SHELBY. Mr. President, I rise today to pay tribute to James Francis (Jimmy) Crawford, a tireless public servant, a prominent businessman, and a man whose deep religious convictions touched the lives of many. Jimmy Crawford was a lifelong resident of Abbeville, Alabama, and was serving his third consecutive term as mayor. His contributions to the city of Abbeville left an indelible mark in the memories of all who knew him. Jimmy passed away on Thursday morning, September 17, 1998 at the age of 58.

Throughout his life, Jimmy Crawford selflessly dedicated himself to the benefit of others and stood by his principles and ideals in an unwavering fashion. From his early youth, Jimmy demonstrated a considerable eagerness to help others. Growing up in Abbeville, Jimmy was active in the Boy Scouts of America, achieving the highest possible rank of Eagle Scout. After graduating from Abbeville High School in 1957, Jimmy attended school at Howard College, now Samford University. At Howard, Jimmy earned the distinction of being named in Who's Who Among American Colleges and Universities. These accomplishments served as a hint of the dedicated life which Jimmy would eventually lead.

Upon his return to Abbeville, Jimmy quickly became a respected and admired businessman in the community. His rental and finance firm provided the vehicle for Jimmy to help to organize and assist area businesses. He was the charter president of the Abbeville Jaycees, and was awarded the highest Jaycees honor by being named International Senator in 1975. Jimmy moved on to become the president of the Abbeville Chamber of Commerce in 1975 and 1976. During his tenure, the Chamber saw unprecedented growth and one of the largest memberships in the history of the organization. Jimmy was a member of the Abbeville Lions Club and a former member of the Abbeville Kiwanis Club. He also served for eight years on the Abbeville Recreation Board, two of those as chairman. No one would dispute the fact that he played a vital role in the development of these various organizations and the entire business community of Abbeville.

Jimmy also achieved notoriety with his impressive political achievements. He was first elected Mayor of Abbeville in 1988 and was currently serving in his third term. He was vice-president of the Board of Directors of the Southeast Alabama Regional Landfill Authority. He served dutifully on the Board of the Southeast Alabama Gas District for 10 years, taking the position of chairman in 1995. He was active in the Alabama League of Municipalities as a member of the Executive Committee, and achieved the high honor of being a certified municipal official. Jimmy was extremely proud of his accomplishments as Mayor, most recently working with my office to secure important transportation and downtown revitalization grants.

Remarkably, Jimmy's business and political successes did not take away from his other devotions. Jimmy was a man with unwavering religious beliefs that led to a life of teaching the word of God. He was a charter member of the Calvary Baptist Church of Abbeville, where he served for 36 years. During this time, Jimmy served in a variety of capacities for the Church, including the post of chairman of the deacons for four terms, as well as Sunday School superintendent and teacher. Along with these responsibilities, Jimmy was the founding director of the Abbeville Christian Academy and served on its Board of Directors for many years. During his time involved with the Calvary Baptist Church and the Abbeville Christian Academy, Jimmy had the opportunity to help shape the lives of the children whom he taught and provided them with a firm groundwork in morality and Christianity which will help to guide them through life.

From his youth, Jimmy was also an avid sports fan. Having played football for Coach Bobby Bowden at Howard College, his competitive spirit never faltered. He was a former coach of the Abbeville Christian Academy Pee Wee Generals, and freely gave of his time to coach various teams in the Abbeville Recreation Department. He also was an avid Auburn University fan, from where his two daughters, Lil and Fran, graduated.

James Francis "Jimmy" Crawford will be remembered as a devoted husband and father. He will be missed by all who knew him, especially his wife Jo Smith Crawford; his daughters Lillian Ella Crawford, of Birmingham; and Martha Frances Crawford, of Abbeville; and other relatives and many friends whose lives he touched.

I will truly miss Jimmy. His many accomplishments touched the lives of every citizen of Abbeville and beyond. He should be remembered as a man with great vision and leadership. My heart is with his family during this difficult time.•

NEBRASKA NUMBER ONE IN INTERNET ACCESS IN CLASSROOMS

• Mr. KERREY. Mr. President, earlier this year Nebraska was recognized (along with our friends from Michigan) for being the best college football team in the land. But yesterday brought even better news about a number one ranking for Nebraska.

As reported in the Omaha World-Herald, the Nebraska school system has been recognized in a recent national study as ranking first in the Nation

when it comes to teachers using the Internet in the classroom. Mr. President, I ask that the article, "Nebraska is Number One in Classroom Internet Use" by Melissa Matczak and Michael O'Connor be printed in the RECORD at the conclusion of my remarks.

The World-Herald reported that a study released yesterday by Education Week, a national education newspaper, says Nebraska has the highest percentage of schools where at least half of the teachers use the Internet for instruction.

I am not surprised by this ranking, and neither are Nebraska educators. In rural States, the Internet has become an indispensable educational tool for teachers and students. And for quite some time Nebraska has been at the forefront in connecting our classrooms to the Internet as well as in realizing the benefits of distance learning.

I offer my great congratulations to Nebraska educators and educational service units, Governor Nelson and the many State and local officials who made this possible. We should be very proud.

The article follows:

[From the World-Herald, Sept. 29, 1998]

NEBRASKA IS NUMBER ONE IN CLASSROOM INTERNET USE

(By Melissa Matczak and Michael O'Connor)

In a tiny school district in western Nebraska, students use the Internet to chat to children in Iceland, sharing stories on rural life.

Across the state in Omaha, middle-school students track space shuttles via the Internet.

In some Nebraska schools, using the Internet is becoming as common as flipping open a textbook. A national study recognizes that, ranking Nebraska No. 1 when it comes to teachers using the Internet in the classroom.

A report released Tuesday by Education Week, a national education newspaper, says Nebraska has the highest percentage of schools where at least half of the teachers use the Internet for instruction. Iowa ranks fourth in the report, tied with Minnesota.

Nebraska education officials say the results don't surprise them. In largely rural states, they say, the Internet is fast becoming an important classroom tool.

"It helps eat up the distance," said Jim Lukesh, a technology administrator with the Nebraska Department of Education. "We've got a lot of small schools that are going to be able to get things over the Internet that they wouldn't be able to get otherwise."

The report is based on a survey of predominantly public schools that rates each state on schoolchildren's access to computers and computer training available to teachers.

In 64 percent on Nebraska's schools, at least half of the teachers use the Internet for instruction, the highest percentage in the country.

In Iowa and Minnesota, the figure is 46 percent.

Nevada had the lowest ranking, 13 percent. Other states near the bottom were Alabama at 21 percent, Georgia at 22 and Louisiana and Florida at 23 percent.

Wayne Fisher, the Internet program specialist for the Nebraska Department of Education, said policy-makers have pushed for Internet access in the state's schools.

Lack of Internet training for teachers also had been a concern, but state education officials say gains have been made in that area.

Five years ago, about $500,000 was spent to train teachers from across the state on how to integrate the Internet into classroom lessons. The money came from a portion of a half-cent tax levied by educational service units.

About two years later, the Legislature passed a law requiring every school district to be hooked up to the Internet by the year 2000.

To help the districts pay for the technology, about $13 million was shifted from a school loan program to a school technology program. Schools used the money to pay for wiring their buildings for Internet use.

An $89 million bond issue approved last year is helping the Millard School District continue its push to increase Internet access.

The district plans to spend at least $4 million in bond money over the next five to six years to add Internet connections and purchase new computers. Classrooms now have at least one connection. The goal is to have four.

It's not just large districts such as the 18,800-student Millard school system that have made the Internet a priority.

The 1,400-student Seward School District west of Lincoln started increasing Internet access a few years ago. Now all but several classrooms are connected.

"We have a community that thinks it's very important," Superintendent Marshall Adams said. It's a tremendous teaching tool."

Fisher said the Internet allows students—especially those in rural isolated areas of the state-to branch out.

"Students and schools always struggle to learn beyond the walls of the classroom," he said.

Iowa's Internet push received a boost two years ago when the Legislature approved an education measure providing $30 million a year for five years for technology.

School districts receive funding based on enrollment. the money also can be used to train teachers in using the Internet and other technology.

"It's been a priority," said Klark Jessen, an Iowa Department of Education spokesman.•

TRIBUTE TO REVEREND SYLVESTER LAUDERMILL, JR.

• Mr. BOND. Mr. President, I rise today to pay tribute to The Reverend Sylvester Laudermill, Jr. for his dedication and service to Saint Peter's African Methodist Episcopal (A.M.E.) Church in St. Louis, Missouri. On Sunday, October 4, 1998, the St. Peter's A.M.E. Church will celebrate the good work of Reverend Sylvester Laudermill whose leadership has helped to bridge the gap between church and community.

Among several of the outstanding contributions of The Reverend is his musical talent. St. Peter's Inspirational Choir is one of the most sought after choirs and they have an annual touring schedule. Another outstanding aspect is the Reverend Laudermill's family-oriented approach to faith. He is an inspiration to the entire community.

I commend Reverend Laudermill for his spirit and energy throughout his many years of leadership and hope he continues to enrich the St. Louis community for years to come.•

1998 OCTOBER QUARTERLY REPORTS

The mailing and filing date of the October Quarterly Report required by the Federal Election Campaign Act, as amended is, Thursday, October 15, 1998. All Principal Campaign Committees supporting Senate candidates in the 1998 races must file their reports with the Senate Office of Public Records, 232 Hart Building, Washington, D.C. 20510–7116. You may wish to advise your campaign committee personnel of this requirement.

The Public Records Office will be open from 8:00 a.m. until 7:00 p.m. on October 15th, to receive these filings. For further information, please do not hesitate to contact the Office of Public Records on (202) 224–0322.

12 DAY PRE-GENERAL REPORTS

The filing date of the 12 Day Pre-General Report required by the Federal Election Campaign Act, as amended, is Thursday, October 22, 1998. The mailing date for the aforementioned report is Monday, October 19, 1998, if postmarked by registered or certified mail. If this report is transmitted in any other manner it must be received by the filing date. All Principal Campaign Committees supporting Senate candidates in the 1998 races must file their reports with the Senate Office of Public Records, 232 Hart Building, Washington, D.C. 20510–7116. You may wish to advise your campaign committee personnel of this requirement.

The Public Records Office will be open from 8:00 a.m. until 7:00 p.m. on Thursday, October 22, to receive these filings. For further information, please do not hesitate to contact the Office of Public Records on (202) 224–0322.

48 HOUR NOTIFICATIONS

The Office of Public Records will be open on three successive Saturdays and Sundays from 12:00 noon until 4:00 p.m. for the purpose of accepting 48 hour notifications of contributions required by the Federal Election Campaign Act, as amended. The dates are October 17th and 18th, October 24th and 25th, October 31st and November 1st. All principal campaign committees supporting Senate candidates in 1998 must notify the Secretary of the Senate regarding contributions of $1,000 or more if received after the 20th day, but more than 48 hours before the day of the general election. The 48 hour notifications may also be transmitted by facsimile machine. The Office of Public Records FAX number if (202) 224–1851.

REGISTRATION OF MASS MAILINGS

The filing date for 1998 third quarter mass mailings is October 26, 1998. If your office did no mass mailings during this period, please submit a form that states "none."

Mass mailings registrations, or negative reports, should be submitted to the Senate Office of Public Records, 232 Hart Building, Washington, D.C. 20510–7116.

The Public Records Office will be open from 8:00 a.m. to 6:00 p.m. on the filing date to accept these filings. For further information, please contact the Office of Public Records on (202) 224–0322.

WETLANDS WILDLIFE ENHANCEMENT ACT OF 1998

Mr. SHELBY. Mr. President, on behalf of the majority leader, I ask unanimous consent that the Senate now proceed to the consideration of S. 1677, as under the previously agreed unanimous consent.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1677) to reauthorize the North American Wetlands Conservation Act and the Partnerships for Wildlife Act.

There being no objection, the Senate proceed to consider the bill.

AMENDMENT NO. 3673

(Purpose: To designate a member of the North American Wetlands Conservation Council and to require the Secretary of the Interior to publish a policy for making certain appointments to the Council)

Mr. SHELBY. Mr. President, Senator CHAFEE has an amendment at the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alabama (Mr. SHELBY), for Mr. CHAFEE, proposes an amendment numbered 3673.

Mr. SHELBY. 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 2, after line 19, add the following:

SEC. 4. MEMBERSHIP OF THE NORTH AMERICAN WETLANDS CONSERVATION COUNCIL.

(a) IN GENERAL.—Notwithstanding section 4(a)(1)(D) of the North American Wetlands Conservation Act (16 U.S.C. 4403(a)(1)(D)), during the period of 1999 through 2002, the membership of the North American Wetlands Conservation Council under section 4(a)(1)(D) of that Act shall consist of—

(1) 1 individual who shall be the Group Manager for Conservation Programs of Ducks Unlimited, Inc. and who shall serve for 1 term of 3 years beginning in 1999; and

(2) 2 individuals who shall be appointed by the Secretary of the Interior in accordance with section 4 of that Act and who shall each represent a different organization described in section 4(a)(1)(D) of that Act.

(b) PUBLICATION OF POLICY.—Not later than June 30, 1999, the Secretary of the Interior shall publish in the Federal Register, after notice and opportunity for public comment, a policy for making appointments under section 4(a)(1)(D) of the North American Wetlands Conservation Act (16 U.S.C. 4403(a)(1)(D)).

Mr. CHAFEE. Mr. President, I am pleased to have an opportunity to talk about S. 1677, the Wetlands and Wildlife Enhancement Act of 1998. This bill will reauthorize the North American Wetlands Conservation Act (NAWCA)—a law that has played a central role in the conservation of wetlands habitat across the continent.

I am joined by 58 of my colleagues from 42 states in sponsoring S. 1677. There are 35 Republican cosponsors and 23 Democrat cosponsors. This tremendous showing of bipartisan support is a tribute to one of the great success stories in wildlife conservation. NAWCA has helped to bring about the recovery of more than 30 species of ducks, geese, and other waterfowl and migratory birds from their lowest population numbers just 12 years ago to some of their highest population numbers this year.

Why was NAWCA originally enacted? In the early 1980's, we were alarmed to discover that populations of duck and other waterfowl had plummeted precipitously. The numbers were stark: in only ten years, breeding populations of ducks fell an average of 31 percent, with some species declining by as much as 61 percent. This decline was due to several factors, including loss of habitat and an extended drought in many parts of the U.S.

In 1986, the U.S. and Canada worked cooperatively to develop the North American Waterfowl Management Plan. Mexico joined the plan in 1994, so that the entire continent now participates in this effort. The Plan established ambitious goals and innovative strategies for conserving waterfowl habitat.

Under the leadership of Senator George Mitchell, Congress approved NAWCA in 1989, primarily as a vehicle to implement the Plan. The law provides a permanent funding source for wetlands conservation projects, many of which fall under the auspices of the plan.

These sources include Federal appropriations, interest generated from short-term investments on the Pitman-Robertson Fund, money from the Wallop-Breaux Fund, and fines collected under the Migratory Bird Treaty Act. All told, NAWCA received $43 million this past year, of which $11.7 million was appropriated.

Since NAWCA's inception, 575 projects involving more than 800 partners have received $240 million in Federal funds under NAWCA, matched by more than $360 million in non-Federal funds. These projects have covered about 3.8 million acres throughout the continent.

These numbers are impressive, but in the scheme of things, NAWCA is a relatively modest law. Even so, it enjoys broad support. This is because, quite simply, NAWCA works. In fact, it works so well that it should serve as a model for other environmental laws. I would like to outline what I believe are the four components of its success—and thus, it popularity.

1. NAWCA focuses on habitat conservation as the key to saving species.

Ducks and other waterfowl are extraordinarily dependent on climate. They need wet weather to thrive. During years of drought, waterfowl populations dwindle. If their habitat vanishes as well, waterfowl populations do not stand a chance of rebounding when the rains return.

The beauty of NAWCA is that it seeks to protect the habitat itself, whether the waterfowl are there or not. That way, when the rains come and the waterfowl return, the habitat is waiting for them. Thus, habitat conservation is the means to achieve the end of waterfowl protection. If waterfowl—or any other creatures threatened with population decline or extinction—are going to survive, they must have available habitat capable of sustaining them.

In focusing on wetlands habitat, NAWCA reaches far beyond waterfowl species. Also sharing the same habitat are migratory birds, raptors, songbirds, shorebirds, and even black bears, otters, and other mammals. Among these species, the habitat is the common currency—protect the habitat and you protect all of them.

Professor E.O. Wilson has said,

When a natural ecosystem, say a forest remnant or a freshwater stream, is protected to save a particular species, an umbrella is thrown over hundreds or thousands of other species . . . [and,] the great panoply of lesser known, often unknown, and frequently invisible organisms are what sustain natural environments.

This is a basic principle of biology. However, NAWCA has transformed this principle into design. Let me read from the 1989 Senate Committee report on the original NAWCA:

One of the purposes of this legislation . . . is to broaden the focus of [the North American Waterfowl Management] Plan with respect to conservation of wetland ecosystems and the other migratory birds and other fish and wildlife dependent thereon.

This purpose was further reinforced in 1994, when the plan was amended to explicitly consider the needs of migratory birds when developing projects.

2. NAWCA makes use of coordinated, comprehensive, continent-wide planning to achieve its wetlands conservation goals.

It is important to protect habitat, but the key is knowing which land to protect. This is where the North American Waterfowl Management Plan

comes in. Without the Plan, NAWCA would be just another grants program, giving money to worthy projects for a worthy cause, but without any sense of the whole picture. The Plan identifies broad goals and strategies for recovering waterfowl populations across North America. Ten joint ventures across all four flyways have been formed to refine the goals and strategies for their specific regions. The joint ventures also coordinate projects to conserve wetlands.

Partnerships among Federal, State, conservation groups, and landowners—big or small—form to develop projects and submit proposals for Federal matching money under NAWCA. The proposals are then reviewed by the North American Wetlands Conservation Council, which makes recommendations to the Migratory Bird Conservation Commission, which then approves the funding. The Council consists of nine members, as follows: the Director of the Service; the Secretary of the Board for the National Fish and Wildlife Foundation; four directors of State and wildlife agencies, one from each of the four flyways; and three representatives of charitable and nonprofit organizations actively participating in wetlands conservation projects. The State agency directors and the representatives of charitable and nonprofit organizations are appointed by the Secretary for three-year terms.

Thus, the plan and act work in concert with one another, beginning with broad planning guidelines for the entire continent, and ending with individual projects for protecting and managing specific acres in our very communities.

A perfect example of this holistic approach is an initiative in the Mississippi Alluvial Valley, which stretches from the mouth of the Mississippi River up into Tennessee. This is where the cutting edge of conservation planning is taking place. Through modern satellite imagery and GIS technology, habitat types can be identified and mapped. This ecological mapping is then compared with land ownership, giving Federal, State, and local governments, as well as private owners, an idea of the most important lands to conserve. The result? Areas of habitat fragmentation can be pinpointed, and reforestation and wetlands restoration can be targeted to meet the needs of sensitive and declining species.

3. NAWCA relies on public-private partnerships to achieve its wetlands conservation goals.

The partners are a big reason for NAWCA's success. Instead of the heavy hand of government regulation, NAWCA's wetlands conservation goals are achieved by voluntary cooperative partnerships involving very diverse people and organizations—businesses, nonprofit environmental groups, hunters, farmers, state, tribal, and local governments, and of course the federal government. Under the auspices of NAWCA, people and groups with widely divergent, often opposing points of view have found common ground in wetlands. The kind of cooperation that NAWCA has engendered is heartening indeed. Through this work to achieve the goals of the plan, a broad array of people have had the opportunity to develop a deep and abiding appreciation of wetlands and the need to protect them.

