SENATE—*Thursday, August 11, 1994*

The Senate met at 9:30 a.m. and was called to order by the Honorable HERB KOHL, a Senator from the State of Wisconsin.

PRAYER

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

Let us pray:

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

God of Abraham, Isaac, and Israel, God of all people, Lord of Heaven and Earth, our Nation was conceived in the hearts and minds of men who believed in a God who created all people and endowed them with "certain unalienable rights." Thomas Jefferson believed that those rights would not be secure if the people no longer believed that they were a gift of God.

The prophet Jeremiah wrote:

For my people have committed two evils; they have forsaken me the fountain of living waters, and hewed them out cisterns, broken cisterns, that can hold no water.—Jeremiah 2:13, KJ.

Forgive our naivete, Lord, that we can build a perfect society without regard for God.

In His name who is the Forgiveness of God incarnate. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

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

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, August 11, 1994.

To the Senate:

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

ROBERT C. BYRD,
President pro tempore.

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

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The Chair recognizes the majority leader.

SCHEDULE

Mr. MITCHELL. Mr. President, under a previous agreement, there will be 4 hours for debate on the health care legislation. The time will be divided as follows: The first half hour will be Democratic Senators. Then there will be 2 hours allocated to the Republican side. And then the final 90 minutes, or 1½ hours, will be on the Democratic side. I believe that has been worked out by Senators PACKWOOD and KENNEDY.

Mr. PACKWOOD. It worked out. When I talked with Senator KENNEDY last night, he indicated the Democrats want to run a bunch of speakers on a theme. That was fine. I had no objection.

I just discovered my 10 o'clock speaker may not be here, but I will try to get to him before that. I think we will work it out.

Mr. MITCHELL. Then we will proceed as suggested, 30 minutes on our side, then 2 hours on their side, then the last hour and a half on our side.

RESERVATION OF LEADER TIME

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

HEALTH SECURITY ACT

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will now resume consideration of S. 2351, which the clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 2351) to achieve universal health insurance coverage, and for other purposes.

The Senate resumed consideration of the bill.

Mr. MITCHELL. Mr. President, I will yield to Senator KENNEDY, now, to allocate time.

With Senator KENNEDY's concurrence, and in Senator MOYNIHAN's behalf, I yield 10 minutes to the Senator from Michigan.

Mr. RIEGLE. Mr. President, I understand I have been recognized for 10 minutes. I want to try in that period of time to cover many things. First of all, I want to congratulate Senator MOYNIHAN, Senator KENNEDY, and Senator MITCHELL for their extraordinary leadership in bringing this issue forward. It is a very complex issue. It is 14 percent of the American economy in financial terms, but it goes right to the heart of what America is all about.

As we have listened to the debate over the last 2 or 3 days, anyone following it has heard a lot of the technical detail of the various ways to try to improve and strengthen America's health care system to see that everybody has coverage, that it is coverage they can afford, and that—critically important—when they most need it, it is not going to disappear as it often does. We find very often when people get sick, the insurance, one way or another, disappears at the very time they need it most.

So today, I want to just spend a short period of time talking about what I think is really at stake here in this discussion. We all love our country. We have been around, now, over 200 years. We are still a young nation, as nations go. Yet we are the oldest surviving democracy. But there are certain things we need to do, I think, to strengthen our country and to pull us together as a people. Those things, when we stop and think about it, are basic things, like making sure educational opportunity is there for every person; to see to it the job environment is such that people who want to work and need to work have the opportunity to go out and apply their talents and earn a living to support themselves and their families.

In that same vein, health protection, to be able to try to have good health, to restore your health when you are sick, for parents to care for a sick child and to try to heal that child or to care for a sick parent or grandparent, to try to heal them, or to have a spouse in a family who is stricken with cancer or some other problem—when these issues strike, and they do in every family sooner or later, being able to have the health care that we need both to try to prevent serious things from happening, but then to try to deal with those problems when they arise. This strikes right at the very heart of life itself and right at the heart of the family structure, and I think right at the heart of our Nation.

It is ironic. At this time in history, all of the other major industrial nations have managed one way or another to come up with a health care system so everybody in their society has that kind of protection. We want that because it is humane and it is sensible and it is good economics. But we also want it because we cannot really function very well if we have a sort of hit-or-miss system where many people cannot get insurance, many people who have it cannot afford to keep it because it is becoming more expensive, or, as I said before, at the very time when you need the health insurance the most—when someone gets sick—the insurance company withdraws the coverage and

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

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says you are no longer insurable. Then you are really in a situation that many people cannot manage by themselves.

I have talked about many of these cases here on the floor. In fact, now, for over 2 years, I have been coming to the floor and I have a little booklet I put together of the faces of families and people in Michigan who illustrate this problem. These are people of all ages and all circumstances who have been devastated by medical circumstances that they could not manage, because either they could not get health care coverage or they could not afford to keep it, or when they needed it most it disappeared out from under them.

One case I want to talk about today just for a moment is the case of a young woman named Cheryl Eichler. I did not know Cheryl Eichler. I met her at one point when we were having a hearing on health care reform in Michigan. She volunteered to come forward as a witness. She was a young woman suffering from Crohn's disease, which is a very painful, difficult, and life-threatening problem. Many Americans have this problem. One of George Bush's sons has this problem, and is struggling with it at this very time.

In any case, Cheryl Eichler was the manager of a 7-Eleven store, earning about $12,000 a year. She had no health insurance coverage through her workplace, and she did not earn enough to be able to buy health insurance on the outside.

Plus, the insurance companies did not want to sell her a policy because she had this Crohn's disease problem. So the day we had our hearing in Michigan, she was actually in the hospital. She left the hospital bed to come in to testify about not just her problem but the problem facing so many people in America who need health care and cannot afford it and, as a result, are in desperate circumstances.

Within a few months of the time that she testified—and she gave magnificent testimony that day—she died at the age of 29. I am convinced that Cheryl Eichler would be alive today if she had gotten the health care she needed when she needed it. Many times she was delayed going to the doctor because she did not have the money to pay for treatment.

Frankly, most places, if you do not have the money to pay, you do not get the treatment, not unless you are on welfare, public assistance, and then you qualify for Medicaid. You should not have to go on welfare in America to get health coverage, if you desperately need it or if your family members need it. That is what happened to Cheryl Eichler. So she is in an early grave. And so many, many people that has happened to over the decades because they were not able to afford the health care that they needed when they needed it.

That does not help America. It does not make us a stronger nation. It is one thing to rally together to fight wars overseas—we have done that many times—or rally to get into the space program and send people to the Moon and bring them back safely, and these are extraordinary national efforts and achievements. But why is it not as important, if not more important, to rally around as a nation—Democrats and Republicans—to try to reform and improve our health care system so everybody in the country has the chance to try to establish good health for themselves and then to be able to maintain it for themselves and the members of their family?

We want people to work. How can you work if you are sick? I mean, we want a healthy nation. We want our people to be strong and well and healthy. That is why we need health care protection that provides both preventive care and then, when people get sick, to try to get them restored as quickly as possible. That is what makes America strong, when our people are strong and when they are not in terrible conditions that overwhelm them financially, as so often is the case with people with these health problems.

I want to just show you one article that ran in the Detroit News some time back about a single parent, working mother, Cynthia Fyfe. She earns not a great amount of money. She gets a little bit of health insurance at the workplace for herself, but none for her son, Anthony, who at the time of this article was 6 years old. You can see a picture of him here. Cute little fellow with glasses on. She has no money to insure her own child.

One way she could get insurance for Anthony is to quit her job and go on welfare. Then she would qualify for Medicaid and Anthony would have health insurance. Is this the way we want to have it in America where somebody that works cannot afford health insurance and their children go uninsured, whereas if that same person would quit their job, go on welfare, then their child will have health insurance?

That does not make any sense. That is not good social policy. That is not helping these people. This little guy right here is America's child. He belongs to us. We ought to care about him. We want him to love his country. We ought to let him know that our country loves him. We do not have to know him to care about him. He is part of our national family, and we ought to cover these children. Why? Because they are important. They are the most important asset we have.

Mr. GREGG. Will the Senator yield?

Mr. RIEGLE. I will when I finish. The most important thing we have are our people and, as these children come along, as precious as they are, do we want to have a situation where if one is stricken with appendicitis, as my little daughter was, or as some other problem that arises that the parent or parents hesitate to go to the doctor or cannot go to the doctor promptly and quickly for the care that child needs? No, that is not what we want. We are not that poverty stricken. We are not Somalia or any other country.

We are in the position to see to it that we meet the health needs of our people. In fact, if we do it, we will save money because we do not avoid these problems. If a person gets sick and becomes far sicker than they need to be, they will eventually get care, but it is the highest cost care and often it is too late and there is a tragedy involved, terrible suffering and hardship for families.