None has contributed to the program more than Ducks Unlimited, nor has anyone been more vital to its success. That organization alone has contributed in total about $20 million to the projects in the U.S., and about another $60 million to projects in Canada and Mexico. The Nature Conservancy has also been a tremendous supporter of the program, contributing $17 million to projects in the U.S. and another $4 million to projects in Canada. However, these groups do more than raise money. They educate landowners, coordinate partnerships, and give the program the exposure it deserves. Because DU plays such an important role, we are amending S. 1677 to place them on the Council for one additional term of 3 years, while at the same time requiring the Service to develop a policy, subject to notice and comment rulemaking procedures, to develop a fair and formal process for making future appointments to the Council. I expect the Service to balance the policy between groups such as DU and TNC, whose support is invaluable, and between other groups that might be smaller but who bring new ideas and new forms of participation to the program.

NAWCA has also reached out to private landowners across the continent—small, family owned farms, large developers, and private individuals. In my own State of Rhode Island, it is private individuals who have made the difference for some of the best remaining waterfowl habitat in the state, in conjunction with The Nature Conservancy and State and Federal government agencies. We have a phased restoration in progress to rectify years of damage as a result of dredge spoil deposited along a tidal channel, poorly planned road construction, and a recent oil spill. In Phase I of the South Shore Habitat Protection project, Mr. Oliver Hazard donated an 80 acre tract of land to The Nature Conservancy valued at $900,000. In Phase II, William Viall donated 110 acres valued at $640,000 to the town of North Kingston.

On the opposite side of the continent, it was a partnership among two State agencies, the Metropolitan Services District of Portland, several national and local conservation groups, and a local dairy farmer, E.F. Steinborn, who collaborated to restore 500 acress within the Tualatin River Floodplain near Portland, Oregon. The project converted a large dairy farm to seasonal and permanent wetlands providing habitat for thousands of waterfowl, shorebirds, and songbirds, complementing wetlands on the adjacent refuge. The project—located on the outskirts of Portland—is a wonderful example of how we can reclaim lands for conservation before they get swallowed up by urban expansion.

Another example is an area in Swan Lake basin, located in a wildlife refuge in the San Joaquin valley of California. Swan Lake basin was a dry channeled area, but with NAWCA funds and four months of restoration work it has been transformed into a lake with free-flowing drainage. The area now provides nesting and resting groups for hundreds of white pelicans, as well as double-crested comorants, grebes, 8,000 canvasback ducks, 6,000 northern shovelers, and 40,000 gadwalls.

The benefits of these partnerships go far beyond specific projects, however. They facilitate the flow of ideas and innovations across borders. Only in the last decade, for example, has Canada begun to use conservation easements and servitudes to protect land from development. Legislation within the provinces has been enacted to broaden the use of this valuable tool for conservation. It is without doubt that the partnerships under NAWCA have stimulated this awareness and can take part of the credit for these new developments in Canada.

Here is a case where the United States, Canada and Mexico have come together to identify a common need. Consider just one NAWCA site in Quill Lake, Canada. Banding data reveal that waterfowl using that site have visited other NAWCA sites, represented by the blue circles, all across the continent. Imagine the synergies of all NAWCA projects helping each other. And, by enacting NAWCA, the United States has lead the way in providing a reliable funding structure to address it. We have been able to turn good international intentions into superlative international action.

4. NAWCA leverages federal dollars with private funds for wetlands conservation.

We all know how tight the federal budget is. Innovative funding mechanisms are the best hope for ensuring the viability of important environmental programs. The North American Wetlands Conservation Fund, which was established by NAWCA, provides grant money with a matching requirement to leverage each federal dollar. In fact, the ratio of NAWCA funds to contributions from other partners usually approaches 1:2.

Now let me inject a word of caution. We cannot afford complacency. NAWCA has been a success, but part of

the credit for the recovery of waterfowl species has to go to the heavy rains we've had in the past few years. This year is drier than it has been in the past. Already, duck counts are leveling off. In drier conditions, the need to conserve duck habitat is ever more urgent.

And this urgent need to conserve wetlands is in direct competition with severe development pressures on wetlands. By the year 2020, more than half of the U.S. population will live in coastal plains. Laws like NAWCA will become ever more important in protecting these fragile areas.

The proper tribute to the success of NAWCA is to let it inspire us to do more. Let us reauthorize this fine bill. Let us ensure it is adequately funded. Let us support the other important laws that protect wetlands—such as Swampbuster and Section 404 of the Clean Water Act. And most of all, let us build on the strengths of NAWCA in all our environmental protection endeavors. Again, those strengths are:

1. Focus on conserving habitat.
2. Use a comprehensive plan—continent-wide, if possible.
3. Rely on public-private partnerships—both national and international.
4. Leverage federal dollars with private funds.

I exhort my colleagues to support S. 1677, and reauthorize the very worthy North American Wetlands Conservation Act. I thank the Chair.

Mr. SHELBY. Mr. President, I ask unanimous consent that the amendment be agreed to, that all time be yielded and the bill be read a third time, and passed, with the motion to reconsider laid upon the table.

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

The amendment (No. 3673) was agreed to.

The bill (S. 1677), as amended, was passed, as follows:

S. 1677

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 "Wetlands and Wildlife Enhancement Act of 1998".

SEC. 2. REAUTHORIZATION OF NORTH AMERICAN WETLANDS CONSERVATION ACT.

Section 7(c) of the North American Wetlands Conservation Act (16 U.S.C. 4406(c)) is amended by striking "not to exceed" and all that follows and inserting "not to exceed $30,000,000 for each of fiscal years 1999 through 2003.".

SEC. 3. REAUTHORIZATION OF PARTNERSHIPS FOR WILDLIFE ACT.

Section 7105(h) of the Partnerships for Wildlife Act (16 U.S.C. 3744(h)) is amended by striking "for each of fiscal years" and all that follows and inserting "not to exceed $6,250,000 for each of fiscal years 1999 through 2003.".

SEC. 4. MEMBERSHIP OF THE NORTH AMERICAN WETLANDS CONSERVATION COUNCIL.

(a) IN GENERAL.—Notwithstanding section 4(a)(1)(D) of the North American Wetlands Conservation Act (16 U.S.C. 4403(a)(1)(D)), during the period of 1999 through 2002, the membership of the North American Wetlands Conservation Council under section 4(a)(1)(D) of that Act shall consist of—

(1) 1 individual who shall be the Group Manager for Conservation Programs of Ducks Unlimited, Inc. and who shall serve for 1 term of 3 years beginning in 1999; and

(2) 2 individuals who shall be appointed by the Secretary of the Interior in accordance with section 4 of that Act and who shall each represent a different organization described in section 4(a)(1)(D) of that Act.

(b) PUBLICATION OF POLICY.—Not later than June 30, 1999, the Secretary of the Interior shall publish in the Federal Register, after notice and opportunity for public comment, a policy for making appointments under section 4(a)(1)(D) of the North American Wetlands Conservation Act (16 U.S.C. 4403(a)(1)(D)).

FEDERAL EMPLOYEES HEALTH CARE PROTECTION ACT OF 1998

Mr. SHELBY. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 484, H.R. 1836.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 1836) to amend chapter 89, title 5, United States Code, to improve administration of sanctions against unfit health care providers under the Federal Employees Health Benefits Program, and for other purposes.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Governmental Affairs, with amendments; as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in italic.)

H.R. 1836

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 "Federal Employees Health Care Protection Act of **[1997]** *1998*".

SEC. 2. DEBARMENT AND OTHER SANCTIONS.

(a) AMENDMENTS.—Section 8902a of title 5, United States Code, is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking "and" at the end of subparagraph (B);

(ii) by striking the period at the end of subparagraph (C) and inserting "; and"; and

(iii) by adding at the end the following:

"(D) the term 'should know' means that a person, with respect to information, acts in deliberate ignorance of, or in reckless disregard of, the truth or falsity of the information, and no proof of specific intent to defraud is required;"; and

(B) in paragraph (2)(A), by striking "subsection (b) or (c)" and inserting "subsection (b), (c), or (d)";

(2) in subsection (b)—

(A) by striking "The Office of Personnel Management may bar" and inserting "The Office of Personnel Management shall bar"; and

(B) by amending paragraph (5) to read as follows:

"(5) Any provider that is currently debarred, suspended, or otherwise excluded from any procurement or nonprocurement activity (within the meaning of section 2455 of the Federal Acquisition Streamlining Act of 1994).";

(3) by redesignating subsections (c) through (i) as subsections (d) through (j), respectively, and by inserting after subsection (b) the following:

"(c) The Office may bar the following providers of health care services from participating in the program under this chapter:

"(1) Any provider—

"(A) whose license to provide health care services or supplies has been revoked, suspended, restricted, or not renewed, by a State licensing authority for reasons relating to the provider's professional competence, professional performance, or financial integrity; or

"(B) that surrendered such a license while a formal disciplinary proceeding was pending before such an authority, if the proceeding concerned the provider's professional competence, professional performance, or financial integrity.

"(2) Any provider that is an entity directly or indirectly owned, or with a control interest of 5 percent or more held, by an individual who has been convicted of any offense described in subsection (b), against whom a civil monetary penalty has been assessed under subsection (d), or who has been debarred from participation under this chapter.

"(3) Any individual who directly or indirectly owns or has a control interest in a sanctioned entity and who knows or should know of the action constituting the basis for the entity's conviction of any offense described in subsection (b), assessment with a civil monetary penalty under subsection (d), or debarment from participation under this chapter.

"(4) Any provider that the Office determines, in connection with claims presented under this chapter, has charged for health care services or supplies in an amount substantially in excess of such provider's customary charge for such services or supplies (unless the Office finds there is good cause for such charge), or charged for health care services or supplies which are substantially in excess of the needs of the covered individual or which are of a quality that fails to meet professionally recognized standards for such services or supplies.

"(5) Any provider that the Office determines has committed acts described in subsection (d).

Any determination under paragraph (4) relating to whether a charge for health care services or supplies is substantially in excess of the needs of the covered individual shall be made by trained reviewers based on written medical protocols developed by physicians. In the event such a determination cannot be made based on such protocols, a physician in an appropriate specialty shall be consulted.";

(4) in subsection (d) (as so redesignated by paragraph (3)) by amending paragraph (1) to read as follows:

"(1) in connection with claims presented under this chapter, that a provider has charged for a health care service or supply which the provider knows or should have known involves—

"(A) an item or service not provided as claimed,

"(B) charges in violation of applicable charge limitations under section 8904(b), or

"(C) an item or service furnished during a period in which the provider was debarred from participation under this chapter pursuant to a determination by the Office under this section, other than as permitted under subsection (g)(2)(B);";

(5) in subsection (f) (as so redesignated by paragraph (3)) by inserting after "under this section" the first place it appears the following: "(where such debarment is not mandatory)";

(6) in subsection (g) (as so redesignated by paragraph (3))—

(A) by striking "(g)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(g)(1)(A) Except as provided in subparagraph (B), debarment of a provider under subsection (b) or (c) shall be effective at such time and upon such reasonable notice to such provider, and to carriers and covered individuals, as shall be specified in regulations prescribed by the Office. Any such provider that is debarred from participation may request a hearing in accordance with subsection (h)(1).

"(B) Unless the Office determines that the health or safety of individuals receiving health care services warrants an earlier effective date, the Office shall not make a determination adverse to a provider under subsection (c)(5) or (d) until such provider has been given reasonable notice and an opportunity for the determination to be made after a hearing as provided in accordance with subsection (h)(1).";

(B) in paragraph (3)—

(i) by inserting "of debarment" after "notice"; and

(ii) by adding at the end the following: "In the case of a debarment under paragraph (1), (2), (3), or (4) of subsection (b), the minimum period of debarment shall not be less than 3 years, except as provided in paragraph (4)(B)(ii).";

(C) in paragraph (4)(B)(i)(I) by striking "subsection (b) or (c)" and inserting "subsection (b), (c), or (d)"; and

(D) by striking paragraph (6);

(7) in subsection (h) (as so redesignated by paragraph (3)) by striking "(h)(1)" and all that follows through the end of paragraph (2) and inserting the following:

"(h)(1) Any provider of health care services or supplies that is the subject of an adverse determination by the Office under this section shall be entitled to reasonable notice and an opportunity to request a hearing of record, and to judicial review as provided in this subsection after the Office renders a final decision. The Office shall grant a request for a hearing upon a showing that due process rights have not previously been afforded with respect to any finding of fact which is relied upon as a cause for an adverse determination under this section. Such hearing shall be conducted without regard to subchapter II of chapter 5 and chapter 7 of this title by a hearing officer who shall be designated by the Director of the Office and who shall not otherwise have been involved in the adverse determination being appealed. A request for a hearing under this subsection shall be filed within such period and in accordance with such procedures as the Office shall prescribe by regulation.

"(2) Any provider adversely affected by a final decision under paragraph (1) made after a hearing to which such provider was a party may seek review of such decision in the United States District Court for the District of Columbia or for the district in which the plaintiff resides or has his or her principal place of business by filing a notice of appeal in such court within 60 days after the date the decision is issued, and by simultaneously sending copies of such notice by certified mail to the Director of the Office and to the Attorney General. In answer to the appeal, the Director of the Office shall promptly file in such court a certified copy of the transcript of the record, if the Office conducted a hearing, and other evidence upon which the findings and decision complained of are based. The court shall have power to enter, upon the pleadings and evidence of record, a judgment affirming, modifying, or setting aside, in whole or in part, the decision of the Office, with or without remanding the case for a rehearing. The district court shall not set aside or remand the decision of the Office unless there is not substantial evidence on the record, taken as whole, to support the findings by the Office of a cause for action under this section or unless action taken by the Office constitutes an abuse of discretion."; and

(8) in subsection (i) (as so redesignated by paragraph (3))—

(A) by striking "subsection (c)" and inserting "subsection (d)"; and

(B) by adding at the end the following:

"The amount of a penalty or assessment as finally determined by the Office, or other amount the Office may agree to in compromise, may be deducted from any sum then or later owing by the United States to the party against whom the penalty or assessment has been levied.".

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) EXCEPTIONS.—(A) Paragraphs (2), (3), and (5) of section 8902a(c) of title 5, United States Code, as amended by subsection (a)(3), shall apply only to the extent that the misconduct which is the basis for debarment under such paragraph (2), (3), or (5), as applicable, occurs after the date of the enactment of this Act.

(B) Paragraph (1)(B) of section 8902a(d) of title 5, United States Code, as amended by subsection (a)(4), shall apply only with respect to charges which violate section 8904(b) of such title for items or services furnished after the date of the enactment of this Act.

(C) Paragraph (3) of section 8902a(g) of title 5, United States Code, as amended by subsection (a)(6)(B), shall apply only with respect to debarments based on convictions occurring after the date of the enactment of this Act.

SEC. 3. MISCELLANEOUS AMENDMENTS RELATING TO THE HEALTH BENEFITS PROGRAM FOR FEDERAL EMPLOYEES.

(a) DEFINITION OF A CARRIER.—Paragraph (7) of section 8901 of title 5, United States Code, is amended by striking "organization;" and inserting "organization and an association of organizations or other entities described in this paragraph sponsoring a health benefits plan;".

(b) SERVICE BENEFIT PLAN.—Paragraph (1) of section 8903 of title 5, United States Code, is amended by striking "plan," and inserting "plan, which may be underwritten by participating affiliates licensed in any number of States,".

(c) PREEMPTION.—Section 8902(m) of title 5, United States Code, is amended by striking "(m)(1)" and all that follows through the end of paragraph (1) and inserting the following:

"(m)(1) The terms of any contract under this chapter which relate to the nature, provision, or extent of coverage or benefits (including payments with respect to benefits) shall supersede and preempt any State or local law, or any regulation issued thereunder, which relates to health insurance or plans.".

SEC. 4. CONTINUED HEALTH INSURANCE COVERAGE FOR CERTAIN INDIVIDUALS.

(a) ENROLLMENT IN CHAPTER 89 PLAN.—For purposes of chapter 89 of title 5, United States Code, any period of enrollment—

(1) in a health benefits plan administered by the Federal Deposit Insurance Corporation before the termination of such plan on [January 3, 1998] *or before January 2, 1999*, or

(2) subject to subsection (c), in a health benefits plan (not under chapter 89 of such title) with respect to which the eligibility of any employees or retired employees of the Board of Governors of the Federal Reserve System terminates on [January 3, 1998] *or before January 2, 1999*,

shall be deemed to be a period of enrollment in a health benefits plan under chapter 89 of such title.

(b) CONTINUED COVERAGE.—(1) Subject to subsection (c), any individual who, on [January 3, 1998] *or before January 2, 1999*, is enrolled in a health benefits plan described in subsection (a)(1) or (2) may enroll in an approved health benefits plan under chapter 89 of title 5, United States Code, either as an individual or for self and family, if, after taking into account the provisions of subsection (a), such individual—

(A) meets the requirements of such chapter for eligibility to become so enrolled as an employee, annuitant, or former spouse (within the meaning of such chapter); or

(B) would meet those requirements if, to the extent such requirements involve either retirement system under such title 5, such individual satisfies similar requirements or provisions of the Retirement Plan for Employees of the Federal Reserve System.

Any determination under subparagraph (B) shall be made under guidelines which the Office of Personnel Management shall establish in consultation with the Board of Governors of the Federal Reserve System.

(2) Subject to subsection (c), any individual who, on [January 3, 1998] *or before January 2, 1999*, is entitled to continued coverage under a health benefits plan described in subsection (a)(1) or (2) shall be deemed to be entitled to continued coverage under section 8905a of title 5, United States Code, but only for the same remaining period as would have been allowable under the health benefits plan in which such individual was enrolled on [January 3, 1998] *or before January 2, 1999*, if—

(A) such individual had remained enrolled in such plan; and

(B) such plan did not terminate, or the eligibility of such individual with respect to such plan did not terminate, as described in subsection (a).

(3) Subject to subsection (c), any individual (other than an individual under paragraph (2)) who, on [January 3, 1998] *or before January 2, 1999*, is covered under a health benefits plan described in subsection (a)(1) or (2) as an unmarried dependent child, but who does not then qualify for coverage under chapter 89 of title 5, United States Code, as a family member (within the meaning of such chapter) shall be deemed to be entitled to continued coverage under section 8905a of such title, to the same extent and in the same manner as if such individual had, on [January 3, 1998] *or before January 2, 1999*, ceased to meet the requirements for being considered an unmarried dependent child of an enrollee under such chapter.

(4) Coverage under chapter 89 of title 5, United States Code, pursuant to an enrollment under this section shall become effective on [January 4, 1998] *January 3, 1999 or such earlier date as established by the Office of Personnel Management after consultation with the Federal Deposit Insurance Corporation or the Board of Governors of the Federal Reserve System, as appropriate.*

(c) ELIGIBILITY FOR FEHBP LIMITED TO INDIVIDUALS LOSING ELIGIBILITY UNDER FORMER HEALTH PLAN.—Nothing in subsection (a)(2) or any paragraph of subsection (b) (to the extent such paragraph relates to the plan described in subsection (a)(2)) shall be considered to apply with respect to any individual whose eligibility for coverage under such plan does not involuntarily terminate on [January 3, 1998] *or before January 2, 1999.*

(d) TRANSFERS TO THE EMPLOYEES HEALTH BENEFITS FUND.—The Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System shall transfer to the Employees Health Benefits Fund under section 8909 of title 5, United States Code, amounts determined by the Director of the Office of Personnel Management, after consultation with the Federal Deposit Insurance Corporation and the Board of Governors of the Federal Reserve System, to be necessary to reimburse the Fund for the cost of providing benefits under this section not otherwise paid for by the individuals covered by this section. The amounts so transferred shall be held in the Fund and used by the Office *of Personnel Management* in addition to amounts available under section 8906(g)(1) of such title.

(e) ADMINISTRATION AND REGULATIONS.—The Office of Personnel Management—

(1) shall administer the provisions of this section to provide for—

(A) a period of notice and open enrollment for individuals affected by this section; and

(B) no lapse of health coverage for individuals who enroll in a health benefits plan under chapter 89 of title 5, United States Code, in accordance with this section; and

(2) may prescribe regulations to implement this section.

SEC. 5. FULL DISCLOSURE IN HEALTH PLAN CONTRACTS.

The Office of Personnel Management shall encourage carriers offering health benefits plans described by section 8903 or section 8903a of title 5, United States Code, with respect to contractual arrangements made by such carriers with any person for purposes of obtaining discounts from providers for health care services or supplies furnished to individuals enrolled in such plan, to seek assurance that the conditions for such discounts are fully disclosed to the providers who grant them.

SEC. 6. PROVISIONS RELATING TO CERTAIN PLANS THAT HAVE DISCONTINUED THEIR PARTICIPATION IN FEHBP.

(a) AUTHORITY TO READMIT.—

(1) IN GENERAL.—Chapter 89 of title 5, United States Code, is amended by inserting after section 8903a the following:

"§ 8903b. Authority to readmit an employee organization plan

"(a) In the event that a plan described by section 8903(3) or 8903a is discontinued under this chapter (other than in the circumstance described in section 8909(d)), that discontinuation shall be disregarded, for purposes of any determination as to that plan's eligibility to be considered an approved plan under this chapter, but only for purposes of any contract year later than the third contract year beginning after such plan is so discontinued.

"(b) A contract for a plan approved under this section shall require the carrier—

"(1) to demonstrate experience in service delivery within a managed care system (including provider networks) throughout the United States; and

"(2) if the carrier involved would not otherwise be subject to the requirement set forth in section 8903a(c)(1), to satisfy such requirement.".

(2) CONFORMING AMENDMENT.—The analysis for chapter 89 of title 5, United States Code, is amended by inserting after the item relating to section 8903a the following:

"8903b. Authority to readmit an employee organization plan.".

(3) APPLICABILITY.—

(A) IN GENERAL.—The amendments made by this subsection shall apply as of the date of enactment of this Act, including with respect to any plan which has been discontinued as of such date.

(B) TRANSITION RULE.—For purposes of applying section 8903b(a) of title 5, United States Code (as amended by this subsection) with respect to any plan seeking to be readmitted for purposes of any contract year beginning before January 1, 2000, such section shall be applied by substituting "second contract year" for "third contract year".

(b) TREATMENT OF THE CONTINGENCY RESERVE OF A DISCONTINUED PLAN.—

(1) IN GENERAL.—Subsection (e) of section 8909 of title 5, United States Code, is amended by striking "(e)" and inserting "(e)(1)" and by adding at the end the following:

"(2) Any crediting required under paragraph (1) pursuant to the discontinuation of any plan under this chapter shall be completed by the end of the second contract year beginning after such plan is so discontinued.

"(3) The Office shall prescribe regulations in accordance with which this subsection shall be applied in the case of any plan which is discontinued before being credited with the full amount to which it would otherwise be entitled based on the discontinuation of any other plan.".

(2) TRANSITION RULE.—In the case of any amounts remaining as of the date of enactment of this Act in the contingency reserve of a discontinued plan, such amounts shall be disposed of in accordance with section 8909(e) of title 5, United States Code, as amended by this subsection, by—

(A) the deadline set forth in section 8909(e) of such title (as so amended); or

(B) if later, the end of the 6-month period beginning on such date of enactment.

SEC. 7. MAXIMUM PHYSICIANS COMPARABILITY ALLOWANCE PAYABLE.

(a) IN GENERAL.—Paragraph (2) of section 5948(a) of title 5, United States Code, is amended by striking "$20,000" and inserting "$30,000".

(b) AUTHORITY TO MODIFY EXISTING AGREEMENTS.—

(1) IN GENERAL.—Any service agreement under section 5948 of title 5, United States Code, which is in effect on the date of enactment of this Act may, with respect to any period of service remaining in such agreement, be modified based on the amendment made by subsection (a).

(2) LIMITATION.—A modification taking effect under this subsection in any year shall not cause an allowance to be increased to a rate which, if applied throughout such year, would cause the limitation under section 5948(a)(2) of such title (as amended by this section), or any other applicable limitation, to be exceeded.

(c) RULE OF CONSTRUCTION.—Nothing in this section shall be considered to authorize additional or supplemental appropriations for the fiscal year in which occurs the date of enactment of this Act.

SEC. 8. CLARIFICATION RELATING TO SECTION 8902(k).

Section 8902(k) of title 5, United States Code, is amended—

(1) by redesignating paragraph (2) as paragraph (3); and

(2) by inserting after paragraph (1) the following:

"(2) Nothing in this subsection shall be considered to preclude a health benefits plan from providing direct access or direct payment or reimbursement to a provider in a health care practice or profession other than a practice or profession listed in paragraph (1), if such provider is licensed or certified as such under Federal or State law.".

Mr. DASCHLE. Mr. President, I would like to enter into a colloquy with Senators HARKIN, COCHRAN, and THOMPSON concerning the treatment of audiological services under the Federal Employee health Benefits Program, or FEHBP.

According to the American Academy of Audiology, hearing loss affects approximately 28 million people in the United States today (about 1 out of every 10 people), and this number is growing as our population ages.

This is a matter on which Senator HARKIN and I, and also Senator COCHRAN, have worked for a number of years. It raises significant issues concerning the quality and cost-effectiveness of our hearing care and rehabilitation system, and indeed our entire health care system, and I hope this body soon will consider these issues fully.

Section 8 of H.R. 1836 is intended to make clear that FEHBP plans can authorize direct services by, and direct reimbursement to audiologists and other licensed health professionals. I believe the Office of Personnel Management (OPM) should make it clear in their next call letter that audiology services provided directly by an audiologist can be covered.

Mr. HARKIN. Mr. President, I want to thank the Senator from South Dakota. This an important issue. Audiologic services are critical in the diagnosis and management of hearing loss. I am concerned that under FEHBP, an efficient and effective avenue to appropriate care is unavailable because FEHBP law does not explicitly identify the option of direct access to audiologists.

Senator COCHRAN introduced, and I supported, along with Senator FRIST and PRYOR, legislation in the 104th Congress to ensure that FEHBP beneficiaries who require audiological services would have the option of direct access to them.

Earlier this year, I received a letter from Kenneth W. Kizer, M.D., Under Secretary for Health with the Department of Veterans Affairs. In 1992, the VA instituted a policy allowing veterans who suspect a hearing loss to make appointments directly with an

audiologist. According to Dr. Kizer, "The VA experience suggests that providing direct access to audiologists for civilian federal employees will result in high quality hearing care and reduce the cost of services."

We are not talking about mandating additional benefits. In addition, I believe it would be advisable to add provider non-discrimination assurances to FEHBP plans.

Of course, these matters involve a number of complicated issues, and to this point, the Governmental Affairs Committee has been unable to hold hearings to consider those issues. I would appreciate hearing Senator COCHRAN's and Senator THOMPSON's sense of what can be done, in this Congress or the next, to ensure that those issues are fully considered.

Mr. COCHRAN. Mr. President, as noted by the Senator from Iowa, I supported legislation in the last Congress to address this problem, and I remain committed to ensuring that FEHBP beneficiaries receive quality, cost-effective, hearing care coverage.

As he also noted, there are a number of medical, insurance and public policy issues involved, All these issues need to be considered, as well as the concerns of all members of the hearing health care team, including the Audiologists, the American Academy of Otolaryngology-Head and Neck Surgery and the International Hearing Society.

Whether in this Congress, or the next, I am committed to doing what is necessary to enable this body to understand these issues, and to determine the best way to address them, for the benefit of children and others, who need hearing health services.

Mr. THOMPSON. Mr. President, I appreciate Senator COCHRAN's comments. I am confident my colleagues will agree that any changes to the FEHBP need to be considered carefully through the legislative process in order to ensure the integrity of the program, preservation of choice for enrollees, and competition among plans. Toward that end, I look forward to Senator DASCHLE and Senator HARKIN joining Senator COCHRAN and me in supporting passage of H.R. 1836.

Mr. DASCHLE. Mr. President, I would like to thank my colleagues for this colloquy.

Mr. SHELBY. I ask unanimous consent that the committee amendment be agreed to, the bill be considered read a third time and passed, the motion to reconsider be laid upon the table, and that any statement relating to the bill be printed in the RECORD.

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

The committee amendment was agreed to.

The bill (H.R. 1836), as amended, was considered read the third time and passed.

RICHARD C. LEE UNITED STATES COURTHOUSE

Mr. SHELBY. Mr. President, I ask the Chair lay before the Senate a message from the House of Representatives on the bill (S. 1355) to designate the United States courthouse located at 141 Church Street in New Haven, Connecticut, as the "Richard C. Lee United States Courthouse."

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1355) entitled "An Act to designate the United States courthouse located in New Haven, Connecticut, as the "Richard C. Lee United States Courthouse", do pass with the following amendments:

Strike out all after the enacting clause and insert:

SECTION 1. DESIGNATION.

The United States courthouse located at 141 Church Street in New Haven, Connecticut, shall be known and designated as the "Richard C. Lee United States Courthouse".

SEC. 2. REFERENCES.

Any reference in a law, map, regulation, document, paper, or other record of the United States to the United States courthouse referred to in section 1 shall be deemed to be a reference to the "Richard C. Lee United States Courthouse".

Amend the title so as to read: "An Act to designate the United States courthouse located at 141 Church Street in New Haven, Connecticut, as the 'Richard C. Lee United States Courthouse'.".

Mr. SHELBY. Mr. President, I ask unanimous consent that the Senate concur in the amendments to the House.

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

VETERANS' COMPENSATION COST-OF-LIVING ADJUSTMENT ACT OF 1998

Mr. SHELBY. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Calendar No. 593, S. 2273.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 2273) to increase, effective as of December 1, 1998, the rates of disability compensation for veterans with service-connected disabilities, and the rates of dependency and indemnity compensation for survivors of certain service-connected disabled veterans, and for other purposes.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Veterans' Affairs, with an amendment; as follows:

(The part of the bill intended to be stricken are shown in boldface brackets and the part of the bill intended to be inserted are shown in italic.)

S. 2273

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 "Veterans' Compensation Cost-of-Living Adjustment Act of 1998".

SEC. 2. INCREASE IN COMPENSATION RATES AND LIMITATIONS.

(a) IN GENERAL.—(1) The Secretary of Veterans Affairs shall, as provided in paragraph (2), increase, effective December 1, 1998, the rates of and limitations on Department of Veterans Affairs disability compensation and dependency and indemnity compensation.

(2) The Secretary shall increase each of the rates and limitations in sections 1114, 1115(1), 1162, 1311, 1313, and 1314 of title 38, United States Code, that were increased by the amendments made by the Veterans' Compensation Rate Amendments of 1997 (Public Law 105–98; 111 Stat. 2155). This increase shall be made in such rates and limitations as in effect on November 30, 1998, and shall be by the same percentage that benefit amounts payable under title II of the Social Security Act (42 U.S.C. 401 et seq.) are increased effective December 1, 1998, as a result of a determination under section 215(i) of such Act (42 U.S.C. 415(i)).

(3) In the computation of increased dollar amounts pursuant to paragraph (2), any amount which as so computed is not an even multiple of $1 shall be rounded to the next lower whole dollar amount.

(b) SPECIAL RULE.—The Secretary may adjust administratively, consistent with the increases made under subsection (a), the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85–857 (72 Stat. 1263) who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

(c) PUBLICATION REQUIREMENT.—At the same time as the matters specified in section 215(i)(2)(D) of the Social Security Act (42 U.S.C. 415(i)(2)(D)) are required to be published by reason of a determination made under section 215(i) of such Act during fiscal year **[1998]** *1999*, the Secretary shall publish in the Federal Register the rates and limitations referred to in subsection (a)(2) as increased under this section.

Mr. SHELBY. Mr. President, I ask unanimous consent that the committee amendment be agreed to, the bill be considered read a third time, and the Veterans' Affairs Committee then be discharged from further consideration of H.R. 4110, and that the Senate then proceed to its consideration. I further ask unanimous consent that all after the enacting clause be stricken and the text of S. 2273, as amended, be inserted in lieu thereof, the bill be read a third time and passed, the motion to reconsider be laid upon the table, and that any statement relating to the bill be printed in the RECORD.

I finally ask that S. 2273 be placed back on the calendar.

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

The bill (H.R. 4110), as amended, was read for a third time and passed.

YEAR 2000 READINESS AND SMALL BUSINESS PROGRAMS RESTRUCTURING AND REFORM ACT OF 1998

Mr. SHELBY. Mr. President, I ask unanimous consent that the Senate

now proceed to the consideration of Calendar No. 645, H.R. 3412.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 3412) to amend and make technical corrections in title III of the Small Business Investment Act.

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Small Business, with an amendment to strike all after the enacting clause and inserting in lieu thereof the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Year 2000 Readiness and Small Business Programs Restructuring and Reform Act of 1998".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—SMALL BUSINESS YEAR 2000 READINESS

Sec. 101. Findings.
Sec. 102. Year 2000 computer problem loan guarantee program.
Sec. 103. Pilot program requirements.
Sec. 104. Section 7(a) loan program.

TITLE II—SMALL BUSINESS PROGRAM RESTRUCTURING AND REFORM

Sec. 201. Women's business center program.
Sec. 202. SBIR program.
Sec. 203. SBIC program.
Sec. 204. Certified development company program.
Sec. 205. Small business Federal contract set-asides.
Sec. 206. Assistance for veterans.
Sec. 207. Section 7(a) loan program.
Sec. 208. Disaster mitigation pilot program.
Sec. 209. Microloan program.
Sec. 210. Real estate appraisals.
Sec. 211. Community development venture capital demonstration program.
Sec. 212. Technical amendments.

TITLE III—SMALL BUSINESS ENVIRONMENTAL ASSISTANCE PILOT PROGRAM

Sec. 301. Pilot program.

TITLE I—SMALL BUSINESS YEAR 2000 READINESS

SEC. 101. FINDINGS.

Congress finds that—

(1) the failure of many computer programs to recognize the Year 2000 will have extreme negative financial consequences in the Year 2000 and in subsequent years for both large and small businesses;

(2) small businesses are well behind larger businesses in implementing corrective changes to their automated systems—85 percent of businesses with 200 employees or less have not commenced inventorying the changes they must make to their automated systems to avoid Year 2000 problems;

(3) many small businesses do not have access to capital to fix mission critical automated systems; and

(4) the failure of a large number of small businesses will have a highly detrimental effect on the economy in the Year 2000 and in subsequent years.

SEC. 102. YEAR 2000 COMPUTER PROBLEM LOAN GUARANTEE PROGRAM.

(a) PROGRAM ESTABLISHED.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following:

"(27) YEAR 2000 COMPUTER PROBLEM PILOT PROGRAM.—

"(A) DEFINITIONS.—In this paragraph—

"(i) the term 'eligible lender' means any lender designated by the Administration as eligible to participate in—

"(I) the Preferred Lenders Program authorized by the proviso in section 5(b)(7); or

"(II) the Certified Lenders Program authorized in paragraph (19); and

"(ii) the term 'Year 2000 computer problem' means, with respect to information technology, any problem that prevents the information technology from accurately processing, calculating, comparing, or sequencing date or time data—

"(I) from, into, or between—

"(aa) the 20th or 21st centuries; or

"(bb) the years 1999 and 2000; or

"(II) with regard to leap year calculations.

"(B) ESTABLISHMENT OF PROGRAM.—The Administration shall—

"(i) establish a pilot loan guarantee program, under which the Administration shall guarantee loans made by eligible lenders to small business concerns in accordance with this subsection; and

"(ii) notify each eligible lender of the establishment of the program under this paragraph.

"(C) USE OF FUNDS.—A small business concern that receives a loan guaranteed under this paragraph shall use the proceeds of the loan solely to address the Year 2000 computer problems of that small business concern, including the repair or acquisition of information technology systems and other automated systems.

"(D) MAXIMUM AMOUNT.—The total amount of a loan made to a small business concern and guaranteed under this paragraph shall not exceed $50,000.

"(E) GUARANTEE LIMIT.—The guarantee percentage of a loan guaranteed under this paragraph shall not exceed 50 percent of the balance of the financing outstanding at the time of disbursement of the loan.

"(F) REPORT.—The Administration shall annually submit to the Committees on Small Business of the House of Representatives and the Senate a report on the results of the program under this paragraph, which shall include information relating to—

"(i) the number and amount of loans guaranteed under this paragraph;

"(ii) whether the loans guaranteed were made to repair or replace information technology and other automated systems; and

"(iii) the number of eligible lenders participating in the program.".

(b) REGULATIONS.—

(1) IN GENERAL.—Not later than 60 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall implement the program under section 7(a)(27) of the Small Business Act, as added by this section.

(2) REQUIREMENTS.—Except to the extent inconsistent this section or section 7(a)(27) of the Small Business Act, as added by this section, in carrying out paragraph (1), the Administrator shall ensure that the requirements governing the program under section 7(a)(27) of the Small Business Act, as added by this section, are substantially similar to the requirements governing the FA$TRAK pilot program of the Small Business Administration, or any successor program or pilot program to that pilot program.

(c) REPEAL.—Effective on October 1, 2001, this section and the amendment made by this section are repealed.

SEC. 103. PILOT PROGRAM REQUIREMENTS.

Section 7(a)(25) of the Small Business Act (15 U.S.C. 636(a)(25)) is amended by adding at the end the following:

"(D) NOTIFICATION OF CHANGE.—Not later than 30 days prior to initiating any pilot program or making any change in a pilot program under this subsection that may affect the subsidy rate estimates for the loan program under this subsection, the Administration shall notify the Committees on Small Business of the House of Representatives and the Senate, which notification shall include—

"(i) a description of the proposed change; and

"(ii) an explanation, which shall be developed by the Administration in consultation with the Director of the Office of Management and Budget, of the estimated effect that the change will have on the subsidy rate.

"(E) REPORT ON PILOT PROGRAMS.—The Administration shall annually submit to the Committees on Small Business of the House of Representatives and the Senate a report on each pilot program under this subsection, which report shall include information relating to—

"(i) the number and amount of loans made under the pilot program;

"(ii) the number of lenders participating in the pilot program; and

"(iii) the default rate, delinquency rate, and recovery rate for loans under each pilot program, as compared to those rates for other loan programs under this subsection.".

SEC. 104. SECTION 7(a) LOAN PROGRAM.

Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended, in the first sentence, by inserting "and to assist small business concerns in meeting technology requirements for the Year 2000," after "and working capital,".

TITLE II—SMALL BUSINESS PROGRAM RESTRUCTURING AND REFORM

SEC. 201. WOMEN'S BUSINESS CENTER PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) with small business concerns owned and controlled by women being created at a rapid rate in the United States, there is a need to increase the authorization level for the women's business center program under section 29 of the Small Business Act (15 U.S.C. 656) in order to establish additional women's business center sites throughout the Nation that focus on entrepreneurial training programs for women; and

(2) increased funding for the women's business center program will ensure that—

(A) new women's business center sites can be established to reach women located in geographic areas not presently served by an existing women's business center without jeopardizing the full funding of existing women's business centers for the term prescribed by law; and

(B) the Small Business Administration achieves the goal of establishing at least 1 sustainable women's business center in each State.