Why do we want to impose that on ourselves? Why do we not have a bigger vision? Why do we not care enough about each other to help create a system in which we can keep these costs down so that people do not keep losing their insurance who now have it or find it so expensive that in order to have it they cannot have anything else in their lives, like money to put aside for a child's college education or buying a house?

And then what about the 40 million people who do not have any insurance at all? What about little Anthony Fyfe here? What about him? Where does he fit into the picture? Right now he does not fit into the picture, although I will say this: In the bill that came out of the Finance Committee, with bipartisan support, there is an amendment in there that I offered which was included to provide health care now for young children in this country under the age of 18 like Anthony Fyfe. It would cover them all, and it would make sure that expectant mothers would also receive proper prenatal care so their children, as they are being born and they are carried during the 9-month term of pregnancy, would be getting the kind of prenatal care and monitoring they need so they can go to full term, so that a baby does not come 6 or 8 weeks premature and maybe cost $100,000 in an infant care ward in the hospital in order to just get up to a normal birth weight.

We can avoid that in many cases if we just provide prenatal care to these expectant mothers.

Why is that not good for America? It is good for America. If we can find the money to fight these foreign wars and to send money off in foreign assistance and to build this huge defense establishment, can we not protect our people? Can we not help our people help themselves? We want people to work. I believe in that, and people want to work. But they cannot work if they are sick, or they cannot work if they have to take time off to go home and attend a sick family member who is sicker

than they might be because they did not have health care protection.

Let me just finish by saying this: I think it is time for the Senate and the Congress to rise to this occasion. I know there is a lot of partisanship in this. There is a lot of partisanship in it, and President Clinton, to his great credit, and the First Lady have brought this issue forward. There are a lot of cross-currents, a lot of television ads, so forth, that have been swirling around over the past months. But let us not lose sight of this fact: We are talking about the health and well-being of our country—whether we make our country stronger or whether we leave it in an impaired condition.

It is time for us to act. Let us pass the best bill we can, and let us do it on a bipartisan basis.

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

Mr. RIEGLE. Whatever time is left I will be prepared to do it.

The ACTING PRESIDENT pro tempore. The Senator has spoken for 10 minutes.

Mr. GREGG. Mr. President, the Senator mentioned—and it is an important issue—the fact that the child's mother would have to quit work in order to get the care that she felt was necessary for the child. But in reading the CBO report, relative to the Mitchell bill, I noticed the CBO report says that Senator MITCHELL's proposal—I am quoting:

> Senator MITCHELL's proposal would discourage certain low-income people from working more hours or, in some cases, from working at all.

That is a direct quote. Then it goes on to say:

> In the year 2000, the effective marginal rate on labor compensation could increase by as much as 30 to 55 percentage points for workers with family income in the phaseout range. Moreover, those levies would be added to the explicit and implicit marginal taxes that such workers already pay through the income tax, the payroll tax and the phaseout of the earned income tax credit. In the end—

Under the Mitchell bill—

> In the end, some low-wage workers would keep as little as 15 cents of every additional dollar they earn.

It seems to me there is a fundamental flaw here. I recognize what you are trying to get to, and I think it is an appropriate goal. It seems to me the Mitchell bill has some concerns.

Mr. RIEGLE. Mr. President, let me say to the Senator—and I do not know whose time we are on—I invite you—and I know you love the children in New Hampshire as I do the children in Michigan—I urge you to offer a constructive amendment to improve that area of the bill if you think it falls short.

What I hope would not happen, it is very easy to criticize the other fellow's bill whether it is Senator MITCHELL's bill or somebody else's. The problem we face today in America is the system is not working for many of our people. We have an obligation here, not to find fault with the other fellow's plan but to make sure we have a plan that is going to get the job done. And I say let us do that on a bipartisan basis.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator has spoken for 10 minutes. His time is up. Who yields time?

Mr. KENNEDY. Mr. President, I yield 8 minutes to the Senator from Illinois.

The ACTING PRESIDENT pro tempore. Eight minutes has been yielded to the Senator from Illinois [Mr. SIMON].

Mr. SIMON. Mr. President, I have heard twice now speeches saying we are rushing to judgment on this matter of health care. As Senator KENNEDY pointed out on the floor 2 nights ago, I believe it was, this idea was first suggested early in this century by Theodore Roosevelt. We have not exactly been rushing to judgment.

Listen to this speech given by Harry Truman in 1945:

> Millions of our citizens do not now have a full measure of opportunity to achieve and enjoy good health. Millions do not now have protection or security against the economic benefits of sickness. The time has arrived for action to help them attain that opportunity and that protection.

Harry Truman, 49 years ago, and we are still waiting for action. We do not need to wait that long. Frankly, I would love to see the Mitchell bill move much more quickly than it is. I would like to have seen the Clinton bill move much more quickly.

It is very interesting—and the Presiding Officer, Senator KOHL, may be too young to remember these days—that on May 6, 1935, by Executive order, FDR established the WPA. By November of that year, a few months later, 2.6 million Americans were working. He created a totally new program. We are not fashioning anything that dramatically new.

Medicare, within 1 year of its enactment in 1965, had enrolled 19.1 million older Americans.

We are not rushing to judgment. We had, not too long ago, a great flood in the Midwest. It affected Wisconsin a little; it affected Illinois, Missouri, and Iowa much more. Hundreds of thousands of people were affected, and this body responded, as we should, as we responded when Florida and Louisiana had problems.

Thirty-eight million Americans do not have health insurance. Many of them face urgent problems, and we are not responding. We have to respond.

Let me just tell three stories, two from a small town, Troy, IL, where I lived for 26 years. When I was maybe 20 years old, I can remember a man—I have been unable to contact the two families. I did not want to use their names without their permission. But a man I knew, who I thought at that time he was fairly old—he was probably 55 or 60. Since I am 65 now, I am sure I would view him as very young—said to me, "I have cancer. I do not have insurance. I have struggled and worked hard to pay for my house, and if I go ahead and have an operation I might live, I might live another year. But, frankly, it will take the house away from my wife or put a heavy mortgage on it. I have decided to die." And he did.

That would not happen in France. That would not happen in Germany. That would not happen in Great Britain. That would not happen in Italy. Why do we not protect people like that?

A somewhat similar story. A few years later, I was in the State legislature. The man who lived just down the street from me came into my kitchen and said, "I have kidney disease. I am going to have to go through renal dialysis. But if I go through it"—and this was still in its primitive stages then—"If I go through it, I may live a few years longer but I may not. And I am going to deprive my family of our house." And he said, "I've decided to die," almost the same words as the other man used. And he did die. That should not happen in our country.

In Monroe County, when I was in the House of Representatives across the Rotunda here, I used to hold these open office hours, and this man came in who had worked for the State of Illinois, then took a job with a grocery chain, and he had to work there 6 months before he would be eligible for health coverage.

Before the 6 months was up, it was discovered he had a serious heart problem. He and his wife came in and talked to me, and he said, "I can't afford to have heart surgery that the doctor says I need." His wife was with him. She was crying. And she said, "If he doesn't have it, the doctor says he's going to die."

Well, frankly, I was able in that case to contact the Illinois State Medical Society, and we got it worked out. But that is not how we should protect our citizens.

We spend more as a percentage of our gross national product for health insurance and health coverage than any nation, by far—14 percent of $6.5 trillion. That amounts to, if my calculation is correct, $910 billion a year we are spending. Are we getting our money's worth? Well, we are, those of us in the Senate, because all 100 are covered. But 38 million Americans are not covered. We just cannot continue that.

I heard, I believe it was the Senator from Oregon, saying this is a shift of cost to employers. Richard Nixon, not a Democrat, as I recall, suggested a health care plan where employers would pay 75 percent and employees 25 percent. But those are things that we can negotiate. What we should not negotiate is that we are going to cover all Americans.

Our friends on the other side introduced a bill, Senators CHAFEE, DOLE, BOND, HATFIELD, BENNETT, HATCH, DANFORTH, BROWN, GORTON, SIMPSON, STEVENS, COHEN, KASSEBAUM, WARNER, SPECTER, FAIRCLOTH, DOMENICI, LUGAR, GRASSLEY, and DURENBERGER introduced the Chafee bill that said "let's have universal coverage."

Let us not back off on that. This should not be partisan. We ought to protect every American. My friend from Oregon yesterday talked about a hidden payroll tax. I would be willing to vote for a payroll tax. Do not make it hidden. I do not know how we do this. But we ought to cover all Americans. What is wrong with this country when we do not do it?

Mr. President, we ought to act. We ought to do the responsible thing; we ought to do the sensible thing and the compassionate thing, and I hope that we respond to the American people.

The ACTING PRESIDENT pro tempore. Who yields time?

Mr. MOYNIHAN. Mr. President, I yield 10 minutes to the distinguished Senator from New Mexico.

The ACTING PRESIDENT pro tempore. The Senator from New Mexico [Mr. BINGAMAN] is recognized for 10 minutes.

Mr. BINGAMAN. I thank the Chair. I thank the Senator from New York for yielding time.

I appreciate the excellent work he has done as chairman of the Finance Committee, and of course the excellent work my own chairman, Senator KENNEDY, has done as chairman of the Labor and Human Resources Committee to put together the bills which made up the basis upon which our majority leader, Senator MITCHELL, has proposed his own legislation.

The first question that I had to deal with in deciding how much of my time and effort to put into this issue of health care reform was: Why should it matter to a Senator from New Mexico? Is it important for my State that something be done in this area?

I began to research the issue. Mr. President, New Mexico is one of those States in which a great many people are not presently covered. We have a low per capita income. The estimate is that about 22 percent of our State does not have health care coverage. That is more than 1 out of 5 people in my State at the present time—350,000 people in a state of 1.6 million. And 36 percent of the people who are not covered are children 18 years of age or less.

Ours is a State of small businesses, and primarily the people who work for those small businesses are the ones who are not covered. I think one of the great misunderstandings that has existed throughout the country is whether or not this was an effort to extend coverage to the very poor. Was this another type of disguised welfare expansion that we were engaged in here? I am satisfied, when you look at the reality of the situation, this is not an effort to extend coverage to the very poor. The very poor have coverage today. The very poor are covered by Medicaid. This is an effort to extend coverage primarily to those working families, those young working families with children who do not have coverage because they are working for relatively low wages. They are working for employers who find it impossible financially for them to provide that coverage.

Again, this is an important issue in my State. It is important because more than 120,000 children in New Mexico do not have health care coverage today.

That is the reason I am on the Senate floor urging my colleagues to move ahead with some type of significant health care reform legislation. We have heard arguments, and will continue to hear them, against our taking action or against our seriously considering the provisions in Senator MITCHELL's bill. One argument is that the Government should stay out of this whole area; it is not Government's problem that 120,000 children in my State have no health care coverage; that it is the private sector's problem; that is someone else's problem; the Government should not be concerned.

Clearly, it is the families' problem first and foremost. But if we have a system which over many decades has not been able to expand coverage to the most vulnerable in our society, those children then, in my view, are a concern of Government. They are a legitimate concern of Government. This is a problem that we can address here in the Congress, and we can do it in a way that does not interject Government more than is necessary, but that does interject Government to the extent necessary, to protect that vulnerable population.

Another argument that we hear is that we as a nation cannot afford to expand coverage. We cannot afford to deal with this problem. I just do not believe that, Mr. President. I work here in the Senate, as my colleagues do, and we vote on bills day after day. We have a defense appropriations bill on the floor today, which, hopefully, we will complete action on tonight. I support that bill. It provides $265 billion in expenditures for our national defense. It is money that needs to be spent. We are not one of the nations that can claim poverty. We have a very rich economy. We have the strongest economy in the world, and clearly we need to look after the health and welfare of the people who keep that economy strong.

Another argument I have heard is that this is too complex a problem for the Congress to deal with in this session of the Congress; we need to put it off. Again, I do not believe this thing will get simpler as we go further on. We need to act now. Clearly, we do not have all the answers. But we have many of the answers. We cannot afford to continue to wait until a perfect solution is at hand, until a solution is at hand that every Senator will agree with.

I believe the opportunity is now. We can get many things right. We will make some mistakes. We will do some things in the legislation that will have unintended consequences. But we will make major mistakes if we do not pass a comprehensive health care reform bill.

Let me mention some of the things I know we can do correctly and do right in this legislation. We can require that coverage is available to everyone in our society regardless of whether that person is sick or has a preexisting condition. We can require that insurance companies maintain coverage and maintain it at a reasonable price so that when illness does strike, the price of coverage, the price of health care, does not go through the ceiling. We can ensure that the average person has the ability to provide coverage without having to pay enormous commissions.

One of the main objections I have heard about Senator MITCHELL's plan is that there is an opportunity for people to buy through a purchasing cooperative and that somehow undermines the free enterprise system. I do not think it hurts the free enterprise system to give people an opportunity to buy another way. If they do not choose to exercise that opportunity, fine. They can continue to buy through their existing carrier, through their existing agent. But giving them that opportunity, to me, seems a very reasonable thing to do.

We can do a better job of controlling costs in health care. We can provide prescription drugs for senior citizens. We can begin to deal with the needs that many of our seniors have for long-term care. We can expand health care delivery into our rural areas, and we can provide coverage for pregnant women and for children in this country. These are not too ambitious a goal for us to take on.

We need to get on with it. If there are necessary amendments, I hope they will be proposed. I certainly expect to propose amendments of my own. I ask my colleagues to seriously consider the amendments I propose, and I pledge to seriously consider any amendment proposed by other Senators. But I do hope that we can proceed to consider this legislation in a serious, nonpartisan way. We can do the best we know how to improve our health care system so that health care is available at a reasonable price to each of our citizens.

I thank you, Mr. President.

I yield the floor.

Mr. PACKWOOD. Mr. President, I yield such time as the Senator from Texas may desire.

The PRESIDING OFFICER (Mr. AKAKA). The Senator from Texas is recognized.

Mr. GRAMM. Mr. President, I thank you for your recognition. I thank our dear colleague from Oregon.

I want to deviate from my speech for a moment to respond to our dear colleague from Illinois. I can hardly believe my ears when the health care system of the United States of America is compared unfavorably to the health care systems of Canada, Great Britain, and Germany. Last year, more heart patients died in Canada waiting to get into the operating room than died on the operating table. People all over the world under government-dominated systems are dying because health care that is readily available in America is not available in those countries.

Since everybody is talking about what we supposedly are going to gain by vastly expanding the role of Government in making health care decisions, I want to start by talking about what we stand to lose.

Mr. KENNEDY. Will the Senator yield?

Mr. GRAMM. I do not yield.

Mr. KENNEDY. On that point?

Mr. GRAMM. I do not yield. I would like to speak, and then I will be very happy at some later point to debate the Senator from Massachusetts at length.

First of all, we have in the United States of America the greatest health care system in the history of the world. In the last 25 years, 90 percent of all the pharmaceuticals, 95 percent of all the medical procedures, 90 percent of the routine miracles that we expect every time we go to the doctor and every time we go to the hospital, have been developed by Americans.

It is very interesting to me that so many of my colleagues, when they think of medical perfection, look to the north, to Canada, and yet I notice that when they and the people they love get sick, they never ever go to Canada to try to get well. Yet, on any given day in America, in any referral hospital—and I would ask my colleagues today to go to nearby Johns Hopkins University, a great medical center—they will find that those referral wards are full of rich or politically powerful Canadians. They are full of people who have had an opportunity to look socialized medicine in the face in Great Britain, or Germany or elsewhere and have found that face to be an ugly, uncaring face, and they have come to the United States of America to get health care. That may not tell some people anything. But it tells me something, and that is we have a lot to lose in this debate as well as a lot to gain.

I am not going to support tearing down the greatest medical care system in the history of the world to rebuild it in the image of the Post Office. And I would like to try in my speech——

(Applause in the gallery.)

Mr. MOYNIHAN. Mr. President, may we have order?

The PRESIDING OFFICER. There will be order in the gallery. If the Senator from Texas will please withhold while I ask the gallery to please refrain from any demonstrations.

Mr. GRAMM. To try in my speech to explain why in fact that is what this debate is about. But let me first go back and talk about the problem, because in our zeal to pass a health care bill—any bill—we, it seems to me, have forgotten what this debate is all about.

First, it is about access to health insurance. And, second, it is about cost. Let me talk about access. The President's original bill, 1,342 pages long, had only 19 pages about access. The President talks incessantly about universal coverage, about insurance that will always be there. But 1,323 pages of the President's bill had nothing to do with that issue. It simply had to do with the Government taking over and running the health care system. But let me talk about access because access is an area where there is a great deal of agreement, and that has all been forgotten in this debate.

First of all, we have had now some two dozen bills introduced, and every one of these bills tries to deal with a problem we call portability. Every one of these bills tries to make it easier for people to change jobs without losing their health insurance.

When we talk about the 37 million Americans last year who did not have health insurance on at least 1 day, over 75 percent of those people, by some studies, did not have health insurance for one reason: They changed jobs. When you change jobs in America, you lose the insurance through the employer you are with, and often you do not get insurance on the new job until you have been there for 30 days.