(b) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—Section 29(k)(1) of the Small Business Act (15 U.S.C. 656(k)(1)) is amended to read as follows:

"(1) AUTHORIZATION.—There is authorized to be appropriated to carry out this section, $12,000,000 for fiscal year 1999 and each fiscal year thereafter.".

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect on October 1, 1998.

(c) TERMS OF ASSISTANCE.—

(1) IN GENERAL.—Section 308(b) of the Small Business Reauthorization Act of 1997 (15 U.S.C. 656 note) is amended—

(A) by striking "(b)" and all that follows through "paragraph (2), any organization" and inserting the following:

"(b) APPLICABILITY.—Any organization"; and

(B) by striking paragraph (2).

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the enactment of the Small Business Reauthorization Act of 1997.

(d) GENERAL ACCOUNTING OFFICE REPORTING REQUIREMENTS.—

(1) BASELINE REPORT.—Not later than October 31, 1999, the Comptroller General of the United States shall—

(A) conduct a review of the administration of the women's business center program under section 29 of the Small Business Act (15 U.S.C. 656) by the Office of Women's Business Ownership of the Small Business Administration, which shall include an analysis of—

(i) the operation of the women's business center program by the Administration;

(ii) the efforts of the Administration to meet the legislative objectives established for the program;

(iii) the oversight role of the Administration of the operations of women's business centers;

(iv) the training and assistance provided by centers receiving funding from the Administration as compared to the activities of the centers that no longer receive funding from the Administration;

(v) the degree to which—

(I) the Administration has taken the actions necessary to ensure that the annual report submitted by the Administrator under 29(j) of the Small Business Act (15 U.S.C. 656(j)) meets the requirements of that section; and

(II) the annual report submitted by the Administrator under 29(j) of the Small Business Act (15 U.S.C. 656(j)) meets the requirements of that section; and

(vi) any other matters that the Comptroller General determines to be appropriate in consultation with and as directed by the Committees on Small Business of the Senate and House of Representatives; and

(B) submit to the Committees on Small Business of the Senate and House of Representatives a report describing the results of the review under subparagraph (A).

(2) FOLLOWUP REPORT.—Not later than October 31, 2002, the Comptroller General of the United States shall—

(A) conduct a review of any changes, during the period beginning on the date on which the report is submitted under paragraph (1)(B) and ending on the date on which the report is submitted under subparagraph (B) of this paragraph, in the administration of the women's business center program under section 29 of the Small Business Act (15 U.S.C. 656) by the Office of Women's Business Ownership of the Small Business Administration, which shall include an analysis of any changes during that period in—

(i) the operation of the women's business center program by the Administration;

(ii) the efforts of the Administration to meet the legislative objectives established for the program;

(iii) the oversight role of the Administration of the operations of women's business centers;

(iv) the training and assistance provided by centers receiving funding from the Administration as compared to the activities of the centers that no longer receive funding from the Administration;

(v) the degree to which—

(I) the Administration has taken the actions necessary to ensure that the annual report submitted by the Administrator under 29(j) of the Small Business Act (15 U.S.C. 656(j)) meets the requirements of that section; and

(II) the annual report submitted by the Administrator under 29(j) of the Small Business Act (15 U.S.C. 656(j)) meets the requirements of that section; and

(vi) any other matters that the Comptroller General determines to be appropriate in consultation with and as directed by the Committees on Small Business of the Senate and House of Representatives; and

(B) submit to the Committees on Small Business of the Senate and House of Representatives a report describing the results of the review under subparagraph (A).

SEC. 202. SBIR PROGRAM.

(a) ASSISTIVE TECHNOLOGY.—Section 9(c) of the Small Business Act (15 U.S.C. 638(c)) is amended by adding at the end the following: "In order to carry out the purposes of this section, the Administration shall, to the maximum extent practicable, encourage Federal agencies to fund programs for the research and development of assistive and universally designed technology that is designed to result in the availability of new products for individuals with disabilities (as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102)).".

(b) FEDERAL AGENCY EXPENDITURES FOR THE SBIR PROGRAM.—Section 9(f)(1) of the Small Business Act (15 U.S.C. 638(f)(1)) is amended by adding at the end the following: "Notwithstanding any other provision of law, any rule, regulation, or order promulgated by the Director of the Office of Management and Budget relating to the definition of the term 'extramural budget' in subsection (e)(1) shall, except with respect to the Federal agencies specifically identified in that subsection, apply uniformly to all departments and agencies of the Federal Government that are subject to the requirements of this section.".

(c) IMPLEMENTATION OF OUTREACH AUTHORITIES.—Existing procurement outreach activities of the Federal Government, including, but not limited to, electronic commerce resource centers and procurement technical assistance centers, shall conduct program outreach activities for the Small Business Innovation Research program using funds that are otherwise available for such existing procurement outreach activities.

(d) REPEAL OF TERMINATION PROVISION.—Section 9 of the Small Business Act (15 U.S.C. 638) is amended by striking subsection (m) and inserting the following:

"(m) [Reserved].".

SEC. 203. SBIC PROGRAM.

(a) IN GENERAL.—Section 308(i)(2) of the Small Business Investment Act of 1958 (15 U.S.C. 687(i)(2)) is amended by adding at the end the following: "In this paragraph, the term 'interest' includes only the maximum mandatory sum, expressed in dollars or as a percentage rate, that is payable with respect to the business loan amount received by the small business concern, and does not include the value, if any, of contingent obligations, including warrants, royalty, or conversion rights, granting the small business investment company an ownership interest in the equity or future revenue of the small business concern receiving the business loan.".

(b) FUNDING LEVELS.—Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended—

(1) in subsection (d)(1)(C)(i), by striking "$800,000,000" and inserting "$1,000,000,000"; and

(2) in subsection (e)(1)(C)(i), by striking "$900,000,000" and inserting "$1,200,000,000".

(c) TECHNICAL CORRECTIONS.—Title III of the Small Business Investment Act of 1958 (15 U.S.C. 661 et seq.) is amended—

(1) in section 303(g) (15 U.S.C. 683(g)), by striking paragraph (13);

(2) in section 308 (15 U.S.C. 687) by adding at the end the following:

"(j) For the purposes of sections 304 and 305, in any case in which an incorporated or unincorporated business is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to its shareholders or partners, an eligible small business or smaller enterprise may be determined by computing the after-tax income of such business by deducting from the net income an amount equal to the net income multiplied by the combined marginal Federal and State income tax rate for corporations."; and

(3) in section 320 (15 U.S.C. 687m), by striking "6" and inserting "12".

SEC. 204. CERTIFIED DEVELOPMENT COMPANY PROGRAM.

(a) LIQUIDATION AND FORECLOSURE.—Title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.) is amended by adding at the end the following:

"SEC. 510. FORECLOSURE AND LIQUIDATION OF LOANS.

"(a) IN GENERAL.—The Administration shall authorize qualified State and local development companies (as defined in section 503(e)) that meet the requirements of subsection (b) to foreclose and liquidate loans in their portfolios that are funded with the proceeds of debentures guaranteed by the Administration under section 503.

"(b) REQUIREMENTS.—The requirements of this subsection are that—

"(1) the qualified State or local development company—

"(A) participated in the loan liquidation pilot program established by section 204 of the Small Business Programs Improvement Act of 1996 (15 U.S.C. 695 note), as in effect on the day before the promulgation of final regulations by the Administration implementing this section;

"(B) is participating in the Premier Certified Lenders Program under section 508; or

"(C) is participating in the Accredited Lenders Program under section 507 and meets the requirements of paragraph (2)(B); or

"(2)(A) during the 3 most recent fiscal years, the qualified State or local development company has made an average of not less than 10 loans per year that are funded with the proceeds of debentures guaranteed under section 503; and

"(B) 1 or more of the employees of the qualified State or local development company have—

"(i) not less than 2 years of substantive, decision-making experience in administering the liquidation and workout of problem loans secured in a manner substantially similar to loans funded with the proceeds of debentures guaranteed under section 503; and

"(ii) completed a training program on loan liquidation developed by the Administration in conjunction with qualified State and local development companies that meet the requirements of this subsection.

"(c) AUTHORITY OF DEVELOPMENT COMPANIES.—

"(1) IN GENERAL.—Each qualified State or local development company authorized to foreclose and liquidate loans under this section shall, with respect to any loan described in subsection (a) in the portfolio of the development company that is in default—

"(A) perform all liquidation and foreclosure functions, including the purchase of any other indebtedness secured by the property securing the loan, in a reasonable and sound manner and according to commercially accepted practices, pursuant to a liquidation plan, which shall be approved in advance by the Administration in accordance with paragraph (2)(A);

"(B) litigate any matter relating to the performance of the functions described in subparagraph (A), except that the Administration may—

"(i) assume the defense or prosecution of any case if—

"(I) the outcome of the litigation may adversely affect the Administration's management of the loan program established under section 502; or

"(II) the Administration is entitled to legal remedies not available for a qualified State or local development company and such remedies will benefit either the Administration or the qualified State or local development company in such litigation; or

"(ii) oversee the conduct of any such litigation to which the qualified State or local development company is a party; and

"(C) take other appropriate actions to mitigate loan losses in lieu of total liquidation or foreclosure, including restructuring the loan, which such actions shall be in accordance with prudent loan servicing practices and pursuant to a workout plan, which shall be approved in advance by the Administration in accordance with paragraph (2)(C).

"(2) ADMINISTRATION APPROVAL.—

"(A) LIQUIDATION PLAN.—

"(i) IN GENERAL.—In carrying out paragraph (1), a qualified State or local development company shall submit to the Administration a proposed liquidation plan.

"(ii) TIMING.—Any request under this subparagraph shall be approved or denied by the Administration not later than 15 business days after the date on which the request is received by the Administration. If the Administration does not approve or deny a request for approval of a liquidation plan before the expiration of the 15-business day period beginning on the date on which the request is received by the Administration, the Administration shall notify the qualified State or local development company, in writing, of the specific concerns of the Administration within that 15-business day period.

"(iii) ROUTINE ACTIONS.—A routine action under a liquidation plan approved in accordance with this subparagraph shall not require additional approval by the Administration.

"(B) PURCHASE OF INDEBTEDNESS.—

"(i) IN GENERAL.—In carrying out paragraph (1)(A), a qualified State or local development company shall submit to the Administration a request for written approval from the Administration before committing the Administration to purchase any other indebtedness secured by the property securing the loan at issue.

"(ii) TIMING.—Any request under this subparagraph shall be approved or denied by the Administration not later than 15 business days after the date on which the request is received by the Administration. If the Administration does not approve or deny a request for purchase of indebtedness before the expiration of the 15-business day period beginning on the date on which the request is received by the Administration, the Administration shall notify the qualified State or local development company, in writing, of the specific concerns of the Administration within that 15-business day period.

"(C) WORKOUT PLAN.—

"(i) IN GENERAL.—In carrying out paragraph (1)(C), a qualified State or local development company may submit to the Administration a proposed workout plan.

"(ii) TIMING.—Any request under this subparagraph shall be approved or denied by the Administration not later than 15 business days after the date on which the request is received by the Administration. If the Administration does not approve or deny a request for approval of a proposed workout plan before the expiration of the 15-business day period beginning on the date on which the request is received by the Administration, the Administration shall notify the qualified State or local development company, in writing, of the specific concerns of the Administration within that 15-business day period.

"(D) COMPROMISE OF INDEBTEDNESS.—In carrying out paragraph (1)(A), a qualified State or local development company may—

"(i) consider an offer made by an obligor to compromise the debt for less than the full amount owing; and

"(ii) pursuant to such an offer, release any obligor or other party contingently liable, if—

"(I) the State or local development company submits to the Administration a written request for that release; and

"(II) the Administration approves the request.

"(3) CONFLICT OF INTEREST.—A qualified State or local development company that is liquidating or foreclosing a loan under this section shall not take any action that would result in an actual or apparent conflict of interest between the qualified State or local development company, or any employee thereof, and any third party lender, associate of a third party lender, or any other person participating in any manner in the liquidation or foreclosure of the loan.

"(d) SUSPENSION OR REVOCATION OF AUTHORITY.—The authority of a qualified State or local development company to foreclose and liquidate loans under this section may be suspended or revoked by the Administration, if the Administration determines that the qualified State or local development company—

"(1) does not meet the requirements of subsection (b);

"(2) has failed to adhere to any applicable rule or regulation of the Administration, or has violated any other applicable provision of law; or

"(3) fails to comply with any reporting requirement that may be established by the Administration relating to the liquidation and foreclosure of loans.

"(e) REPORT.—

"(1) IN GENERAL.—Based on information provided by the qualified State and local development companies and the Administration, the Administration shall annually submit to the Committees on Small Business of the House of Representatives and the Senate a report on the results of the delegation of authority to qualified State and local development companies to liquidate and foreclose loans under this section.

"(2) INFORMATION INCLUDED.—Each report under this paragraph shall include the following information:

"(A) With respect to each qualified State or local development company authorized to foreclose and liquidate loans under this section, and in the aggregate, for each loan foreclosed or liquidated by the qualified State or local development company, or for which loan losses were otherwise mitigated by the qualified State or local development company pursuant to a workout plan under this section—

"(i) the total cost of each project financed with the loan;

"(ii) the total original dollar amount guaranteed by the Administration;

"(iii) the total dollar amount of the loan at the time transferred into liquidation, foreclosure, or mitigation;

"(iv) the total dollar losses resulting from the liquidation, foreclosure, or mitigation; and

"(v) the total recoveries resulting from the liquidation, foreclosure, or mitigation, both as a percentage of the amount guaranteed and the total cost of the project financed.

"(B) A comparison between—

"(i) the information described in clauses (i) through (v) of subparagraph (A) with respect to loans foreclosed and liquidated, or for which loan losses were otherwise mitigated pursuant to a workout plan, by qualified State and local development companies under this section during the 12-month period preceding the date on which the report is submitted; and

"(ii) the same information with respect to loans foreclosed and liquidated by the Administration during that period.

"(C) The number of times that the Administration has failed to approve or deny a request for written approval of a liquidation plan, purchase of indebtedness, or workout plan within the time periods described in subparagraphs (A), (B), and (C) of subsection (c)(2).".

(b) REGULATIONS.—

(1) IN GENERAL.—Not later than 150 days after the date of enactment of this Act, the Administrator of the Small Business Administration shall promulgate such regulations as may be necessary to carry out section 510 of the Small Business Investment Act of 1958, as added by subsection (a) of this section.

(2) ELIMINATION OF PILOT PROGRAM.—Effective on the date on which final regulations are promulgated under paragraph (1), section 204 of the Small Business Programs Improvement Act of 1996 (15 U.S.C. 695 note) is repealed.

(c) PUBLIC POLICY GOALS.—Section 501(d)(3)(C) of the Small Business Investment Act of 1958 (15 U.S.C. 695(d)(3)(C)) is amended by inserting "or women-owned business development" before the comma.

SEC. 205. SMALL BUSINESS FEDERAL CONTRACT SET-ASIDES.

Section 15(h) of the Small Business Act (15 U.S.C. 644(h)) is amended—

(1) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively;

(2) by inserting after paragraph (1) the following:

"(2)(A) Not later than 180 days after the last day of each fiscal year, based on the reports submitted under paragraph (1) for that fiscal year, the Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate a report, which shall include—

"(i) the information required by paragraph (3);

"(ii) a detailed description of the procurement data that is included in the reports submitted under paragraph (1) for that fiscal year, which shall identify—

"(I) any data on contracts from Federal agencies that is excluded from those reports, accompanied by an explanation for such exclusion; and

"(II) each Federal agency that has submitted a report that deviates from the requirements of paragraphs (3) and (4), accompanied by an explanation of the reasons for each such deviation;

"(iii) a detailed description of any change in statistical methodology used by any Federal agency that is reflected in any statistic in the report submitted under paragraph (1) for that fiscal year, including any inclusion or exclusion of the value of any contracts or types of contracts in any statistic represented by the Federal agency in the report submitted under paragraph (1) as the total value of contracts or subcontracts awarded by the Federal agency or as the total value of contracts or subcontracts awarded to small business concerns; and

"(iv) with respect to each change in statistical methodology by a Federal agency described in clause (iii), a separate calculation (which shall be provided to the Administration by the Federal agency) of the total value of contracts for that fiscal year, using the statistical methodology used by the Federal agency during each of the 2 preceding fiscal years.

"(B)(i) Not less than 45 days before issuing any waiver or permissive letter allowing any Federal agency or group of agencies to make any change in statistical methodology described in subparagraph (A)(iii), the Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate, and to the Chief Counsel for Advocacy of the Administration, a copy of that waiver or letter.

"(ii) Not later than 30 days after the submission of a waiver or letter under clause (i), the Chief Counsel for Advocacy of the Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate, and to each affected Federal agency, the written comments of the Chief Counsel regarding the appropriateness of the decision of the Administration to issue the waiver or letter."; and

(3) in paragraph (4), as redesignated, by striking "paragraph (2)" and inserting "paragraphs (2) and (3)".

SEC. 206. ASSISTANCE FOR VETERANS.

(a) DEFINITIONS.—Section 3 of the Small Business Act (15 U.S.C. 632) is amended by adding at the end the following:

"(q) DEFINITIONS RELATING TO VETERANS.—In this Act:

"(1) SERVICE-DISABLED VETERAN.—The term 'service-disabled veteran' means a veteran with a disability that is service-connected (as defined in section 101(16) of title 38, United States Code).

"(2) SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY SERVICE-DISABLED VETERANS.—The term 'small business concern owned and controlled by service-disabled veterans' means a small business concern—

"(A) not less than 51 percent of which is owned by 1 or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by 1 or more service-disabled veterans; and

"(B) the management and daily business operations of which are controlled by 1 or more service-disabled veterans.

"(3) SMALL BUSINESS CONCERN OWNED AND CONTROLLED BY VETERANS.—The term 'small business concern owned and controlled by veterans' means a small business concern—

"(A) not less than 51 percent of which is owned by 1 or more veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by 1 or more veterans; and

"(B) the management and daily business operations of which are controlled by 1 or more veterans.

"(4) VETERAN.—The term 'veteran' has the meaning given the term in section 101(2) of title 38, United States Code.".

(b) OFFICE OF VETERANS BUSINESS DEVELOPMENT.—

(1) ASSOCIATE ADMINISTRATOR FOR VETERANS BUSINESS DEVELOPMENT.—Section 4(b)(1) of the Small Business Act (15 U.S.C. 633(b)(1)) is amended—

(A) in the fifth sentence, by striking "four" and inserting "5"; and

(B) by inserting after the fifth sentence the following: "One shall be the Associate Administrator for Veterans Business Development, who shall administer the Office of Veterans Business Development established under section 32.".

(2) ESTABLISHMENT OF OFFICE.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(A) by redesignating section 32 as section 33; and

(B) by inserting after section 31 the following:

"SEC. 32. VETERANS PROGRAMS.

"(a) OFFICE OF VETERANS BUSINESS DEVELOPMENT.—

"(1) ESTABLISHMENT.—There is established in the Administration an Office of Veterans Business Development, which shall be administered by the Associate Administrator for Veterans Business Development (in this section referred to as the 'Associate Administrator') appointed under section 4(b)(1).