We can solve 75 percent of the problem of people not having insurance on a provision that, as far as I know, every single Member of the Senate supports: Make it easier for people to change jobs without losing their health insurance. That was in the two bills I introduced, it was in the Dole bill, it is in the Mitchell bill, it is in the Clinton bill, it is in the Gephardt bill, it is in everybody's bill. That is not what we are debating here.

Every bill that has been introduced, as far as I am aware, deals with the problem of permanence. When I was growing up in the late 1950's, my mama got an insurance policy and she paid on that policy for about 4 years. She then had a major ailment. The insurance company paid for the first episode and then promptly canceled her policy. What good is health insurance if you do not have it when you need it? Thank God, that does not happen very much in 1994. But 100 Members of the Senate want to make sure it does not happen—ever—to anybody again. There is no dispute about that issue. That is something we all agree on.

Then what problems remain if you deal with permanence and portability? The next problem has to do with people who are already sick, people who have what are called preexisting conditions.

In listening to the White House, and in listening to some of my colleagues, it sounds as if they believe that by passing laws we can eliminate preexisting conditions. Only God can eliminate preexisting conditions. If the risk of insuring people is high because those people are sick, have been sick, and are likely to be sick in the future, we cannot pass a law changing that. What we can do is try to find a way to distribute those costs.

The other night the President said in his speech: Ask the Republicans if they are willing to give every American health insurance. How can the Congress give the American people anything? We are incapable of giving the American people anything. All we can do is take money away from some people and give it to others. But we are not capable of giving people anything. We do not create wealth here. We redistribute it, we destroy it, and we stifle it, but we do not create it.

There are a lot of ways to deal with preexisting conditions. When the distinguished majority leader talked about this issue, he referred to risk pools for insurance on automobiles. I would rather deal with preexisting conditions by creating a risk pool. For people who have high insurance costs because they are already sick, I would like to try to help them directly. Others want to collectivize all insurance rates. But the point is this: In the dozens of bills that have been introduced, every one of those bills tries to deal with the problem of preexisting conditions. That is not really an issue in this debate.

The final issue with regard to access is how do you help people who do not have private health insurance? There is an incredible anomaly in America today. If you do not work in America, chances are you qualify for Medicaid. But if you do work and make a modest income, you often do not have private health insurance and you are not eligible for Medicaid. We have a system today that treats the people who are riding in the wagon in America better than we treat the people who are pulling the wagon, and we marvel that 62 million people are riding in the wagon. It is amazing to me that we do not have twice that number of people riding in the wagon.

What I would like to do is reform Medicaid and ask for a copayment from Medicaid recipients. Take the average working family and look at the copayments they make when buying health care. Then, on a pro rata basis, based on income, look at the people on Medicaid and require copayments relative

to their income. Does it make sense to have people on Medicaid go to the emergency room for a sore throat, when it can cost $150 or $200 a visit? I say no. Instead, they should go to the doctor like everybody else. I think we need a higher copayment to go to the emergency room with a sore throat than to go to the doctor with a sore throat. I want to reform Medicaid and have a modest copayment like most other Americans face. Let the States run the Medicaid Program and use those savings to fund a refundable tax credit so working, low-income people can buy their own private health insurance through the private sector of the economy.

What is the alternative being proposed in President Clinton's bill, in the Gephardt-Clinton bill, and in the Mitchell-Clinton bill? Their alternative is a massive Federal subsidy. Their alternative is to give—as in the Mitchell bill—about 100 to 110 million Americans Federal subsidies. That is almost half the population of the United States. The debate here is: Do we want to do that, and can we afford it?

The Congressional Budget Office, in its study the other day, concluded that when in full force, the Mitchell plan would cost $194.3 billion a year to fund. Here is the question: Can we afford to do that? I noticed the other day we had a report—in fact, it was the day before yesterday. This so-called Entitlement Commission that we have put together came out with its study about the problems we have with the country going bankrupt. Here is what they concluded without considering the Mitchell plan or Clinton plan or anybody else's health care plan:

> If we do not act by 2030—

That is 35 years from now, since we are basically looking into fiscal year 1995.

> this country will be forced to choose between doubling every Federal tax and cutting more than half of every Federal program and entitlement to balance total Federal outlays and revenues.

That is only considering programs under current law. In 1950, the average American family with two children sent $1 out of every $50 it earned to Washington, DC. Today it is sending $1 out of every $4 to Washington, DC.

When fully implemented, the health care bill before us, or the original Clinton plan, or the Gephardt-Clinton plan—they are all basically the same plan, as I will explain—when fully implemented, the average American family with two children is going to be sending one out of every $3 it earns to Washington, DC.

Do we really want to do that, when the country is going bankrupt by what we are already spending? Do we want to start now a program that has the potential of becoming the largest new spending program in the history of the United States of America? Can we really afford to add another burden on the back of the working American family by making them pay part of the health care bills for half the population of the country? I say no. I say we ought to try to help working people get health insurance but do it by cutting existing programs.

Here is my point. If this debate were really about access, we could have a meeting in a room one quarter the size of this Chamber. We could have Democrats and Republicans sit around the same table. We could have the administration represented. And within 2 days we could work out a compromise.

This debate is not about access, and it has never been about access. The White House asks how you can be opposed to this bill and be in favor of Medicare. Medicare was a subsidy to help elderly people buy health care. It was not a program that told them how to consume it or told people how to produce it or set up a separate health care system.

If the issue was about access, we could easily work out a compromise. But this issue is not about access. This issue is about something far more fundamental. This issue is about the role of Government in a free society. This issue is about how to deal with costs. And on this issue, there is a fundamental philosophical division, and it is a very difficult division to compromise on because asking us to compromise on this issue is like asking the bullfighter and the bull to compromise. Here there is a gulf of difference.

What is the problem with cost in American health care? Part of the problem is medical liability. We have some studies that indicate that as much as 20 cents out of every $1 spent on health care goes to try to keep people out of the court house instead of trying to keep people out of the hospital and out of the grave.

What do the bills before us do? The Mitchell bill and the Gephardt bill, as the second iteration of the Clinton bill, not only have no real reform on medical liability, but they go back and overturn actions that the States have already taken.

How many Americans understand that the health care bills before Congress would overturn the actions of 20 State legislatures that have tried to deal with medical liability? Let me read you a quote on this:

> [This] medical liability amendment to the health care bill . . . can only be described as a disaster for the public and a windfall for the trial lawyers. Through their lobbyists and political contributions, the trial lawyers have inserted language that would actually overturn some of the reform the States have worked on for over 20 years by substituting less effective Federal language. The amendment would, if passed, add to the cost of health care while limiting patients' access to the care they need.

Who do you think said that? Do you think that was PHIL GRAMM or BOB DOLE? No. That was George McGovern in today's Wall Street Journal.

Mr. President, if our objective is to deal with cost, what in the world are we doing overriding the actions of 20 States that have tried to deal with medical liability? We would be adding to the cost of health care. That is the kind of provision that is hidden away in these bills which nobody really knows much about.

Now, let me deal with the big issue of cost. Why is the medical market so different than other markets? I can tell you very simply with an analogy. When you go to the hospital today in America, someone else pays 95 percent of your costs. That someone else is generally a third-party-payment health insurance policy. Or maybe it is Medicare, Medicaid, or it maybe the county through its indigent care system. The bottom line is that when an American goes to the hospital today, somebody else pays 95 percent of that American's cost.

When you are spending someone else's money, you do not behave the same way you do when you are spending your own money. If I bought groceries the way I buy health care, I would eat differently and so would my dog.

Imagine for a moment that you had a grocery insurance policy and you paid it once a month, and when you went to the grocery store, 95 percent of all the groceries you put in your market basket would be paid for by that insurance policy. If 85 percent of Americans had that insurance policy for groceries, the grocery store, as we know it today, would not exist. No grocery store in America would sell dog food. Ten or 20 times as many people would work in the grocery store as work in the grocery store today. We would be buying all kinds of specialty items and all kinds of precooked items. Groceries would be exploding in cost. The President would be saying groceries are the right of every American. We would have the committees of this Congress investigating the grocery insurance rip-off. We would be debating in earnest today collectivizing the wholesale and retail distribution for groceries in America. Thank goodness, we do not buy groceries the way we buy health care.

Now, that analogy is a pretty good analogy of health care. I think the President would agree with that analogy. I think probably the distinguished Senator from New York agrees with that analogy.

But where we differ is, how do you fix it? And it is not an easy problem to fix. This is where the fundamental philosophical difference is. The President says to fix it by letting the Government make fundamental decisions about health care.