"(2) ASSOCIATE ADMINISTRATOR FOR VETERANS BUSINESS DEVELOPMENT.—The Associate Administrator shall be—

"(A) a career appointee in the competitive service or in the Senior Executive Service; and

"(B) responsible for the formulation and execution of the policies and programs of the Administration that provide assistance to small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans.

"(b) ADVISORY COMMITTEE ON VETERANS BUSINESS AFFAIRS.—

"(1) IN GENERAL.—There is established an advisory committee to be known as the Advisory Committee on Veterans Business Affairs (in this subsection referred to as the 'Committee'), which shall serve as an independent source of advice and policy recommendations to the Administrator (through the Associate Administrator), to Congress, and to the President.

"(2) MEMBERSHIP.—

"(A) IN GENERAL.—The Committee shall be composed of 15 members, each of whom shall be appointed by the Administrator, of whom—

"(i) 8 shall be veterans who are owners of small business concerns; and

"(ii) 7 shall be representatives of national veterans service organizations.

"(B) POLITICAL AFFILIATION.—Not more than 8 members of the Committee shall be of the same political party as the President.

"(C) PROHIBITION ON FEDERAL EMPLOYMENT.—No member of the Committee may be an officer or employee of the Federal Government. If any member of the Committee commences employment as an officer or employee of the Federal Government after the date on which the member is appointed to the Committee, the member may continue to serve as a member of the Committee for not more than 30 days after the date on which the member commences employment as such an officer or employee.

"(D) SERVICE TERM.—Each member of the Committee shall serve for a term of 3 years.

"(E) VACANCIES.—Not later than 30 days after the date on which a vacancy in the membership of the Committee occurs, the vacancy be filled in the same manner as the original appointment.

"(F) CHAIRPERSON.—The Committee shall select a Chairperson from among the members of the Committee. Any vacancy in the office of the Chairperson of the Committee shall be filled by the Committee at the first meeting of the Committee following the date on which the vacancy occurs.

"(G) INITIAL APPOINTMENTS.—Not later than 60 days after the date of enactment of this Act, the Administrator shall appoint the initial members of the Committee.

"(3) DUTIES.—The Committee shall—

"(A) review, coordinate, and monitor plans and programs developed in the public and private sectors, that affect the ability of veteran-owned business enterprises to obtain capital and credit;

"(B) promote and assist in the development of business information and surveys relating to veterans;

"(C) monitor and promote the plans, programs, and operations of the departments and agencies of the Federal Government that may contribute to the establishment and growth of veteran's business enterprises;

"(D) develop and promote new initiatives, policies, programs, and plans designed to foster veteran's business enterprises; and

"(E) advise and assist in the design of a comprehensive plan, which shall be updated annually, for joint public-private sector efforts to facilitate growth and development of veteran's business enterprises.

"(4) POWERS.—

"(A) HEARINGS.—The Committee may hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence as the Committee considers advisable to carry out the duties of the Committee under this subsection.

"(B) INFORMATION FROM FEDERAL AGENCIES.—The Committee may secure directly from any department or agency of the Federal Government such information as the Committee considers to be necessary to carry out the duties of the Committee under this subsection. Upon request of the Chairperson of the Committee, the head of such department or agency shall furnish such information to the Committee.

"(C) POSTAL SERVICES.—The Committee may use the United States mails in the same manner and under the same conditions as other departments and agencies of the Federal Government.

"(D) GIFTS.—The Committee may accept, use, and dispose of gifts or donations of services or property.

"(5) MEETINGS.—

"(A) IN GENERAL.—The Committee shall meet not less than biannually at the call of the Chairperson, and otherwise upon the request of the Administrator.

"(B) LOCATION.—Each meeting of the full Committee shall be held at the headquarters of the Administration located in Washington, District of Columbia. The Administrator shall provide suitable meeting facilities and such administrative support as may be necessary for each meeting of the Committee.

"(6) PERSONNEL MATTERS.—

"(A) NO COMPENSATION.—Members of the Committee shall serve without compensation for their services to the Committee.

"(B) TRAVEL EXPENSES.—The members of the Committee shall be reimbursed for travel and subsistence expenses in the same manner and to the same extent as members of advisory boards and committees under section 8(b)(13).

"(c) SCORE PROGRAM.—The Administrator shall enter into a memorandum of understanding with the Service Core of Retired Executives (in this subsection referred to as 'SCORE') participating in the program under section 8(b)(1)(B) for—

"(1) the appointment by SCORE in its national office of a National Veterans Business Coordinator, whose exclusive duties shall be those relating to veterans' business matters, and who shall be responsible for the establishment and administration of a program to provide entrepreneurial counseling and training to veterans through the chapters of SCORE throughout the United States;

"(2) the establishment and maintenance of a toll-free telephone number and an Internet website to provide access for veterans to information about the entrepreneurial services available to veterans through SCORE; and

"(3) the collection of statistics concerning services provided by SCORE to veterans and service-disabled veterans and the inclusion of those statistics in each annual report published by the Administrator under section 4(b)(2)(B).

"(d) ANNUAL REPORT.—Beginning on March 31, 2000, and on March 31 of each year thereafter, the Administrator shall submit to the Committees on Small Business of the House of Representative and the Senate a report on the needs of small business concerns owned by controlled by veterans and small business concerns owned and controlled by service-disabled veterans, which shall include—

"(1) the availability of programs of the Administration for and the degree of utilization of those programs by those small business concerns during the 12-month period preceding the date on which the report is submitted;

"(2) the percentage and dollar value of Federal contracts awarded to those small business concerns during the 12-month period preceding the date on which the report is submitted; and

"(3) proposed methods to improve delivery of all Federal programs and services that could benefit those small business concerns.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $2,500,000 for each fiscal year.".

(c) OFFICE OF ADVOCACY.—Section 202 of Public Law 94–305 (15 U.S.C. 634b) is amended—

(1) in paragraph (10), by striking "and" at the end;

(2) in paragraph (11), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(12) evaluate the efforts of each Federal agency and of private industry to assist small

business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans, and make appropriate recommendations to the Administrator and to Congress in order to promote the establishment and growth of those small business concerns.".

(d) MICROLOAN PROGRAM.—Section 7(m)(1)(A)(i) of the Small Business Act (15 U.S.C. 636(m)(1)(A)(i)) is amended by striking "low-income, and" and inserting "low-income individuals, veterans,".

SEC. 207. SECTION 7(a) LOAN PROGRAM.

Section 7(a)(4) of the Small Business Act (15 U.S.C. 636(a)(4)) is amended—

(1) by striking "(4)" and all that follows through "Notwithstanding" and inserting the following:

"(4) INTEREST RATES.—Notwithstanding"; and

(2) by striking subparagraph (B).

SEC. 208. DISASTER MITIGATION PILOT PROGRAM.

(a) IN GENERAL.—Section 7(b)(1) of the Small Business Act (15 U.S.C. 636(b)(1)) is amended—

(1) in subparagraph (B), by adding "and" at the end; and

(2) by adding at the end the following:

"(C) during fiscal years 1999 through 2003, to establish a pre-disaster mitigation program to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (guaranteed) basis), as the Administrator may determine to be necessary or appropriate, to enable small businesses to install mitigation devices or to take preventive measures to protect against disasters, in support of a formal mitigation program established by the Federal Emergency Management Agency, except that no loan or guarantee shall be extended to a small business under this subparagraph unless the Administration finds that the small business is otherwise unable to obtain credit for the purposes described in this subparagraph;".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 20 of the Small Business Act (15 U.S.C. 631 note) is amended by adding at the end the following:

"(f) DISASTER MITIGATION PILOT PROGRAM.—The following program levels are authorized for loans under section 7(b)(1)(C):

"(1) $15,000,000 for fiscal year 1999.

"(2) $15,000,000 for fiscal year 2000.

"(3) $15,000,000 for fiscal year 2001.

"(4) $15,000,000 for fiscal year 2002.

"(5) $15,000,000 for fiscal year 2003.".

(c) EVALUATION.—On January 31, 2001, the Administrator of the Small Business Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate a report on the effectiveness of the pilot program authorized by section 7(b)(1)(C) of the Small Business Act (15 U.S.C. 636(b)(1)(C)), as added by subsection (a) of this subsection, which report shall include—

(1) information relating to—

(A) the areas served under the pilot program;

(B) the number and dollar value of loans made under the pilot program; and

(C) the estimated savings to the Federal Government resulting from the pilot program; and

(2) other such information as the Administrator determines to be appropriate in evaluating the pilot program.

SEC. 209. MICROLOAN PROGRAM.

(a) IN GENERAL.—Section 7(m) of the Small Business Act (15 U.S.C. 636(m)) is amended—

(1) in paragraph (7)—

(A) by striking "(7)" and all that follows through "During the program" and inserting the following:

"(7) PROGRAM FUNDING FOR MICROLOANS.—During the program"; and

(B) by striking subparagraph (B); and

(2) in paragraph (8)—

(A) by inserting "and providing funding to intermediaries" after "program applicants"; and

(B) by inserting "and provide funding to" after "shall select".

(b) LOAN LOSS RESERVE.—Section 7(m)(3)(D) of the Small Business Act (15 U.S.C. 636(m)(3)(D)) is amended—

(1) in the first sentence, by striking "The Administrator" and inserting the following:

"(i) IN GENERAL.—The Administrator"; and

(2) by striking the second sentence and inserting the following:

"(ii) LEVEL OF LOAN LOSS RESERVE FUND.—

"(I) IN GENERAL.—Subject to subclause (II), the Administration shall require the loan loss reserve fund to be maintained at a level equal to not more than 15 percent of the outstanding balance of the microloans owed to the intermediary.

"(II) REDUCTION OF LOAN LOSS RESERVE REQUIREMENT.—After the initial 5 years of an intermediary's participation in the program under this subsection, upon the initial request of the intermediary made at any time after that period, the Administrator shall annually conduct a review of the average annual loss rate of the intermediary and, if the intermediary demonstrates to the satisfaction of the Administrator that the average annual loss rate for the intermediary during the preceding 5-year period is less than 15 percent, and the Administrator determines that no other factor exists that is likely to impair the ability of the intermediary to repay all obligations owed to the Administration under this subsection, the Administrator shall reduce that annual loan loss reserve requirement to reflect the actual average annual loss rate for that intermediary during that period, except that in no case shall the loan loss reserve requirement for an intermediary be reduced to less than 10 percent of the outstanding balance of the microloans owed to the intermediary.".

SEC. 210. REAL ESTATE APPRAISALS.

(a) SMALL BUSINESS INVESTMENT ACT OF 1958.—Section 502(3) of the Small Business Investment Act of 1958 (15 U.S.C. 696(3)) is amended by adding at the end the following:

"(F) REAL ESTATE APPRAISALS.—

"(i) LOANS EXCEEDING $250,000.—Notwithstanding any other provision of law, if a loan under this section involves the use of more than $250,000 of the loan proceeds for a real estate transaction, prior to disbursement of the loan, the Administrator shall require an appraisal of the real estate by a State licensed or certified appraiser.

"(ii) LOANS OF $250,000 OR LESS.—Notwithstanding any other provision of law, if a loan under this subsection involves the use of $250,000 or less of the loan proceeds for a real estate transaction, prior to disbursement of the loan, the participating lender may, in accordance with the policy of the participating lender with respect to loans made without a government guarantee, require an appraisal of the real estate by a State licensed or certified appraiser.

"(iii) DEFINITION.—In this subparagraph, the term 'real estate transaction' includes the acquisition or construction of land or a building and any improvement to land or to a building.".

(b) SMALL BUSINESS ACT.—Section 7(a) of the Small Business Act (15 U.S.C. 636(a)) is amended by adding at the end the following:

"(27) REAL ESTATE APPRAISALS.—

"(A) LOANS EXCEEDING $250,000.—Notwithstanding any other provision of law, if a loan guaranteed under this subsection involves the use of more than $250,000 of the loan proceeds for a real estate transaction, prior to disbursement of the loan, the Administrator shall require an appraisal of the real estate by a State licensed or certified appraiser.

"(B) LOANS OF $250,000 OR LESS.—Notwithstanding any other provision of law, if a loan guaranteed under this subsection involves the use of $250,000 or less of the loan proceeds for a real estate transaction, prior to disbursement of the loan, the participating lender may, in accordance with the policy of the participating lender with respect to loans made without a government guarantee, require an appraisal of the real estate by a State licensed or certified appraiser.

"(C) DEFINITION.—In this paragraph, the term 'real estate transaction' includes the acquisition or construction of land or a building and any improvement to land or to a building.".

SEC. 211. COMMUNITY DEVELOPMENT VENTURE CAPITAL DEMONSTRATION PROGRAM.

(a) FINDINGS.—Congress finds that—

(1) there is a need for the development and expansion of organizations that provide private equity capital to smaller businesses in areas in which equity-type capital is scarce, such as inner cities and rural areas, in order to create and retain jobs for low-income residents of those areas;

(2) to invest successfully in smaller businesses, particularly in inner cities and rural areas, requires highly specialized investment and management skills;

(3) there is a shortage of professionals who possess such skills and there are few training grounds for individuals to obtain those skills;

(4) providing assistance to organizations that provide specialized technical assistance and training to individuals and organizations seeking to enter or expand in this segment of the market would stimulate small business development and entrepreneurship in economically distressed communities; and

(5) assistance from the Federal Government could act as a catalyst to attract investment from the private sector and would help to develop a specialized venture capital industry focused on creating jobs, increasing business ownership, and generating wealth in low-income communities.

(b) COMMUNITY DEVELOPMENT VENTURE CAPITAL ACTIVITIES.—The Small Business Act (15 U.S.C. 631 et seq.) is amended—

(1) by redesignating section 33 (as redesignated by section 206(b)(2) of this Act) as section 34; and

(2) by inserting after section 32 (as added by section 206(b)(2) of this Act) the following:

"SEC. 33. COMMUNITY DEVELOPMENT VENTURE CAPITAL ACTIVITIES.

"(a) DEFINITIONS.—In this section:

"(1) COMMUNITY DEVELOPMENT VENTURE CAPITAL ORGANIZATION.—The term 'community development venture capital organization' means a privately-controlled organization that—

"(A) has a primary mission of promoting community development in low-income communities, as defined by the Administrator, through investment in private business enterprises; or

"(B) administers or is in the process of establishing a community development venture capital fund for the purpose of making equity investments in private business enterprises in such communities.

"(2) DEVELOPMENTAL ORGANIZATION.—The term 'developmental organization'—

"(A) means a public or private entity, including a college or university, that provides technical assistance to community development venture capital organizations or that conducts research or training in community development venture capital investment; and

"(B) may include an intermediary organization.

"(3) INTERMEDIARY ORGANIZATION.—The term 'intermediary organization'—

"(A) means a private, nonprofit entity that has—

"(i) a primary mission of promoting community development through investment in private businesses in low-income communities; and

"(ii) significant prior experience in providing technical assistance or financial assistance to community development venture capital organizations;

"(B) may include community development venture capital organizations.

"(b) AUTHORITY.—In order to promote the development of community development venture capital organizations, the Administrator, may—

"(1) enter into contracts with 1 or more developmental organizations to carry out training and research activities under subsection (c); and

"(2) make grants in accordance with this section—

"(A) to developmental organizations to carry out training and research activities under subsection (c); and

"(B) to intermediary organizations to provide intensive marketing, management, and technical assistance and training to community development venture capital organizations under subsection (d).

"(c) TRAINING AND RESEARCH ACTIVITIES.—

"(1) IN GENERAL.—Subject to paragraph (2), a developmental organization that receives a grant under subsection (b) shall use the funds made available through the grant for 1 or more of the following training and research activities:

"(A) STRENGTHENING PROFESSIONAL SKILLS.—Creating and operating training programs to enhance the professional skills for individuals in community development venture capital organizations or operating private community development venture capital funds.

"(B) INCREASING INTEREST IN COMMUNITY DEVELOPMENT VENTURE CAPITAL.—Creating and operating a program to select and place students and recent graduates from business and related professional schools as interns with community development venture capital organizations and intermediary organizations for a period of up to 1 year, and to provide stipends for such interns during the internship period.

"(C) PROMOTING 'BEST PRACTICES'.—Organizing an annual national conference for community development venture capital organizations to discuss and share information on the best practices regarding issues relevant to the creation and operation of community development venture capital organizations.

"(D) MOBILIZING ACADEMIC RESOURCES.—Encouraging the formation of 1 or more centers for the study of community development venture capital at graduate schools of business and management; providing funding for the development of materials for courses on topics in this area; and providing funding for research on economic, operational, and policy issues relating to community development venture capital.

"(2) LIMITATION.—The Administrator shall ensure that not more than 25 percent of the amount made available to carry out this section is used for activities described in paragraph (1).

"(d) INTENSIVE MARKETING, MANAGEMENT, AND TECHNICAL ASSISTANCE AND TRAINING.—An intermediary organization that receives a grant under subsection (b) shall use the funds made available through the grant to provide intensive marketing, management, and technical assistance and training to promote the development of community development venture capital organizations, which assistance may include grants to community development venture capital organizations for the start up costs and operating support of those organizations.

"(e) MATCHING REQUIREMENT.—The Administrator shall require, as a condition of any grant made to an intermediary organization under this section, that a matching amount equal to the amount of such grant be provided from sources other than the Federal Government.

"(f) REQUIREMENTS.—The Administrator may promulgate such regulations as may be necessary to carry out this section, which regulations may take effect upon issuance.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section a total of $20,000,000 for fiscal years 1999 through 2002.".

SEC. 212. TECHNICAL AMENDMENTS.

(a) SMALL BUSINESS ACT.—Section 3(p) of the Small Business Act (15 U.S.C. 632(p)) is amended—

(1) in paragraph (1)(A), by inserting "located in a metropolitan statistical area (as defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986)" before the semicolon;

(2) in paragraph (3)(B), by striking "; or" at the end and inserting a period; and

(3) in paragraph (4)—

(A) in subparagraph (A), by striking "(I)"; and

(B) in subparagraph (B)—

(i) in clause (ii), by striking "(ii)" and inserting "(II)"; and

(ii) in clause (i), by striking "Department of Commerce" and all that follows through "median household" and inserting the following: "Department of Commerce, is not located in a metropolitan statistical area (as defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986); and

"(ii)(I) in which the median household".

(b) SMALL BUSINESS INVESTMENT ACT OF 1958.—Section 101 of the Small Business Investment Act of 1958 (15 U.S.C. 661 note) is amended by striking the table of contents.

TITLE III—SMALL BUSINESS ENVIRONMENTAL ASSISTANCE PILOT PROGRAM

SEC. 301. PILOT PROGRAM.

The Small Business Act (15 U.S.C. 637 et seq.) is amended by inserting after section 21A the following:

"SEC. 21B. SMALL BUSINESS ENVIRONMENTAL ASSISTANCE PILOT PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) ADVISORY COMMITTEE.—The term 'Advisory Committee' means the Advisory Committee on Small Business Environmental Assistance Programs established under subsection (b).

"(2) ADVOCACY CHAIR.—The term 'Advocacy Chair' means the Chair of Small Business Advocacy of the Environmental Protection Agency.

"(3) ASSISTANT ADMINISTRATOR.—The term 'Assistant Administrator' means the Assistant Administrator for Small Business Development Centers of the Administration.

"(4) CHIEF COUNSEL.—The term 'Chief Counsel' means the Chief Counsel of the Office of Advocacy of the Administration.

"(5) EPA ADMINISTRATOR.—The term 'EPA Administrator' means the Administrator of the Environmental Protection Agency.

"(6) PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTER.—The term 'participating small business development center' means a small business development center selected under subsection (c) to participate in the demonstration program under this section.

"(7) SMALL BUSINESS DEVELOPMENT CENTER.—The term 'small business development center'—

"(A) means a small business development center established pursuant to section 21; and

"(B) includes a consortium of 2 or more small business development centers.

"(b) ADVISORY COMMITTEE ON SMALL BUSINESS ENVIRONMENTAL ASSISTANCE PROGRAMS.—

"(1) IN GENERAL.—There is established an advisory committee to be known as the Advisory Committee on Small Business Environmental Assistance Programs which shall provide advice and recommendations to the Administration, the EPA Administrator, and Congress on the manner in which to enhance existing programs designed to improve the environmental performance of small businesses.

"(2) MEMBERSHIP.—

"(A) IN GENERAL.—The Advisory Committee shall be composed of the following members:

"(i) 1 member shall be the Chief Counsel, who shall serve as the Chairperson of the Advisory Committee.

"(ii) 1 member shall be the Assistant Administrator.

"(iii) 1 member shall be the Advocacy Chair.

"(iv) Not more than 15 additional members, each of whom shall be appointed by the Chief Counsel after consultation with the Assistant Administrator and the Advocacy Chair, of whom—

"(I) not more than 7 members shall be representatives of small business concerns or trade associations of small business concerns;

"(II) not more than 4 members shall be representatives of small business development centers selected by the Assistant Administrator; and

"(III) not more than 4 members shall be representatives of small business technical assistance programs selected by the EPA Administrator.

"(B) SERVICE OF MEMBERS.—Each member of the Advisory Committee shall serve for a term of 1 year.

"(C) VACANCIES.—If a vacancy in the membership of the Advisory Committee occurs, the vacancy shall be filled at the discretion of the Advisory Committee.

"(D) APPOINTMENTS.—Not later than 60 days after the date of enactment of this subsection, the Chief Counsel shall appoint the members of the Advisory Committee.

"(3) DUTIES.—The Advisory Committee shall—

"(A) review each program under the jurisdiction of the Administration or the EPA Administrator that is designed to assist the small business concerns in complying with environmental laws and regulations or to enhance the environmental performance of small business concerns, including the programs established under section 21 of this Act, section 213 of the Small Business Regulatory Enforcement Fairness Act of 1996, and section 507 of the Clean Air Act;

"(B) develop a strategy to enhance the efficacy of the programs described in subparagraph (A) in assisting small businesses to comply with environmental laws and regulations and improve their environmental performance through such means as—

"(i) improved techniques for measuring program achievement;

"(ii) innovative compliance assistance demonstration projects; and

"(iii) strengthening the capabilities of State and local programs;

"(C) develop recommendations regarding the types of pilot programs that would implement the strategy developed under subparagraph (B); and

"(D) not later than September 30, 1999, submit to the Administration, the EPA Administrator, and the Committees on Small Business of the House of Representatives and the Senate, a report on the strategy developed under subparagraph (B) and the recommendations developed under subparagraph (C).

"(4) POWERS.—

"(A) INFORMATION FROM FEDERAL AGENCIES.—The Advisory Committee may secure directly from any department or agency of the Federal Government such information as the Advisory Committee considers to be necessary to carry out the duties of the Advisory Committee under this subsection. Upon request of the Chairperson of the Advisory Committee, the head of such department or agency shall furnish such information to the Advisory Committee.

"(B) GIFTS AND DONATIONS.—The Advisory Committee may accept, use, and dispose of gifts or donations of services or property.

"(5) MEETINGS.—

"(A) IN GENERAL.—The Advisory Committee shall meet not less than twice during fiscal year 1999, and otherwise upon request of the Chief Counsel.

"(B) LOCATION.—Each meeting of the Advisory Committee shall be held at the office of the Chief Counsel located in Washington, D.C., or such other location as the Chief Counsel may specify. The Chief Counsel shall provide suitable meeting facilities and such administrative support as may be necessary for each meeting of the Advisory Committee.

"(6) PERSONNEL MATTERS.—

"(A) NO COMPENSATION.—Members of the Advisory Committee shall serve without compensation for their services to the Advisory Committee.

"(B) TRAVEL EXPENSES.—The members of the Advisory Committee shall be reimbursed for travel and subsistence expenses in the same manner and to the same extent as members of Regional Small Business Regulatory Fairness Boards established under section 30(c).

"(C) INDEPENDENT NATIONAL ASSESSMENT.—Not later than March 1, 2003, the Comptroller General of the United States shall submit to the Committees on Small Business of the House of Representatives and the Senate an evaluation of the demonstration program established under this section. The criteria for such evaluation shall be based on the strategy and recommendation in the Advisory Committee report and developed under the direction of the Committees on Small Business of the House of Representatives and the Senate.

"(7) TERMINATION.—The Advisory Committee shall terminate on the date on which the report is submitted under subsection (b)(3)(D).

"(c) DEMONSTRATION PROGRAM.—

"(1) NOTICE OF PROGRAM ESTABLISHMENT.—Not later than 60 days after the date on which the Advisory Committee submits the report under subsection (b)(3)(D), the Administration shall publish in the Federal Register a notice of the demonstration program under this section, which shall include application requirements for small business development centers seeking to participate in the program, including selection criteria based on the strategy and recommendation included in the report of the Advisory Committee under subsection (b)(3)(D).

"(2) APPLICATIONS.—Not later than 60 days after the date on which the notice is published under paragraph (1), each small business development center seeking to participate in the pilot program under this section shall submit to the Administration an application that meets the requirements described in paragraph (1).

"(3) SELECTION OF PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTERS.—

"(A) IN GENERAL.—Not later than 90 days after the date on which the notice is published under paragraph (1), the Administration shall select, from among applicants under paragraph (2), 10 small business development centers to participate in the demonstration program under this section.

"(B) ADDITIONAL SELECTION CRITERIA.—In carrying out subparagraph (A), the Administration shall—

"(i) give highest priority to applicants that—

"(I) form a partnership between small business development centers and State small business stationary source technical and compliance assistance programs (established under section 507 of the Clean Air Act) or other environmental assistance providers, including trade associations; and

"(II) demonstrate a cooperative approach utilizing the relative strengths of each; and

"(ii) to the extent practicable, select 1 small business development center from each region of the United States for which there is a regional office of the Environmental Protection Agency.

"(d) GRANTS TO PARTICIPATING SMALL BUSINESS DEVELOPMENT CENTERS.—

"(1) IN GENERAL.—Not later than 60 days after the date on which the Administration selects a small business development center to receive a grant, the Administration shall make a grant to the participating small business development center.

"(2) GRANT AMOUNT.—

"(A) IN GENERAL.—Subject to subparagraph (B), the total amount made available under this subsection to a participating small business development center for any fiscal year shall be not more than $400,000.

"(B) EXCEPTION.—Amounts made available to a small business development center by the Administration or another agency to carry out section 21(c)(3)(G) shall not be included in the calculation of maximum funding of a small business development center under subparagraph (A).

"(C) NO MATCHING REQUIREMENT.—Notwithstanding section 21(a)(4), the Administration shall not require, as a condition of any grant made to a small business development center under this subsection, that a matching amount be provided from sources other than the Federal Government.

"(e) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There is authorized to be appropriated to carry out this section—

"(A) $500,000 for fiscal year 1999, which shall be used for direct support and reimbursement for costs of the Advisory Committee; and

"(B) $4,000,000 for each of fiscal years 2000 through 2003, of which not more than 6 percent may be used for administrative expenses.

"(2) ADMINISTRATIVE COSTS.—

"(A) IN GENERAL.—Not more than 6 percent of the amount made available under paragraph (1)(B) in each fiscal year may be used by the Administration for the costs of administration, evaluation, and reporting under this section, which shall include costs associated with the employee designated under subparagraph (B).

"(B) FULL-TIME EMPLOYEE.—The Administration shall designate an employee of the Administration to assist in administering the pilot program under this section on a full-time basis.".

AMENDMENT NO. 3674

(Purpose: To make an amendment relating to small business Federal contract set-asides)

Mr. SHELBY. Mr. President, Senator BOND has an amendment at the desk. I ask for its consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. SHELBY], for Mr. BOND, proposes an amendment numbered 3674.

The amendment is as follows:

Strike section 205 of the bill and insert the following:

SEC. 205. SMALL BUSINESS FEDERAL CONTRACT SET-ASIDES.

(a) ANNUAL COMPREHENSIVE REPORT.—

(1) IN GENERAL.—Section 15(h) of the Small Business Act (15 U.S.C. 644(h)) is amended—

(A) in paragraph (1)—

(i) by striking "At the conclusion of each fiscal year" inserting "(A) Not later than April 15 of each year";

(ii) in the first sentence, by inserting "during the fiscal year that ended on September 30 of the preceding year" before the period; and

(iii) by adding at the end the following:

"(B)(i) Not later than May 15 of each year, the Administration shall submit to the Committees on Small Business of the House of Representatives and the Senate a comprehensive report on the extent of the participation by small business concerns described in subparagraph (A) in procurement contracts during the fiscal year that ended on September 30 of the preceding year. In preparing the report, the Administration shall use the data from the reports submitted to the Administration for that fiscal year under subparagraph (A), and the Federal Procurement Data System.

"(ii) Each comprehensive report under this subparagraph shall include a detailed description and qualitative analysis of the procurement data submitted to the Administration under subparagraph (A).

"(iii)(I) The description and analysis included under clause (ii) shall include a reconciliation of the apparent differences, if any, between the small business participation levels reported for that fiscal year and the small business participation levels reported for preceding fiscal years, that result from differences in classification or reporting of data under this subsection. In the report, the Administration shall identify the differences in classification or reporting, as the case may be, and set forth the statistics on total dollar values for the later fiscal year as those statistics would have been calculated if the categories of contracts had been classified or otherwise reported without the differences.

"(II) The total dollar values referred to in subclause (I) are the total dollar values of prime contracts awarded, total dollar values of subcontracts awarded, and total dollar values of prime contracts and subcontracts awarded to small businesses.";

(B) in paragraph (2), by striking "paragraph (1)" and inserting "paragraph (1)(A)"; and

(C) by adding at the end the following:

"(4)(A) The Administration may not issue a waiver or permissive letter authorizing the head of a Federal agency or the heads of any group of Federal agencies to change the statistical methodology used for meeting the reporting requirements of paragraph (1)(A) or (2) unless, when issued, the waiver or permissive letter is accompanied by the comments of the Chief Counsel for Advocacy regarding the appropriateness of the decision of the Administration to issue the waiver or letter.

"(B) No waiver or permissive letter referred to in subparagraph (A) shall be effective until—

"(i) the Administration submits a copy of the waiver or permissive letter, together with the comments of the Chief Counsel for Advocacy, to the Committees on Small Business of the House of Representatives and the Senate; and

"(ii) 30 days have elapsed since the date of the submission to the committees under clause (i).".

(2) INAPPLICABILITY OF CONTENT REQUIREMENT TO FISCAL YEAR 1998 REPORT.—Clause (iii) of subparagraph (B) of section 15(h)(1) of the Small Business Act, as added by paragraph (1)(A)(iii) of this subsection, does not apply to the comprehensive report submitted under that subparagraph for fiscal year 1998.

(b) HUBZONE PROGRAM.—Section 602(b)(2) of the Small Business Reauthorization Act of 1997 (15 U.S.C. 657a note) is amended—

(1) in subparagraph (I), by striking "and" at the end;

(2) in subparagraph (J), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(K) the Department of Labor.".

Mr. BOND. Mr. President, I rise today in support of H.R. 3412, the Year 2000 Readiness and Small Business Programs Restructuring and Reform Act of 1998. On September 15, 1998, the Committee on Small Business conducted a mark-up of H.R. 3412, a bill making technical amendments to the SBIC Program which passed the House of Representatives on March 24, 1998, and was referred to the Committee on Small Business.

The Committee approved 18–0 my amendment in the nature of a substitute to H.R. 3412, which included the Year 2000 Readiness Act (S. 2372), the Small Business Restructuring and Reform Act of 1998 (S. 2407) and portions of Senator KERRY's bill, the Small Business Loan Enhancement Act (S. 2448). Prior to approving my substitute amendment, the Committee approved seven amendments by unanimous voice votes.

TITLE I

Title I addresses the Committee's concerns about the impact the Year 2000 computer problem will have on small businesses. Earlier this year, the Committee held a hearing on this problem, and the witnesses' testimony was alarming. The majority of small businesses that are likely to have Y2K computer failures are unprepared. In a study conducted by Wells Fargo Bank and the NFIB, there are an estimated 4,750,000 small employers who will encounter Y2K problems. However, only 15 percent of all businesses with under 200 employees have begun to inventory the automated systems that may be affected by this computer glitch, much less commenced fixing such systems.

Given the impact that a substantial number of small business failures would have on our Nation's economy, the Committee determined that it was not only important for small businesses to be aware of the Y2K problem, but that they also had to have access to capital to fix such problems. H.R. 3412 directs SBA to establish a limited-term loan program under the FA$TRAK pilot program that would guarantee 50 percent of the principal amount of a loan made by a private lender to assist small businesses in correcting Y2K computer problems. The Committee adopted an amendment sponsored by Senator KERRY that states that all SBA-approved lenders under the 7(a) loan program may also make loans for Y2K corrections under the 7(a) loan program.

Since I became Chairman of the Committee in 1995, the Committee has maintained an active role overseeing credit programs at the Small Business Administration. To assist the Committee in conducting its oversight of these credit programs, H.R. 3412 includes a new provision that requires SBA to provide notification to the Senate and House Committees on Small Business whenever it initiates or changes a pilot program under the 7(a) loan program. Further, SBA is required to report annually to the Committees on the status of each pilot program. Such report will include the number and amount of loans, the number of lenders participating, and the default rate, delinquency rate, and recovery rate for loans made under each pilot program.

TITLE II

Title II of the Year 2000 Readiness and Small Business Programs Restructuring and Reform Act of 1998 includes improvements in Federal Programs that are in great demand by small firms. Just last year, the Committee approved a significant increase in the Women's Business Center Program. Demands being placed on this program are exceeding last year's estimates, and H.R. 3412 increases the annual authorization level for grants from $8 million to $12 million. To assist the Committee in its oversight role, the bill directs the Comptroller General to conduct a baseline study and a follow-up study on the management of the Women's Business Center Program by SBA's Office of Women's Business Ownership.

Last year, the Committee approved an increase from 20 percent to 23 percent in the amount of Federal prime contract dollars that will be set aside each year for small businesses. This goal is extremely important to the viability of thousands of small firms. Importantly, the Federal government is also a big winner, since small businesses delivery high quality, competitively priced goods and services.

The managers' amendment that Senator KERRY and I have offered amends a provision in H.R. 3412 that requires SBA to report annually to the Senate and House Committees on Small Business on the success of each Federal agency in meeting the 23 percent goal. The provision in the bill was crafted after the Committee received a report issued in April 1998 by the Department of Energy's Office of Inspector General that indicates that the Department of Energy exploited a change in its statistical methodology to inflate its small business contracting achievements.

The managers' amendment refines the provision contained in H.R. 3412 that was approved unanimously by the Committee on September 15. These changes reflect clarifications requested by the Small Business Administration, while retaining the bill's key provisions intended to discourage the reporting of erroneous or misleading statistics. At SBA's request, the managers' amendment provides for use of data from the Federal Procurement Data System in preparing reports to the Congress on Federal procurement activities.

The managers' amendment also reduces the burden placed on the Chief Counsel for Advocacy for commenting on SBA letters authorizing changes in statistical methodology by the reporting agencies. As reported by the Committee on Small Business, H.R. 3412 would have allowed such letters to take effect 45 days after copies had been transmitted to the Senate and House Committee on Small Business. During this time, the Chief Counsel would have had 30 days to comment on such letters. The Chief Counsel expressed concern to us about being able to meet this deadline due to limited staff resources, so the managers' amendment changes these deadlines. The Chief Counsel's comments will now be included with the initial transmission from SBA notifying the Committees and will not be subject to a separate statutory deadline. The managers anticipate that this approach will encourage SBA to make the Chief Counsel a part of any negotiations leading to the preparation of such a letter in the first place.

The managers' amendment retains three key facets of the Committee-reported bill, with some simpler language. The Committee continues to believe it is appropriate, and consistent with the Chief Counsel's other reporting responsibilities, for the Chief Counsel to comment on letters authorizing changes in statistical methodology. Second, whenever an agency seeks to reclassify contracts so they are not included in statistics issued in previous years, or are included as part of the calculation of a different statistic, the Committee wants this information disclosed. Disclosure is vital so that recipients of these statistics will know that they attempt to measure the same thing from year to year—and if they do not, how they differ. Finally, the Committee continues to require a separate calculation of what the reporting year's statistics would have been in the absence of such changes. This is intended to remove any incentive for an agency to massage its statistics to inflate its small business contracting achievements.

The managers' amendment also makes an adjustment to the HUBZone program that was approved last year as part of the Small Business Reauthorization Act of 1997 (P.L. 105–135). At the request of SBA, the Department of Labor would be added to the list of Federal agencies that may participate under the HUBZone Program within the provision limiting participation to selected agencies prior to September 30, 2000.

Title II of H.R. 3412 has other significant provisions to improve Federal programs to help small business owners. The following highlights the changes:

The Small Business Innovation Research (SBIR) program is made permanent. Since this program was last reauthorized in 1992, its success has exceeded our expectations. The bill requires Federal agencies to utilize its

outreach activities to encourage greater participation of small research firms from states that receive few SBIR awards.

The program authorization level for participating securities under the Small Business Investment Company (SBIC) Program is increased from $800 million to $1 billion in FY 1999; from $900 million to $1.2 billion in FY 2000. Following the statutory changes in the SBIC Program approved by the Committee in 1996, the growth in the program has exceeded most estimates.

The Pilot Liquidation Program under the 504 Certified Development Company Program is made permanent.

A new Office of Veterans Business Development is established at SBA, which is directed to provide comprehensive help to veteran-owned small businesses. An Advisory Committee on Veterans' Business Affairs composed of 15 members is established, and a new position of National Veterans' Business Coordinator is created within SCORE.

Title II also includes amendments that were offered by members of the Committee on Small Business. It includes two amendments offered by Senator KERRY. The first restructures the loan loss reserve requirements under SBA's Microloan Program. His second amendment changes SBA's appraisal standards under the 504 and 7(a) loan programs to require appraisals of real estate collateral by state-licensed or state-certified appraisers only when more than $250,000 of the loan proceeds are to be used to acquire, construct or improve real property.

The Committee approved an amendment included in Title II sponsored by Senator BUMPERS to strike the cap on the amount of loan funds that a single state can receive under the Microloan Program, while ensuring equitable funding to Microloan Lender Intermediaries. An amendment sponsored by Senator CLELAND to establish a pilot disaster mitigation loan program at SBA was accepted. And lastly, the Committee approved an amendment offered by Senator WELLSTONE which authorizes a total of $20 million over four years to create the Community Development Venture Capital Demonstration Program at SBA.

TITLE III

Title III of the Year 2000 Readiness and Small Business Programs Restructuring and Reform Act of 1998 incorporates an amendment offered by Senator BURNS to create the Small Business Environmental Assistance Pilot Program at SBA. The purpose of this pilot program is to provide technical assistance to small businesses to help them comply with environmental regulations. Witnesses have testified before the Committee on Small Business about the complexity of environmental regulations and the importance of environmental compliance tools designed to help small businesses comply with the law and regulations administered by the Environmental Protection Agency.