Under the President's plan, despite all the wonderful, soothing rhetoric

which is at great variance with the President's plan, if you do not work for the Federal Government or if you do not work for a giant company that can afford to ransom you out of the Government-mandated health care plan with a 1 percent payroll tax, your private health insurance is canceled. You will be forced to buy health care through a Government-run cooperative, governed by a seven-member board in Washington, DC, that decides how much money is spent on health care, how the money is spent, and what choices you can make. They will set out the parameters for practicing medicine, and will have extraordinary powers to impose taxes on people in States, to change your insurance policy, to reduce reimbursements, and to basically ratchet down through Government to control your access to health care and everybody's access to health care.

Now, we have heard at great length how different these plans are that we are looking at in the House and Senate. In fact, our dear majority leader, when he had his press conference to tell the world about his first bill—which has now been substituted by a second bill, and I understand there is a third bill coming today, and every title of this original bill was changed in the bill we were given yesterday—when he had his press conference to expose his first bill to the world, he did not mention Bill Clinton's name once.

So you get the idea it is a different bill. It is not a different bill. It does the same things in different ways. It tries to limit our freedom of choice in health care.

The way I figure it, a minimum of 80 percent and probably 90 percent of all Americans will have their current health insurance changed by the Mitchell bill. The Mitchell bill tells people what kind of health insurance they can have. It mandates that they buy coverage for benefits that most Americans are not going to want. The alcohol and drug rehabilitation provision, when it was implemented by law in Virginia, sent insurance rates up by 12 percent. Why should an old widower be forced to pay an additional 12 percent for alcohol and drug rehabilitation if he does not want it?

Unlimited care in areas that have traditionally not been covered by insurance policies will send costs through the ceiling. Why should the Government tell us what kind of health insurance we should have in America?

But then you get to the parts of the bill that are even worse. If you have a provision in your health insurance that you want but that the Mitchell bill does not want you to have, there is up to a 66 percent tax on that benefit. How many Americans know that under the bill before us, there are now four different taxes on your private health insurance? And listen to how it tries to control costs. It gave up the original bureaucracy that wrenched down on the health care system. But look at what it substitutes for it. If you have an insurance policy and the cost of your insurance goes up by more than 2 percent in real terms, the Government taxes your policy and the increase with a 25 percent tax.

Now, I ask my colleagues, what is amazing here? It is as if the authors of the bill believe that a person is able to keep their insurance premium from going up.

It is as if, by threatening to penalize the working man and the working woman, somehow they will be able to keep their insurance premiums from going up. Does that make any sense whatsoever?

And if you have a benefit that is important to your family but the Mitchell bill says it is not in the national interest for you to have, the company sponsor has to pay a 35-percent tax on that benefit, and you have to pay taxes at your income tax rate. And so, while the Government does not say you cannot have the benefit, by imposing a 66-percent tax on it, the Government takes away your right to choose.

No matter how you cut it, no matter how you define it, what this debate is about is a conviction held by the President, and by many Democrats in this Chamber that Government control of health care is the only way to deal with rising costs.

What is amazing about their assertion, Mr. President, is that nowhere is there any data given to substantiate the claim. In all the world, not one example is given in 5,000 years of recorded history. I am not aware of a single case where Government control of anything has made it cheaper, has raised the quality, and has broadened the access in real terms when considering the limits imposed to expand that access.

Interestingly enough, there is an alternative that has never failed, and the alternative is competition. Ten years ago, almost every American bought health care through some third party payment system, generally through a private health insurance policy where they paid a monthly premium and they bought fee-for-service medicine and nobody had an interest in controlling cost.

Today, 10 years later, 100 million Americans are buying health care through systems where somebody has an incentive to control cost. Whether it is a health maintenance organization or whether it is a preferred provider organization or whether it is a new innovation called medical savings accounts, we are seeing the evolution in the private market system of cost-conscious alternatives that are holding down costs and that are preserving freedom.

What I want to do is to encourage those innovations. I want to allow people to have a medical savings account tax free. Let them buy a high deductible insurance policy and put their savings into a tax-free medical savings account out of which they could pay the deductibles. But at end of the year they could keep the money they have not spent.

We can expand coverage. We can make the system work better, but we cannot improve the system by lessening the freedom of our people.

People cannot seem to understand why there is so much passion on our side of the aisle about this. Well, my passion comes from the fact that I believe in freedom.

When my momma gets sick, I want her to talk to a doctor and not some Government bureaucrat. I do not want the Government to make decisions for my family, and I do not want them to make decisions for other American families. In the end, Government-run health care fails. In the end, it does not work. And that is hard for some to accept. It is very hard to accept.

But it is going to be impossible to accept a Government-run system when we do not get to make decisions for our families, when we have now some 40 different Government agencies and bureaucracies that are created by this bill that are going to help make the decisions for us, at best, and that are going to make them for us, at worst.

I want to preserve freedom. There has to be a way. There is a way to preserve our freedom and yet help people get and keep good private health insurance.

Let me conclude by saying what I am for and what I am against.

I want to pass a health care bill this year. I think the worst thing we could do is let an issue fester, thereby allowing people who have a political agenda to expand the power of Government and convince people that their solution is the only one. Their solution is to adopt a medical care system that half the world is trying to reject.

Is it not an incredible paradox, when half the world today is trying to get out of Government-run medicine, that we are the only country on the planet that is trying to get into it?

I want to make insurance portable so that you can change jobs without losing it. I want to make insurance permanent so it cannot be canceled if you get sick. I want to deal with medical liability. I want to help working people get good health insurance. And I want to fund it by cutting existing programs and reforming programs like Medicaid. And I am willing to work with anybody at any time, anywhere to do that.

But I am not willing to raise taxes on the American people by another $194 billion a year. I am not willing to do that, and I am not going to do it, and it is not going to be done unless every right I have as a Senator is overridden by the ability of the majority to stop this debate.

I am willing to try to improve the system, but I will not participate in tearing down the greatest health care system in the history of the world and rebuilding it in the image of some Government agency here in Washington, DC.

And how committed am I to that? The media has run around for 3 or 4 days asking, "Are you going to filibuster? Are you willing to filibuster?" I want to legislate. I want to pass a bill to fix what is broken in the system.

But if you are asking me, if I am willing to use every power I have as a Member of the Senate to stop a Government takeover of the health care system, to stop the continual reaching into the pockets and breaking the backs of the working people of this country with a growing tax burden, the answer is, "You bet your life I am." Whatever I can do to stop this, I am going to do. It is vitally important to the future of America.

Here is my concluding point: Why is this so important? This is so important because, if we adopt anything like the Clinton health care plan, we cannot fix it. If we adopt anything like the Clinton health care plan, we are not going to be able to take back all these promises. Once we make all these promises, we will never be able to take them back. We will never be able to pay for them. We will go back and forth between bankrupting the Government and rationing health care. In the end, we will destroy both the economy and the greatest health care system in history.

It is important, if we cannot fix something, that we not break it. And I am going to do everything I can to see that we do not break this system.

I want to work with people. I want to fix what is broken. But there will be no Government takeover of health care on a watch that I share with colleagues who also do not believe that Government is the answer. If the 20th century shows us anything, if anything is proven by the experience of mankind on this planet in the 20th century, it is that big Government does not work; that Government cannot deliver the goods; and that Government will not respect the rights of the individual. And it was true in the worst government on the planet and it is true in the best government on the planet, which is this Government.

So this is a critically important issue. The future of America is going to depend on the outcome of this debate. And we are going to debate it and we are going to fight it out as if the future of America depends on it. It does.

I believe that when the debate is over, when people understand that unions are treated differently for tax purposes than people who are not members of unions; that, in determining whether a State like my State has these employer mandates which are payroll taxes imposed on its employers, health insurance for illegal aliens is included; when people understand that we are overturning medical liability reform, which is critical to controlling cost; when all these amendments are presented and when the American people know all the little special interest provisions in these bills, they are going to reject these bills by overwhelming margins.

Washington is isolated from America. I understand that. If this decision was going to be made in America, I would be absolutely confident. But it is going to be made in Washington, and it scares me to death. But in the end the system works and in the end the Mitchell bill will fail. The Mitchell bill will not fail because there is not a problem in health care. It will fail because the Mitchell-Clinton bill, the Government domination approach, will not solve the problem.

I yield the floor.

The PRESIDING OFFICER. The Senator from Texas yields. Who yields time?

Mr. PACKWOOD. I yield to the Senator from Utah such time as he would like.

The PRESIDING OFFICER. The Senator from Utah [Mr. BENNETT] is recognized.