The Small Business Environmental Assistance Pilot Program has two principal sections. The first establishes an Advisory Committee on Small Business Environmental Assistance Programs that will review existing programs that provide environmental assistance to small businesses and chart the course for small business environmental compliance assistance. The second section authorizes SBA to establish a demonstration grant program based on the recommendations and strategy developed by the Advisory Committee. Under this program, SBA will make 4-year grants to certain Small Business Development Centers to provide environmental compliance assistance to small businesses in partnership with existing programs.

Mr. President, when the Committee on Small Business filed its report on S. 3412, the Congressional Budget Office had not completed its estimate of the costs associated with the bill. I am now in receipt of the CBO analysis of H.R. 3412 and ask unanimous consent that it be printed in the RECORD.

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

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 28, 1998.

Hon. CHRISTOPHER S. BOND,
Chairman, Committee on Small Business, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for the H.R. 3412, the Year 2000 Readiness and Small Business Programs Restructuring and Reform Act of 1998.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Mark Hadley and Kristen Layman (for federal costs), and Marc Nicole (for the state and local impact).

Sincerely,

JUNE E. O'NEILL, *Director.*

Enclosure.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

H.R. 3412—Year 2000 Readiness and Small Business Programs Restructuring and Reform Act of 1998

Summary: H.R. 3412 would establish three new pilot programs for the Small Business Administration (SBA) and would make a number of changes to existing SBA loan and grant programs. Assuming appropriation of the necessary amounts, CBO estimates that this legislation would result in new discretionary spending of $99 million over the 1999–2003 period. Of this total, $66 million is from amounts specifically authorized in the bill for SBA programs—primarily for grants and administrative expenses. The remaining $33 million would be primarily for the subsidy costs of the Small Business Investment Company (SBIC) Participating Securities program and the proposed disaster mitigation pilot program.

H.R. 3412 would also modify the terms of SBA guarantees for existing general business loans. CBO estimates that provision would increase direct spending by $4 million in fiscal year 1999. The act also could affect governmental receipts, but CBO estimates that any such changes would be less than $500,000 a year. Because the act would affect direct spending and could affect receipts, pay-as-you-go procedures would apply.

H.R. 3412 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Any costs to state, local or tribal governments resulting from enactment of the bill would be the result of complying with grant conditions.

Description of the bill's major provisions: Title I would establish a pilot loan program under the SBA general business program to address the year 2000 computer problems of small businesses. It would require that SBA provide annual reports on the pilot program and a detailed annual report on all pilot programs.

Title II contains a number of changes in small business programs. Provisions with expected budgetary effects are outlined below:

Section 201 would increase the amount authorized for grants to women's business centers from $8 million a year to $12 million a year. It would also clarify certain provisions of the Small Business Innovation Research Program.

Section 203 would increase the authorized level of the SBIC-Participating Securities program in 1999 and 2000.

Section 205 would allow qualified community development companies (CDCs) to liquidate loans in their portfolio that SBA has purchased. This section also would eliminate a pilot program that allowed CDCs to liquidate loans and would allow the CDCs to litigate in place of SBA.

Section 206 would authorize the appropriation of $2.5 million each fiscal year to establish an office of veterans business development and an advisory committee on veterans business affairs.

Section 207 would eliminate a provision of law that allows SBA to pay interest on guaranteed general business loans that have defaulted at a rate 1 percent less than the borrower's interest rate between the time of default and the time SBA purchases the loan.

Section 208 would establish a disaster mitigation pilot loan program and authorize a program level of $15 million for each year during the 1999–2003 period.

Section 211 would establish a demonstration program for venture capital in distressed communities.

Other provisions in title II would not have any significant budgetary impact.

Title III would establish a pilot program to improve the environmental performance of small businesses and would also establish an advisory committee on small business environmental assistance programs. Finally, title III would authorize the appropriation of $500,000 for 1999 and $4 million for each year over the 2000–2003 period.

Estimated cost to the Federal Government: CBO's estimate of the budgetary impact of implementing H.R. 3412 is shown in Table 1. The table does not include any estimated effects for section 205 because CBO cannot determine whether that section would have any budgetary impact, or what the direction or magnitude of any such impact might be. The costs of this legislation fall within budget functions 370 (commerce and housing credit) and 450 (community and regional development).

TABLE 1.—ESTIMATED FEDERAL COSTS FOR THE YEAR 2000 READINESS AND SMALL BUSINESS PROGRAMS RESTRUCTURING AND REFORM ACT OF 1998

	By fiscal years in millions of dollars—				
	1999	2000	2001	2002	2003
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Specified Authorization Level	7	11	31	11	11
Estimated Authorization Level	9	11	5	5	4
Total Authorization Level	16	22	36	16	15
Estimated Outlays	12	20	31	20	16
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	4	0	0	0	0
Estimated Outlays	4	0	0	0	0

Basis of estimate: For the purposes of this estimate, CBO assumes that the bill will be enacted in October 1998 (the beginning of fiscal year 1999) and that the necessary amounts will be appropriated for each fiscal year. Outlay estimates are based on historical spending rates for existing or similar programs.

Spending subject to appropriation

Specified Authorizations. H.R. 3412 would increase the authorization for grants to women's business centers from $8 million to $12 million each year. The act would also establish an Office of Veterans Business Development, a demonstration program for venture capital in distressed communities, and a pilot program to improve the environmental performance of small businesses. Assuming appropriation of the specified amounts, CBO estimates that additional outlays for these programs would total $66 million over the 1999–2003 period.

Estimated Authorization for Loan Programs. H.R. 3412 would make numerous changes to loan programs administered by SBA. The Federal Credit Reform Act of 1990 requires appropriation of the subsidy costs and administrative costs for credit programs. The subsidy cost is the estimated long-term cost to the government of a direct loan or loan guarantee, calculated on a net present value basis and excluding administrative costs.

Section 203 would increase the authorized program level of the SBIC Participating Securities program from $800 million to $1 billion in 1999 and from $900 million to $1.2 billion in 2000. Based on information from the SBA and on historical data for this program, CBO estimates that the subsidy costs of guarantees for the authorized levels would increase by $11 million over the 1999–2003 period. CBO estimates that this provision would not significantly increase the administrative costs of the agency.

Section 207 would eliminate a provision of law that allows SBA, on defaulted general business loans guaranteed by the agency, to pay 1 percent less than the borrower's interest rate between the time of default and the time SBA purchases the loan. Based on information from SBA and the Office of Management and Budget (OMB), CBO estimates that this provision would increase the subsidy rate by 0.01 percent. That change would slightly increase the cost of guaranteeing each new loan. CBO estimates that H.R. 3412 would increase the cost of guaranteeing the authorized level of $14 billion in loans in fiscal year 1999 from $195 million to $196 million, subject to the availability of appropriations. This provision would also affect direct spending by increasing the costs of loans that SBA has already guaranteed (see below).

Section 208 would authorize a disaster mitigation pilot program to make direct and guaranteed loans to small businesses for preventive measures that would reduce the long-run costs of disasters. To be eligible for a pre-disaster mitigation loan, the small business must be unable to obtain loans elsewhere for mitigation purposes. This section would authorize a program level of $15 million each year over fiscal years 1999 through 2003. Based on the 1998 subsidy rate for SBA disaster loans, CBO estimates that the subsidy appropriations for these loans and guarantees would total $17 million over the 1999–2003 period. We estimate that the costs of administering the pre-disaster mitigation loan program would total less than $500,000 each year.

Section 205 would authorize qualified community development companies to liquidate loans in their portfolio that SBA has purchased, and would allow CDCs to litigate in place of SBA. CDC loans, also known a section 503 and 504 loans, provide small businesses with long-term, fixed-rate financing for the purchase of land, buildings, and equipment. H.R. 3412 would make permanent the pilot program that allowed CDCs to liquidate such loans. The pilot program has not produced enough information to date to allow CBO to make any determination about the amount the government would recover on defaulted loans if those loans are liquidated by CDCs instead of by SBA

In addition, it is not clear how expenses associated with liquidation would be paid. The Federal Credit Reform Act stipulates that administrative expenses cannot be paid out of the subsidy for loan programs. but expenses to foreclose, maintain, or liquidate an asset can. Many of the expenses CDCs would incur would be to foreclose, maintain, or liquidate assets. It is not clear whether SBA would have the authority to reimburse CDCs for administrative expenses, including litigation costs.

Enacting section 205 could change the subsidy rate for previous cohorts of CDC loans or the administrative costs of SBA. However, CBO has no basis for estimating the direction, magnitude, or timing of any such changes. The bill would not affect the subsidy rate for future CDC loans. By law, the Administrator of SBA must adjust an annual fee on 504 loans to produce an estimated subsidy rate of zero at the time loans are guaranteed. If enacting H.R. 3412 changed the costs of future loans, that change would be reflected in fees paid by borrowers, rather than in the appropriation required to fund the authorized loan level.

H.R. 3412 also would make other technical changes to SBA's loan programs, but CBO estimates that those changes would not have any significant budgetary effect.

Table 2 summarizes estimated changes in loan levels and subsidy costs assuming appropriation action consistent with H.R. 3412. The increased discretionary spending associated with SBA's loan programs would represent about $25 million of the total cost of implementing H.R. 3412.

Reports. H.R. 3412 would require SBA and the General Accounting Office to produce numerous reports. Based on historical costs for similar reports and information from the two agencies, CBO estimates that these provisions would increase discretionary spending by less than $500,000 in each year over the 1999–2003 period.

TABLE 2.—CHANGES IN SBA LOAN LEVELS AND SUBSIDY COSTS UNDER H.R. 3412 [1]

	By fiscal years, in millions of dollars—				
	1999	2000	2001	2002	2003
CHANGES IN AUTHORIZED LOAN LEVELS					
SBIC Participating Securities Loans	200	300	0	0	0
Disaster Mitigation Pilot Loans	15	15	15	15	15
LOAN SUBSIDY COSTS					
SBIC Participating Securities Loans	.....	.....	.....	.....	.....
Estimated Authorization Level	4	7	0	0	0
Estimated Outlays	3	6	2	0	0
Disaster Mitigation Pilot Loans	.....	.....	.....	.....	.....
Estimated Authorization Level	3	3	3	3	3
Estimated Outlays	2	3	3	3	3

[1] Implementing H.R. 3412 also would increase SBA's costs for administering loans, but CBO estimates that the changes in administrative expenses would be less than $500,000 a year.

Direct spending

Loan Programs. Section 207, which would increase the subsidy rate on future general business loans, would also modify the expected cost of the guarantees SBA has provided for existing loans. According to OMB's Circular A–11 Preparation and Submission of Budget Estimates: "If the modification is mandated in legislation, the legislation itself provides the budget authority to incur the subsidy cost obligation (whether explicitly stated or not)." CBO estimates that enacting this provision would increase direct spending by about $4 million in fiscal year 1999.

Gifts. Section 206 would establish an advisory committee on veternas business affairs, and section 301 would establish an advisory committee on small business environmental assistance programs. H.R. 3412 would authorize the two advisory committees to accept and use gifts and donations to assist in their work. Donations of money are recorded in the budget as governmental receipts (revenues) and the use of any such amounts under the act would be direct spending, but CBO estimates that any such donations would be less than $500,000 a year.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that enacting the bill would increase direct spending by $4 million in 1999. The bill could also increase governmental receipts, but any such changes would be less than $500,000 a year.

Estimated impact on State, local, and tribal governments: H.R. 3412 contains no intergovernmental mandates as defined in UMRA. The bill would establish new programs or modify existing programs that provide grants or contracts to various organizations, including state, local and tribal governments. Any costs to these governments from the requirements of the programs would be incurred voluntarily.

Estimated impact on the private sector: This act would impose no new private-sector mandates as defined in UMRA.

Previous CBO estimate: On March 16, 1998, CBO transmitted an estimate for H.R. 3412 as ordered reported by the House Committee on Small Business on March 12, 1998. The House version of H.R. 3412 would make only technical corrections to existing law, and as a result, CBO estimated that it would not have a significant impact on the federal budget.

Estimate prepared by: Federal Costs: Mark Hadley and Kristen Layman. Impact on State, Local, and Tribal Governments: Marc Nicole.

Estimate approved by: Robert A Sunshine, Deputy Assistant Director for Budget Analysis.

Mr. BOND. Mr. President, this is an important bill that will benefit thousands of small businesses throughout the United States. I urge my colleagues strong support for its final passage.

Mr. KERRY. Mr. President, we have an opportunity today in the Senate to vote for legislation that will help our nation's 23 million small businesses.

On September 15, the Senate Committee on Small Business, made up of ten Republicans and eight Democrats, passed a comprehensive small business bill, H.R. 3412, that includes all the provisions of my Small Business Loan Enhancement Act of 1998. It also includes Senator BOND's two bills, the Small Business Programs Restructuring and Reform Act of 1998 and the Small Business Year 2000 Readiness Act, bills introduced by Senators CLELAND and WELLSTONE, and four other amendments.

This bi-partisan vote was a big step towards final passage of legislation that augments the opportunities available to every small business owner and helps these entrepreneurs contribute to their communities and the economy. In Massachusetts and across the country, these are the programs that are working; assisting individuals with the tools to successfully manage their own business.

If enacted, these changes would make a number of improvements to the Small Business Administration's lending programs which reduce small businesses' costs and paperwork, increase access to capital for women-owned businesses, and promote small business lending, particularly to those small businesses needing loans to meet the challenges of Year 2000 computer problem. They also build upon successful programs such as the Small Business Innovation Research program and the Women's Business Centers.

One of the most important provisions passed revises the loan loss reserve requirement (a cash reserve to guarantee that the government is paid back if a loan defaults) for microlenders by setting a 15-percent ceiling and a 10-percent floor. After a microloan intermediary has participated in the SBA Microloan program for five years and demonstrated its ability to maintain a healthy loan fund, it can request that SBA review and, when appropriate, reduce its loan loss reserve from 15 percent to a percentage based on its average loan loss rate for the five-year period. The proposed change would continue to protect the government's interest in microloans as well as enhance the program by freeing up cash which microlenders could reprogram for more microloans or technical assistance to small business owners. Based on the program's success since it was started six years ago, 36 out of 42 microlenders would qualify to maintain a loan loss reserve of ten percent, rather than 15 percent.

To reduce unnecessary regulatory burden and costs to small business lenders, this legislation raises the requisite appraisal threshold from $100,000 to $250,000 for 7(a) guaranteed loans and 504 development loans. This is consistent with federal bank regulatory policy in place since 1994. After reviewing the legislation, SBA Administrator Aida Alvarez sent a statement of Administration Policy, approved by the Office of Management and Budget, to Chairman BOND on September 15 saying it had no objection to making the requisite appraisal threshold amount consistent with existing policy. This change is estimated to save borrowers on average from $1,000 to $3,000.

To help small businesses meet the escalating challenges of the Year 2000 (Y2K) computer problem, this bill specifies that small businesses can use 7(a) loans to finance the cost of making their systems and computers Y2K-compliant. The Committee complemented this change by also approving a loan guarantee pilot program introduced by Senator BOND which would allow 7(a) preferred and certified lenders to use their paperwork to expedite loans capped at $50,000 to help small businesses with Y2K expenses.

The bill expands SBA's 504 Development Company program to make women-owned businesses eligible for loans up to $1 million to acquire equipment and expand facilities. Currently, 504 loans to women-owned businesses are capped at $750,000. The Committee also endorsed a provision, based on the Kerry-Cleland Women's Business Centers bill introduced earlier this year, which increases annual funding from $8 million to $12 million for Women's Business Centers.

The Committee passed several other important provisions to improve the business climate for small business. For the sector of small, high-tech companies that participate in federal research and development, the Committee voted to make the Small Business Innovation Research (SBIR) program permanent after 16 years of success. The SBIR program is a great example of how government and business can work together to advance the cause of both science and our economy. The results have been dramatic for small, high-technology companies participating in the program. From 1983 to the end of 1996, some 8,000 small, high-technology firms have received more than 40,000 SBIR research awards, totaling $6 billion.

Massachusetts is the second largest recipient of SBIR awards in the nation, receiving $148 million in SBIR research dollars in 1996. Knowing the benefits of the SBIR program, I believe we need to find ways to make sure the SBIR awards are more equitably distributed throughout the country without changing the program's reliance on competition. The highly competitive nature of SBIR awards is one of the main reasons the program has been so popular and successful.

A recent SBA study showed that one-third of the states received 85 percent of all SBIR awards. I joined my colleagues to support Senator CARL LEVIN's amendment to promote the SBIR program in states that receive the fewest awards. This amendment directs the ten federal agencies that participate in the SBIR program to use their existing procurement outreach efforts for SBIR outreach.

Responding to requests from Veterans Service Organizations to assist veterans with entrepreneurial endeavors, I joined my colleagues and supported Chairman BOND's bill that, among other things, would increase outreach and assessment of opportunities and services for veterans by establishing the Office of Veterans Business Development within SBA. I am proud that the Committee adopted a version that included my suggestion to authorize $2.5 million for this important effort.

The microloan community has more than just the loan loss reserve improvements to applaud in this legislation. Senator BUMPERS successfully eliminated the cap on the amount of microloan funds a single state can receive. The cap has penalized several rural states with small populations that have a high demand for microloans. And Senator WELLSTONE won unanimous support for an innovative four-year demonstration program to spawn community development venture capital organizations nationwide. The purpose of Senator WELLSTONE's initiative is to stimulate and promote small business development and entrepreneurship in economically distressed communities.

The Small Business Investment Company (SBIC) program is vital to our fastest growing small companies that have capital needs exceeding the caps on SBA's loan program, but are not large enough to be attractive to traditional venture capital investors. The demand is clear: Last year, participating securities in the SBIC program invested $360 million in 495 financings. In my state, where we have an impressive community of fast-growing companies, particularly in the hi-tech industry, there were 140 SBIC financings, worth $145.4 million.

The Participating Securities component of the SBIC program invests principally in the equities of new or expanding businesses. To leverage the private capital of participating securities and better serve these fast-growing businesses, I supported Senator LIEBERMAN's amendment which raises the authorization level for participating securities from $800 million to $1 billion in fiscal year 1999 and from $900 million to $1.2 billion in fiscal year 2000.

In response to the increasing costs, loss of businesses and personal devastation caused by disasters, the Committee passed Senator CLELAND's five-year disaster mitigation pilot program. The program, recommended by the Administration as part of its Fiscal Year 1999 Budget, would allow SBA to make direct loans to small business owners, who can't get credit elsewhere and who live in disaster-prone areas, for financing preventive measures to protect their businesses against future disaster damage. Disaster mitigation is expected to reduce the costs of disaster repair by 50 percent for small businesses.

To help small businesses maneuver the maze of environmental regulations, the Committee passed a small business environmental assistance pilot program introduced by Senator BURNS. Administered through existing Small Business Development Centers in ten states, the program is designed to help small businesses comply with often complex environmental regulations.

Lastly, in addition to the Committee-reported bill, the Senate today will adopt a Bond-Kerry amendment. First, it adds the Department of Labor to the SBA's HUBZone program, which Congress enacted last year. And second, it amends Section 205 of this bill, H.R. 3412, to improve the reporting tools concerning small business set-asides of federal contracts.

Mr. President, I thank my colleagues for their support of small businesses and ask unanimous consent that this statement be entered in the RECORD.

• Mr. LEVIN. Mr. President, H.R. 3412, as amended by the Senate Small Business Committee, has broad bipartisan support. I am particularly pleased that H.R. 3412 makes permanent the Small Business Innovation Research Program SBIR, which was originally established in 1982 and reauthorized and expanded in 1992. This competitive program has a well deserved reputation for success and it is fitting that it be made permanent.

H.R. 3412 also addresses a problem pointed out by GAO in its April, 1998 SBIR report regarding the lack of uniformity in defining the term "extramural budget". GAO found that participating agencies had different interpretations of what should be included in their extramural research budgets. This is a problem because a participating agency's extramural budget is the base from which that agency's SBIR funding is calculated. To resolve any discrepancies, H.R. 3412, as amended by the Senate Small Business Committee, directs OMB to define the term "extramural budget" and ensure that it is applied uniformly throughout the government.

Finally, this bill includes a provision I authored which authorizes existing procurement outreach programs of the Department of Defense and other federal agencies to conduct program outreach efforts for the SBIR program out of funds that are already available to them.•

Mr. HARKIN. Mr. President, I would like to thank my colleagues, Chairman of the Small Business Committee, Senator KIT BOND, and Ranking Member, Senator JOHN KERRY, for their work in moving H.R. 3412 through Committee. I would also like to thank Senators BOND and KERRY for agreeing to my language requesting a report from the Small Business Administration (SBA) on the 7(A) loan program's reporting requirements on the subsidy rate. I have heard from a number of community bankers in Iowa who have expressed concerns with the monthly reporting requirement. Previously, these reports were submitted quarterly. I am concerned that small banks, especially small rural banks, lack the loan volume or personnel to meet this requirment in a cost effective manner. I look forward to reviewing this report and working with my colleagues and the SBA in addressing this concern.

In addition to improvements in popular SBA programs, H.R. 3412 also contains a Committee passed amendment, sponsored by Senator MAX CLELAND and cosponsored by myself, which will allow the SBA to conduct a disaster mitigation pilot program. It is my hope that this program will afford small business owners, particularly in rural areas, the ability to invest in their property to help prevent against natural disasters. By providing small businesses with the tools to invest in their business before disasters strike, property destruction can be avoided and insurance claims can be reduced.

• Mr. WELLSTONE. Mr. President, I support H.R. 3412, the "Year 2000 Readiness and Small Business Programs Restructuring and Reform Act of 1998." The bill makes useful reforms to existing Small Business Administration (SBA) programs and authorizes certain new initiatives, including a community development venture capital demonstration program which I proposed during markup in the Small Business Committee. I commend Chairman BOND for his leadership on the bill, and I thank him for including my proposal in it.

The bill makes permanent SBA's 504 liquidation pilot program, a step I strongly support. Minnesota certified development companies with proven liquidation and foreclosure capabilities have made use of the pilot program, which can help bring costs down and save borrowers from higher fees. The bill's adjustments to the loan loss reserve requirements in the Microloan program also are appropriate. Requiring a loss reserve based on past performance makes sense. This provision will continue to protect the government's interest in these loans but will allow the majority of microlenders to make more loans or provide more technical assistance to borrowers.

I am especially pleased that my proposal to create a new $20-million, four-year demonstration program at the SBA to develop the capacity of community development venture capital (CDVC) organizations is part of H.R. 3412. I thank Senator BOND again for his support and for working with me to get this amendment accepted. I also thank the SBA for working with my staff and for providing valuable technical assistance in drafting the amendment.

The CDVC Program is about directing venture capital—equity and investment capital—to small businesses with the aim of promoting business growth and economic development in poor communities. That's what we mean by community development venture capital or CDVC. The money the bill authorizes would not be directly invested into small businesses; instead, it would go to provide technical assistance to organizations that invest in businesses in low-income communities.

CDVC organizations have been highly successful at producing a "double bottom line" of strong financial returns and significant social benefits. CDVC funds create social and financial payoffs because they consider the community impact of their investments to be just as important as the financial returns to investors. Community development venture capitalists target investments to companies that generate good jobs—jobs that pay decent wages, jobs with benefits, jobs with opportunity to advance. They influence and shape the culture of young companies with respect to sustainable development and environmental policies. They look to create local entrepreneurial capacity, local ownership, local wealth. The "double bottom line" philosophy is what makes these venture capitalists so unique and their work so promising. The goal of the CDVC program is to expand and multiply this very meritorious work.

There are about 30 CDVC funds currently operating in urban and rural communities around the country. Northeast Ventures Corporation in Duluth, Minnesota, is a good example of a successful and experienced CDVC company. Northeast Ventures serves a seven county rural area and focuses on creating good jobs in high value-added industries. Northeast Ventures targets 50% of the jobs created through its investments to women, low-income and structurally unemployed persons. They also require portfolio companies to offer employees an opportunity to participate in a health care plan in which the employer makes some contribution. Partridge River is an example of one of Northeast Ventures successful investments. Northeast made an initial investment in Partridge River, a locally owned specialized manufacturer

of precision and wood component parts for furniture and cabinets, in late 1990. Partridge River uses readily available light-colored woods such as aspen, basswood, birch and maples, and has manufacturing customers throughout the United States. When the company needed significant financing for an upgrade of equipment in 1994, another investor purchased Northeast's stake at a significant premium and allowed the entrepreneur to maintain majority ownership. Over the course of Northeast's involvement, the company added 17 net new employees from northeast Minnesota.

Kentucky Highlands Investment Corporation (KHIC), founded in 1968 in London, Kentucky, is one of the oldest and most successful of the CDVC organizations. They focus on developing profitable businesses that provide job opportunities to residents of Southeast Kentucky. For example, KHIC provided over $600,000 in equity financing to a startup company that manufactures casements for the retail store industry. That company now employs over 125 people who had few prospects for employment in their home county. This company would not be located in rural Clay County if not for the type of equity investment that KHIC made available. Altogether, KHIC has infused about $40 million in venture capital in their region, invested in more than 100 companies and created over 5,200 jobs.

The organizations operating CDVC funds have been fortunate in attracting talented and dedicated people, but the skills and expertise to produce a double bottom line are still relatively scarce. The CDVC Demonstration Program allows the most experienced and successful in this growing field to teach, advise, and mentor the less experienced, the new and emerging community development venture capitalists.

The CDVC Demonstration Program authorizes $20 million over four years. Seventy-five percent or $15 million will be used as grants to intermediary organizations—the private, nonprofit organizations with the most experience and skill in making venture capital investments in poor communities—to provide hands-on technical assistance to the new and emerging venture funds springing up in low-income communities around the country. In addition to providing technical assistance, intermediaries will be able to use the grants to fund the start up and operating costs of new CDVC organizations. Grants to intermediaries will be matched $1 for $1 with funds raised from non-Federal sources. Twenty-five percent or $5 million will be used as grants to developmental organizations—public or private firms—to create and operate training programs, intern programs, a national conference, and academic research and study of community development venture capital.

I hope that my colleagues in the Senate will support these reforms and new initiatives in the name of good jobs, entrepreneurship and responsibility to community.●

Mr. CLELAND. Mr. President, I thank the Senator from Massachusetts, Senator KERRY and the Senator from Missouri, Mr. BOND, for their continuing leadership on behalf of small businesses. The legislation before the Senate, S. 3412, contains many important programs that will enable small businesses to continue to be a vital part of the nation's economy. This omnibus small business legislation is the result of bipartisan commitment to a number of worthy goals.

Today I wish to address specifically two important initiatives that I proposed earlier in this session: the disaster mitigation pilot program and the Small Business Administration Women's Business Center authorization. I am extremely pleased that both are included in this bill.

On June 11, 1998, Senator KERRY and I introduced the S. 2157, the Women's Business Center Authorization bill. There was broad bipartisan support for this initiative, with seventeen cosponsors. I was especially pleased when Senator BOND included an increased authorization for women's business centers in the pending bill. Funding for these important centers is increased from $8 million to $12 million in fiscal year 1999 and thereafter.

The women's business center legislation, simply stated, recognizes the outstanding contributions that women's business centers have made to women entrepreneurs across the Nation. These centers are the only organization, nationally, which focus exclusively on entrepreneurial training for women. Increased funding will allow for new centers and subcenters to be established and for continued funding for existing centers, including the on-line women's business center. Increased funding would achieve the goal of expanding centers to all 50 States.

On March 26, 1998, I introduced a disaster mitigation pilot program, S. 1869. This legislation would permit SBA to establish a pilot program (using up to $15 million of existing disaster funds) to provide small businesses with low interest, long-term disaster loans to finance preventive measures before a disaster hits. In response to the increasing costs and personal devastation caused by disasters, the Administration has launched an approach to emergency management that moves away from the current reliance on response and recovery to one that emphasizes preparedness. The Federal Emergency Management Agency (FEMA) has already established administratively a program to assist disaster-prone communities, one in every state, in developing strategies to avoid the crippling effects of natural disasters. My proposal would allow the SBA to begin a pilot program that would be limited to small businesses within those communities which are eligible to receive disaster loans after a disaster has been declared. Currently, SBA disaster loans may only be used to repair or replace existing protective devices that are destroyed or damaged by a disaster. In connection with repairs, funds may also be used to install new mitigation devices that will prevent future damage. My legislation is necessary to authorize SBA to establish this pilot program to provide mitigation loans prior to the occurrence of a disaster.

Mr. President, I believe that this disaster mitigation program will address two areas of need for our small businesses—reducing the cost of recovery from a disaster and reducing future disaster costs for small businesses. It also addresses the opportunity for small businesses to contract work during a period when market forces haven't driven up the prices for these services, thereby ultimately reducing the cost of disaster assistance to the taxpayers.

I thank my colleagues on the Small Business Committee for including both of these initiatives, which I think will serve the needs of so many, in this bipartisan legislation. I look forward to its prompt enactment. Thank you, Mr. President.

Mr. SHELBY. Mr. President, I ask unanimous consent that the amendment be agreed to, the substitute amendment be agreed to, the bill be considered read a third time and passed, the amendment to the title be agreed to, the title, as amended, be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The amendment (No. 3674) was agreed to.

The committee amendment, as amended, was agreed to.

The bill (H.R. 3412), as amended, was considered read the third time and passed.

The title was amended so as to Read: "An Act to amend the Small Business Act and the Small Business Investment Act of 1958 to provide for a pilot loan guarantee program to address Year 2000 problems of small business concerns and to improve the programs of the Small Business Administration, and for other purposes.".

ORDERS FOR THURSDAY, OCTOBER 1, 1998

Mr. SHELBY. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9 a.m. on Thursday, October 1. I further ask that the time for the two leaders be reserved.

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

PROGRAM

Mr. SHELBY. For the information of all Senators, on behalf of Senator LOTT, tomorrow the Senate will convene at 9 a.m. and begin 3 hours of debate on the defense authorization conference report.

At the conclusion of debate time at approximately 12 noon, the Senate will proceed to vote on the adoption of the conference report. Following that vote, the Senate may begin consideration of S. 442, the Internet tax bill, with relevant amendments in order and a Bumpers amendment regarding catalog sales. The Senate may also consider S. 1092, the Cold Bay-King Cove legislation under a 6-hour time agreement or any other legislative or executive items cleared for action.

Therefore, Members should expect rollcall votes throughout Thursday's session with the first vote occurring at approximately 12 noon.

ORDER FOR RECESS

Mr. SHELBY. Mr. President, if there is no further business to come before the Senate, I ask that the Senate stand in recess under the previous order following the remarks of Senator ROBB.

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

STROM THURMOND NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998—CONFERENCE REPORT

Mr. ROBB. Mr. President, I have heard many of the statements made here today and yesterday regarding the defense authorization conference report and, indeed, I had hoped to come to the floor earlier, but I was involved in a meeting in my office with the Foreign Minister of the Republic of Yugoslavia in a very serious and protracted discussion about the possible military options that Mr. Milosevic's Government and our Government were considering with respect to the situation in Kosovo, and the readiness of the military forces as well as the ability of those forces to respond to various contingencies was a significant part of our discussion.

Many of our colleagues have expressed their concern over the degraded state of readiness of our armed services. Mr. President, I share those concerns, especially as they relate to our fundamental ability to fight and win two major wars as is called for by our national military strategy.

Admittedly, the need to fight two such wars has been challenged by many, but until the tense situations in the Middle East and the Korean peninsula are behind us, we do not have the luxury of cutting force structure anymore. Indeed, in the words of the well-known Broadway musical, "we've gone about as 'fer' as we can go."

Yesterday, the Chairman of the Joint Chiefs of Staff and the four service chiefs confirmed that the risk we now associate with fighting in a second theater is high. By "high risk," we mean that the level of troop losses in such a conflict could be unacceptably high. This, Mr. President, is a serious development and one which merits our immediate attention. Many of our colleagues have also expressed frustration that we were made aware of this and other readiness problems only recently.

While I share some of these frustrations, I also appreciate the complexity of predicting problems even a few months out. Pilot retention, for example, can be a function of the strength of the economy. Moreover, I appreciate the comments by our service chiefs in a hearing yesterday that reinforced the immense complexity of managing our readiness, especially like a major downsizing unlike anything we have been through since the end of World War II.

This having been said, we have a serious readiness problem that threatens to nosedive very quickly. We are already eating our seed corn, and the threat of a hollow force, according to our witnesses yesterday, looms only 5 or perhaps a few more years out.

Some fixes can be made in short order; others, such as fielding new equipment that won't consume so much of our resources to maintain, may take years.

The obvious solution and one quoted by many of those participating in the hearing and certainly by our service chiefs is more money.

While I will support supplemental funding for the Department of Defense, I do so with considerable frustration over this Congress' inability to have the courage to cut wasteful defense spending. While we rail on and on about the administration for underfunded readiness, we refuse to cut bases. One more base closure round should realize around $3 billion a year in steady-state savings, enough to pay for a host of readiness problems.

While some attack our service leaders for not being forthcoming, we add hundreds of millions of dollars in military construction projects that, although requested by the military for future years, we rush to build today so we can score points back in our States and districts just before an election. While some claim we have had no indications of a looming readiness problem, the fact is that we have. But despite this, we added over $2 billion in this bill for procurement and research and development projects that were simply not requested by the military. I am not suggesting they are not necessary in the long term, but they were not requested by the military in this bill.

Mr. President, I support this conference report. I will support the supplemental funding package. But I hope each and every Member will find the will next year to support substantial infrastructure reductions and stop pushing so many Member interests onto the defense authorization bill so that we can put those limited tax dollars that we do have available for our Nation's defense to work directly and exclusively for the soldiers, airmen, sailors, and marines who are willing to risk their lives for this Nation.

With that, Mr. President, there will be more to say tomorrow when the defense authorization report is formally considered by the Chamber.

I ask unanimous consent that the previous unanimous consent order be modified to accommodate the distinguished Senator from Arkansas.

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

The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I thank the distinguished Senator from Virginia for making that request. I will be very brief.

First, I compliment the Senator from Virginia. I came here to speak on another subject, but his remarks on what is the current topic about military readiness were very topical and timely. He made one very salient point that needs to be reinforced, and I would just like to lend my support because, as you know, I will not be here next year, and I regret it for a number of reasons, but one of the reasons is because I won't be here for the debate about just how bad off our Defense Department is on readiness, No. 1. No. 2, the question keeps coming back to me on why, if $270 billion, which is this year's defense budget—or maybe that is the amount we appropriated for next year, $270 billion—if that isn't enough when you consider the fact that that is more than all the defense expenditures of the rest of the world and twice as much as China and Russia and the so-called seven or eight rogue nations, you have to ask yourself, what are we doing with that $270 billion?

When you add NATO to it, NATO and the United States combined spend well over twice as much as the rest of the world combined.

I wish I was going to be here for this so-called readiness debate. I have watched this thing happen about five times since I have been here, where we go along and all of a sudden the Defense Department comes over and says, "Our readiness is declining; our ability to meet the contingencies that we see are something we are not going to be able to meet with our existing manpower."

It makes me wonder, because then Senators begin to hear from their constituents back home that the Joint Chiefs have said we are woefully inadequate in this department, woefully inadequate in that department. And

among other things, General Shelton pointed out yesterday in the Armed Services Committee that one of the reasons they feel like their readiness is slipping is because they have things imposed on them to the tune of about $4 billion or $5 billion this year they didn't ask for.

When you consider the fact that our retention rate of pilots is 27 percent, and we are in the process of building about 700 new F–18s and 339 F–22s, you have to ask yourself, Who is going to fly those planes? If we can't compete with commercial airlines, then we ought to raise the salaries of our pilots.

It is absolutely unconscionable that we spend the amount of money that we do—hundreds of thousands of dollars—training pilots only to watch the commercial airlines take them away from us once they have been trained. The only way you are going to overcome that is to change the salaries of pilots so you can retain them.

I am like Senator ROBB, I will have more to say on this subject later.

I really came over to give another brief statement.

This is the eighth year I have been trying to kill the space station. Everybody knows that. I only have about 6 more days to speak my mind in the U.S. Senate.

I know that everybody is going to be extremely rhapsodic and excited to hear the good news, and that is, since I stood on the floor about 6 months ago and tried to kill the space station once again, the cost of it has only gone up $8.3 billion. We are now headed into the second $100 billion for the space station. You have to bear in mind that that is only if the Russians are ready, for example, with a service module by April of 1999, and even NASA itself says they are not likely to be ready until the fall of 1999.

When I tell you that we are soaring past the $25 billion mark right now, and we will probably be at $30 billion by April of next year as best we can project, and you understand that the Russians are not going to be ready with a service module by next April as anticipated, and if it is next fall, just keep adding a billion here and a billion there.

Mr. President, all I can do is to tell my children and grandchildren I did my best to stop this thing before it got completely out of control, and I failed miserably. I never received more than 35 votes, maybe 40 at one time.

I have to admit, it is extremely gratifying to come over here and tell you, "I told you so." There is just nothing politicians like better than to be proven right.

I will be down in Arkansas watching C–SPAN occasionally. Senator Pryor tells me he is so happy now he doesn't even watch C–SPAN anymore. He says sometimes it just ruins his whole day. I will be down there and probably watching C–SPAN as I watch the cost of the space station soar from $100 billion—it is about $104 billion right now—right on up to $150 billion and watch the U.S. Senate put their imprimatur on it and say, "Sic 'em, tiger; go at it, and we'll just keep spending the money."

It doesn't make any difference. I can tell you right now it does not matter what the space station winds up costing; we are going to build it. Nobody can tell you why, but we are going to.

I will have a little more to say on this the first opportunity tomorrow or Friday.

I yield the floor, and I assume we will stand in recess.

RECESS UNTIL 9 A.M. TOMORROW

The PRESIDING OFFICER. The Senate stands in recess under the previous order.

Thereupon, the Senate, at 5:53 p.m., recessed until Thursday, October 1, 1998, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate September 30, 1998:

DEPARTMENT OF VETERANS AFFAIRS

KENNETH W. KIZER, OF CALIFORNIA, TO BE UNDER SECRETARY FOR HEALTH OF THE DEPARTMENT OF VETERANS AFFAIRS FOR A TERM OF FOUR YEARS. (REAPPOINTED)

IN THE ARMY

THE FOLLOWING NAMED ARMY NATIONAL GUARD OF THE STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C. SECTIONS 12203 AND 12211:

To be colonel

MATTHEW L. KAMBIC, X...
JAMES G. PIERCE, X...

SOCIAL SECURITY ADMINISTRATION

RICHARD A. GRAFMEYER, OF MARYLAND, TO BE A MEMBER OF THE SOCIAL SECURITY ADVISORY BOARD FOR THE REMAINDER OF THE TERM EXPIRING SEPTEMBER 30, 2000. VICE HARLAN MATTHEWS, RESIGNED.

GERALD M. SHEA, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE SOCIAL SECURITY ADVISORY BAORD FOR A TERM EXPIRING SEPTEMBER 30, 2004. (REAPPOINTMENT)