Mr. BENNETT. Mr. President, I will have a more lengthy statement on health care later on when the appropriate time arises for me to give that. But I have something to say today that I think is applicable. I have just a little bit of temerity about saying it because the distinguished scholar who Chairs the Finance Committee is on the floor. I have had the experience of quoting things from America's past in his presence before and have found that he has been called upon to further add to my education and correct me.

Rather than be embarrassed, I have been enlightened by that experience. So I will share again with the Senate an observation from America's past history and say to the distinguished Senator from New York that if I need further enlightenment I will welcome it in the same fashion that I have had it in the past.

One of the documents that I have read from time to time, ever since I was a college student, which I think still has much to teach us, has been the Federalist Papers. The Federalist Papers were basically a political document, written in a political fight. They were tracts, written to convince the good people of New York that they ought to support the ratification of the Constitution. But in the process of going through that, the authors of the Federalist Papers gave us some pearls of wisdom, one of which I will quote here today on the floor, that I think summarizes what we are faced with. From the 62d Federalist, James Madison, the author of that particular document, has this to say about what he calls mutable policy. I am assuming mutable is a 19th century word for something bad. I am not sure exactly what it means. Mr. Madison says this:

> The internal effects of a mutable policy are still more calamitous. It poisons the blessings of liberty itself. It will be of little avail to the people that the laws are made by men of their own choice if the laws be so voluminous that they cannot be read, or so incoherent that they cannot be understood; if they be repealed or revised before they are promulgated, or undergo such incessant changes that no man, who knows what the law is today, can guess what it will be tomorrow. Law is defined to be a rule of action; but how can it be a rule, which is little known, and less fixed?

A quote from Mr. Madison. This strikes a very respondent chord in my mind. He talks about "laws be so voluminous that they cannot be read." I took upon myself the task of reading all 1,400 pages of the majority leader's bill. I must confess I found that it was a wonderful cure for insomnia, and convinced me once again of the wisdom of my decision not to go to law school and therefore not to be trained to talk like that.

I got about 100-and-some-odd pages into the bill when it was changed. "So voluminous they cannot be read, or so incoherent they cannot be understood," and "revised before they are promulgated." I have to start all over again, the first hundred-and-some-odd pages that I read no longer apply because we have a new version. I am going to forgo reading the new version, I will publicly admit, for fear that it, too, will be changed before it is promulgated and incoherent to be not understood. And I will be dependent upon the staff analysis of where it is and what it says.

Enough classical allusions. What are we told in today's paper—that applies to this circumstance in language a little less orotund than that of the Founding Fathers—the Congressional Budget Office has this to say on this same philosophical topic. Referring to the Mitchell bill it says:

> For the proposed system to function effectively, new data would have to be collected.

Stop and think of the implications of that. For it "to function effectively, new data would have to be collected." In other words, the present data does not tell us what is going to happen.

> . . . new procedures and administrative mechanisms developed, and new institutions and administrative capabilities created. In preparing the quantitative estimates presented in this assessment, the Congressional Budget Office has assumed not only that all those things could be done [in other words, they are giving the very best possible odds that this will all work, and that is an assumption] but also that they could be accomplished in the timeframe laid out in the proposal.

There are two assumptions. One that it could be done, and, number two, that it could be done in the timeframe. And

I will get to the timeframe in just a moment.

"There is a significant chance"—there is a phrase pregnant with meaning—

There is a significant chance that the substantial changes required by this proposal could not be achieved as assumed.

What are we doing here? Taking a significant chance, in the words of the Congressional Budget Office, that these substantial changes required by this proposal could not be achieved as assumed. Are we falling under the condemnation that Mr. Madison gave us, about laws that are "little known and less fixed"?

There is one thing in this bill that is fixed, and that is the trigger. Trigger is not a word that I think Madison would recognize. It comes from a mechanism, perhaps, that was invented since his day. But it is one of the most pernicious concepts that I can think of, where we are saying in this law, if things do not work out the way we hope they will, if things do not work out the way we assume they might, we in 1994 will legislate what will happen in 2002. I can think of nothing more arrogant on the part of this Congress than to say that we know what should be done in 2002 if things do not work out the way we think they might in 1994. I think we need a strong dose of reality and a strong dose of humility, as we approach the enormousness of the task facing us. And we ought to approach this from the standpoint of doing what we think we can do now, based on the best data we have, and trusting to future Congresses to do what they can do based on the data before them as the data become available.

I close with this observation. I serve on the Joint Economic Committee. One day before that committee Dr. Uwe Reinhardt, Princeton University, came before us to talk about health care. He is recognized as one of the great gurus of this debate throughout the country.

I said to him, in effect, why are we convinced that we have to do the whole thing in a single bill in a single Congress? What arrogance there is connected with that. Why do we not say this much we know, therefore this much we can fix and let us fix that and then see what happens and come back in the next Congress with those data before us and fix some more as we move along? That is, to me, the logical way to solve this kind of problem.

He said in effect: Senator, of course that is the logical way to proceed. I agree with you completely. But, he said, those of us who have spent our lives focusing on this issue are convinced that if we do not get it done this year it will be another 30 years before we get a chance to address it.

I said that is absurd. Surely this Congress and future Congresses will not be so irresponsible as to not address this issue in the future.

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And he said to me, "Senator, would you commit to address this issue again next year if we don't get it all done this year?"

I said, "Of course, I will."

He said, "Well, if the Senate would commit to do that, then we wouldn't have to do all of this all at once."

So that is my plea, Mr. President. Let us commit to the American people that we will do that which, according to the polls, 65 percent of them want us to do, which is address the issue this year, as well as next year and the year after that and the Congress after that and the Congress after that until, in a series of intelligent, well-informed, proper steps we finally get this problem solved.

To try to say it must be done between now and the time we go on recess, and it must bind future Congresses all the way to the year 2002, and it must be based on a series of assumptions which, according to the Congressional Budget Office, there is a significant chance they will not come to pass is, in my view, irresponsible. And I do not want to be part of that irresponsibility as passionately as I do want to be part of an intelligent solution to this problem.

As I say, I will have more to say about this in a complete statement that I will give later in the week, but I wanted to take advantage of the opportunity in the presence of the chairman of the Finance Committee and the comments in this morning's paper from the Congressional Budget Office to bring these thoughts to the attention of the Senator. I thank the Chair.

Mr. MOYNIHAN. Mr. President, may I congratulate my learned friend from Utah on his citations on the Federalist Papers? Indeed, Madison, Hamilton in particular, and Jay would, if you had said to them our statutes would be what they are today, they would have said they were, indeed, voluminous and incoherent. They would not have anticipated our data processing capacities, and 50 years ago neither did we.

But it is a problem. We are one of the few nations on Earth which allows the citizen to assess his own taxes. It works pretty well. A subject of the Queen is not allowed to decide how much tax he or she owes. The Queen decides. He can sue as much as he wants, but he never wins.

The Tax Code has become near incomprehensible, save for specialists. We have 300,000 pages of Medicare regulations. As we proceed in the manner we are discussing, I think the idea of simplicity needs to be very much—accessibility, not just to insurance but to the information about insurance. If the regulations are incomprehensible, access is, at the very least, dubious. A good point and a timely reminder. Thank you.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Oregon [Mr. PACKWOOD].

Mr. PACKWOOD. Mr. President, I just want to make sure of our time situation. Do we have a unanimous-consent that Senator SPECTER will have an hour at 11 o'clock? I cannot remember.

The PRESIDING OFFICER. There is no consent agreement to that effect.

Mr. MOYNIHAN. Mr. President, may I inquire of Senator WOFFORD, is he ready to speak? He has been very patient. I yield the Senator—I believe the Senator wanted about 5 minutes.

Mr. WOFFORD. Yes.

Mr. MOYNIHAN. I yield the Senator 5 minutes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Pennsylvania [Mr. WOFFORD].

Mr. WOFFORD. Mr. President, it has been good to hear Senator CHAFEE and others on the other side of the aisle reach out in a constructive spirit and with the conviction that this Congress this year can and should come together to find a common sense, common ground for health care reform.

But, Mr. President, I have been alarmed by some of the other voices in this debate. In yesterday morning's Washington Post, one of my Republican colleagues was quoted as saying "health care is too important"—get those words—"health care is too important for this Congress to pass a reform bill now. Instead of acting," he says, "we should commission a study"—a study.

Mr. President, we have had years of studies, mountains of studies. We do not need another study to tell us what is wrong with this system. We need the backbone to fix it, not after the next election, not some time in the next century—now. Health care delayed is health care denied.

To those advocates of delay who say the remedy offered by Senator MITCHELL is too complicated to understand without a study, that the remedy offered by Senator MOYNIHAN on the Finance Committee, now incorporated in great part in the bill we will be considering from Senator MITCHELL, is too complicated to understand without a study, I say study this. This is the Federal employee benefits plan. It is a model of what we are proposing to do to guarantee all Americans the kind of private, affordable coverage, the choice of private health plans, not Government-run plans, your own doctor plans, HMO's, your choice that Members of Congress have arranged for themselves. What is so complicated about that?

When I came to the Senate 3 years ago, I said Congress could not understand the health care problems working families face while we got free medical care from the Office of the Attending Physician. So we fixed that. We now pay the fair market value of that extra service, in addition to having our choice of private health insurance plans. But apparently some of us still do not understand what real families

go through, why it is true that health care delayed is health care denied.

If Members of this Congress want more time to study, let them study what it is like to be a middle-class American caught up in the health insurance mess. Let them study what it is like to try to buy insurance on the open market without the help of their employer.

So I am serving notice that if the defenders of the status quo succeed in blocking this, in causing further delay or study, I will offer an amendment that will disqualify every Member of Congress from participating in the Federal Employees Health Benefits Plan until we pass a bill which will do four things:

First, put us on a certain path to universal coverage; second, open the Federal Employees Health Benefits Plan to the American people and to small businesses; third, end insurance discrimination, meaning real portability, meaning an end to preexisting condition exclusions—Senator GRAMM said only God can end a preexisting condition. This Congress in the bill we are seeking can end preexisting condition exclusions—an end to lifetime caps on benefits and an end to discrimination against older Americans; and, fourth, contains real serious, effective measures to control health care costs so we do not increase the deficit.

Mr. President, do you know what would happen to us, to Members of Congress, if we had to deal with the health insurance nightmares that haunt so many Americans? Very soon, each one of us would be getting a letter from our insurance company saying, in effect, after all the doubletalk, "You're out of luck. That insurance you thought you had wasn't real insurance, it was phony."

We would get a letter saying, "You're out of luck, you've reached your lifetime cap on benefits."

"You're out of luck, we won't pay for the services you need because of that preexisting condition you have."

The problem with our present system of health insurance is that so much of it is phony. You pay and pay and then just when you need it, it is not there.

Yesterday, the House overwhelmingly approved a bill that would require Congress to live by the rules it makes concerning workers' rights. The point there is to make Congress understand the consequences of its action. My amendment, if and when it has to be enacted, would force us to understand the consequences of failing to act. I have heard Members of Congress say that doing nothing on health care does not hurt me at all. Well, it should. It should hurt every one of us if we fail to act because it sure is going to hurt the American people and the American economy.

Mr. President, Americans did not start debating health care last week, last month, last year. We have been at this debate for decades.

And when I hear from hard-working men and women in my State about the problems they are having with health care, I remember the words of Martin Luther King at the Lincoln Memorial when he talked about the fierce urgency of now. Now is the time the people need help. Now is the time for the people's representatives to act.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER (Mr. CAMPBELL). The Senator from Oregon.

Mr. MOYNIHAN. Mr. President, I thank the Senator from Pennsylvania for his eloquent and concise statement and his very appropriate threat.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. On my time, would the Senator from Pennsylvania yield to a question?

Mr. WOFFORD. Yes.

Mr. PACKWOOD. As I indicated in my opening speech, I spent the better part of a weekend reading this bill about cost containment. I am not sure I have got it figured out yet. But last night I spent time reading this bill—I refer to the Mitchell bill now, not the Finance Committee bill—on risk adjustment between plans. There is nobody that is more informed on health in this body than the Senator from Pennsylvania. It was the main campaign issue when he was elected, and he knows the subject well.

I cannot find anything in the Federal Employees Health Benefit Plan—they have lots of plans. We have a choice of plans—on risk adjustment. Would the Senator briefly explain it, because I do not understand how the risk adjustment in the Mitchell bill works?

Mr. WOFFORD. Mr. President, I say to Senator PACKWOOD, first I wish to make it clear that I am not proposing that the Federal Employees Benefit Plan be the cure-all or the only health reform we are talking about. I am proposing that one of a number of options be the Federal Employees Benefit Plan, that voluntary purchasing cooperatives be one of the options for the American people and for small business particularly, that directly getting your own insurance from Blue Cross/Blue Shield, HMO's, be one of your options, and that your employer may provide that insurance in a variety of ways. One of the ways is the voluntary purchasing cooperatives, the degree to which we have community rating in which we have the whole pool in the community as the pool on which the risk is carried.

Just where that limit is, how many employers, what size and what people are in the community-rated pool we are going to have to discuss and understand and work together on to set the right margin. There are different reasonable approaches to that, which I am looking at with some of my colleagues.

But within the community-rated pool, however we decide it, there is a serious problem of how do you adjust the risks to prevent some plans that are participating in it, some insurance carriers, from having a far greater burden of the higher risks. And if we are going to have community rating, we are going to have to develop, in a constructive fashion, a risk adjustment procedure, and the Mitchell bill proposes one very specific way of doing it.

Mr. PACKWOOD. Well, as I understand the Mitchell bill, it has mandatory cooperatives and it eliminates the Federal Employees Health Benefit program as we know it.

Mr. WOFFORD. Will the Senator yield?

Mr. PACKWOOD. Yes.

Mr. WOFFORD. Did I hear the Senator say there would be mandatory cooperatives?

That horse of mandatory alliances left the field months ago, and neither the Senate Labor Committee nor the Senate Finance Committee has a mandatory alliance. Voluntary purchasing cooperatives.

Mr. PACKWOOD. Mandatory cooperatives appear to be back.

Mr. WOFFORD. I say to the Senator, the horse has not come back on the field that I found.

Mr. PACKWOOD. Well, I thank my good friend. There is the problem. We are on the Finance Committee bill. But we all talk about this bill, S. 2357, the Mitchell bill. That was introduced—14 pounds—last Thursday, I think. Then the night before last, we have this bill. It does not have a number yet. It has not been introduced yet. It has been printed. This is the second Mitchell bill, and with it came a list of sections affected, and it says, "The following sections have been modified" since the initial printing of his bill last week. Every single title in the bill, his original bill, is amended, but we do not know what. All we have is this sheet that gives us numbers. And what you have to do is then go to the new bill and attempt to correspond to the numbers in the old bill, and the numbers do not correspond.

Now, yesterday, we discovered—I was talking to my good friend from New York, Senator MOYNIHAN, about a provision that he and I jointly dislike, which is how many residents medical schools can have and what kind they can have. Senator ROCKEFELLER kindly informed me that that provision was no longer in the second Mitchell bill. I did not know that. I did not know it had been taken out.

Now I discover there is going to be a third bill, or at least a great variety of changes again. I was prepared to make a rather lengthy speech this morning on the 25-percent tax on the so-called high-cost plans. I now hear rumors—I do not know if this is true—that that is out in the new provisions that are coming along. I do not know if they are out or not.

Mr. President, is this the way to legislate? I am telling you something, somebody called my office and talked to me the other day and talked about this first Mitchell bill. They are absolutely enraptured by it. They referred to it as the "War and Peace" of health care legislation. It is not war and peace; they got the wrong medium. The medium is film. This is "Lethal Weapon I".

This is "Lethal Weapon II."

Apparently we are about to have "Lethal Weapon III," and we do not know what is in it.

Well, if that is the way we are going to legislate, I am going to try to be "The Terminator," and we are not going to have these bills. We are not going to legislate 1,400 pages at a time, 14 pounds at a time, changing it every day, trying to figure out what is in it, spending hours and hours and weekends and weekends and staff time and staff time going through this bill trying to dredge out the truly awful parts from the just awful parts, trying to figure out a way to get rid of them, then finding out they may be in it or they may not be out or we are going to be on something different the next day.

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

Mr. PACKWOOD. No; not now. I am not done yet. The reason I am not going to yield is because Senator SPECTER is due to speak, and he is here. But I am simply asking the Chair—and the Senator from Pennsylvania is as confused as I am when he says the mandatory alliances are out, and I am saying the mandatory co-ops are back yesterday—yesterday. I do not know if they are back today or not. They were out for a while and they were back. That I found. I have not seen the amendments—the revisions. We have not gotten amendments—that are coming today.

But considering that we are affecting one-seventh of the entire economy, considering that if the Clinton bill, as we initially had it passed, if the Congressional Budget Office was right, we would have seen the percentage of our gross domestic product that went for health go from 14 percent of all the money and everything we had to 19.5 percent. To call that progress, to me, redefines the word.

But at this stage, I see my good friend from Pennsylvania is here, and if he is ready, I am prepared to yield to the Senator from Pennsylvania as much time as he might want.

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. SPECTER] is recognized.

Mr. SPECTER. I thank my distinguished colleague from Oregon for yielding.

I appreciate the time to present my views on the pending health care legislation.

This debate, Mr. President, has been classified as a historic debate, and I believe that is an accurate characterization. There have been frequent references made to the fact that the debate goes back to President Truman's time, and I reflected on that and recollected that when I was a high school debater in 1946, the subject was health care legislation. I consulted with the Congressional Library and found the old high school debate manual from the fall of 1946, where the high school debate topic was "Resolve, that the Federal Government should provide a system of complete medical care available to all citizens at public expense." That was shortly before the time Senator PACKWOOD was in high school—not too much before, but a little before.

I will not read much of this book. But there is a notation here that the annual cost for medical care in the United States is $3.656 billion, which is a long way from the current level of $1 trillion.

I recall debating the subject and getting involved in the questions of medical care and group practice and the needs of the country. I have been an observer of this subject since my high school days, and for the last 14 years in the U.S. Senate I have been an active participant in the ongoing debate through my participation on the Appropriations Subcommittee of Health and Human Services, where for the past 5 years, I have been the ranking Republican working with Senator HARKIN and others on a budget which is now $70 billion a year on discretionary spending.

During my 14 years here, I have had occasion to introduce some 20 bills on health care matters, and have considered this at the top of my own agenda. And certainly it is at the top of the national agenda.

I intend to discuss five major subjects today, Mr. President. The first is the present health care system, its good points and its bad points; second, my legislative proposal, which has been on the table for more than 18 months; third, the proposals offered by President Clinton and Senator MITCHELL; and fourth, the politics of health care in this Chamber and in the Congress today, and the question of the timetable, as to how we ought to proceed.

Mr. President, I believe that while there are needs for reform and needs for correction, we Americans enjoy the best health care system in the world, and the best health care system in the history of the world. I base that on what I have observed and what I have seen in my own family, recalling the days when my father, Harry Specter, was a patient at the Veterans Administration hospital in Wichita, KS, in the late 1930's; and when I saw my mother in the hospital with a gall bladder operation at Mount Sinai in South Philadelphia around 1950; and when I saw the extensive care my brother, Morton Specter, got in Wichita, KS, when he was terminally ill last October.

And I think about my own care that I received a little more than a year ago when I was diagnosed by an MRI, a machine which had not even been in existence for 10 years. In the face of symptoms which doctors could not figure out, I asked for an MRI. I had a little opposition from my doctor, but I got one; they found a golf ball inside my head, and I had an operation. I have had a full recovery and I am very grateful for the kind of medical care we have in this country.

I hear people talk about the Canadian system, and I know that when Canadians have very serious problems they come to the United States. And I hear about the system in England and how there are limitations for people over 60 to get remedial surgery. I hear of other stories of systems around the world. I think that we should not lose sight of the quality of care we have in the United States. But, having said that, I believe there is a need for improvements. There is a need for reform.

I believe that we need to have universal coverage. I agree with President Clinton's objective to have comprehensive health care for all Americans, and not just 95 percent of Americans, but all Americans. I compliment the President for having brought health care to the center stage so that it is receiving the undivided attention of the Congress. That is not quite true, but we are focusing on health care in a very concerted way.

I believe that we need to have coverage for preexisting conditions. I think we spend more money on lawyers fighting about what is preexisting than it would cost to hire the doctors to give the appropriate medical attention.

I think we need to have portability, a fancy word for coverage when people move from one job to another. And I think we need to deal with the problem of spiraling health care costs, which is not sufficiently addressed, in my opinion, by the President's plan or by Senator MITCHELL's plan.

Mr. President, I offered Senate bill 18 on the first day of the 103d Congress, on January 21, 1993. And it is a modest bill by comparison to the Mitchell bill. It is a thin bill. My staff and I worked on it for the better part of 2 years to refine it and come down to what I consider are the essentials of what we ought to enact at the present time.

It differs from the President's proposal and Senator MITCHELL's proposal in that it relies on the market system which has brought the best health care in the world to 86.1 percent of the American people, and it has some limited governmental action. I disagree with those who think the Government should do nothing. It is limited governmental action, but it is not the massive bureaucracy which would be brought into play by the President's plan or by Senator MITCHELL's plan.

I will discuss that in due course. But first, I want to accentuate the positive,

and talk about what I think America needs.

This is a matter of overwhelming importance. We are dealing with a health care system which approximates $1 trillion. That is a telephone number. Nobody really knows what that means. We talk about it in terms of 14 percent of the gross national product. Again, that is a constant that is really hard to bring down to Earth. But people do know that almost every day, every man, woman, and child in America has some ache or pain and is concerned about their health, and they see a doctor. The doctor-patient relationship is one of the most important of all relationships.

Early on, the common law gave a privilege to what a patient tells a doctor. And it was second only to the husband-wife privilege where marital communications are sacrosanct, and cannot be inquired into. The law accorded that kind of privilege between the patient and the doctor so that a patient would feel free to tell the doctor exactly what was on the patient's mind, knowing that could not be repeated. The ability to choose one's own doctor, that choice is fundamental and has to be preserved. When a patient goes to a doctor, as I go to my doctor, as Americans go to their doctors every day, there is a confidence that if something can be done, it will be done, because of that personal relationship.

So I think what we need to do is build on the present system. The legislation which I proposed starts off with proposals to cover the Americans who are now not covered, and the first line is to have full deductibility for the self-employed.

As of December 31, 1993, if you are self-employed, you receive no tax deduction for the cost of your insurance premiums. But if you are an employer you can deduct the full amount of your contributions to your employees' health insurance coverage and the beneficiary, the employee, is not taxed at all. That is a unique aspect of our tax laws, and it is designed as a matter of public policy to encourage coverage of health care. That is what has led to so much health coverage, 86.1 percent of the American people.

My legislation would give full deductibility to those who are now not receiving this, the self-employed. It is hard to say how many people would then be covered, but maybe 4, 5, or 6 million. It might be more. We will not know until we try it out.

A second key proposal in my legislation is insurance market reform and small employer purchasing groups, which would enable small business people to get together, pool their purchasing power and get reduced premiums. Here again, there would be substantial additional coverage in America—how many people precisely, again, we do not know for sure; perhaps 6, 7, 8, 9 million people.

I brought these two points to the floor, Mr. President, back on July 29, 1992. I brought these matters to the floor because it seemed to me that we should have been legislating in this field a long time ago. The majority leader came to the floor when we were debating an energy bill, as the Presiding Officer knows, and as we Senators know. But the American people do not understand all of our procedural rules, one being that any Senator can offer an amendment to any bill at any time. But only the majority leader can control the calendar and decide when health care would be brought up.

The majority leader came to the floor and said, "This health care amendment does not belong on an energy bill." I said to the majority leader, "I will agree with you, and I will be glad to take it down voluntarily if the majority leader will give me a date certain when he will take it up." He said he would not do that. I reminded him that he had given a date certain to products liability legislation, which was the day after Labor Day. But he declined to give me a date certain, and it was pretty much a party line vote and my amendment was tabled.

I think, Mr. President, that what we need to do is to take health care reform one step at a time. I call it "trial and correction." I do not call it "trial and error" because I do not think there is an error when you try and you are uncertain as to the outcome, because it is so unpredictable as to precisely what will happen. But those items—full deductibility, insurance market reforms, and group purchasing for the small group market—have been agreed upon in the Congress for a long time. They were not original ideas with ARLEN SPECTER, but I wanted to get them enacted. They were opposed on the basis of "let us not do piecemeal reform because that will defeat comprehensive reform." But had we enacted those provisions in 1992, we would now have some idea as to what they could do, and we would be prepared, in a careful way, to move ahead with other proposals.

My legislation, Senate bill 18, which has been pending for a year and a half, has as its second title "Primary and Preventative Care Service," which provides maternal and infant care coordination, school health care education, and early childhood education.

Title III of my program called for important information to be given to beneficiaries under Medicare and Medicaid. One of the provisions in my legislation on preventative care deals with low birthweight babies. I was amazed, Mr. President, when I saw for the first time a 1-pound baby. I saw that child when I was visiting a health clinic in Pittsburgh and was astounded to find that in a city like Pittsburgh; no city has finer health care delivery than Pittsburgh. Yet, Pittsburgh had the highest infant mortality rate among African-American children. More African-American children died as infants there than in any other city. I saw a 1-pound baby that was as big as the size of my hand, 16 ounces or 18 ounces. It is tough enough coming into this world weighing 8 pounds 10 ounces, as I did. But for those who are born weighing 1 pound, it is a human tragedy for the child carrying those scars for a lifetime, and it is a financial disaster for the country. And it is a multibillion-dollar cost to America not to take care of low birthweight babies.

I have moved ahead on that, Mr. President, working to get the program, Healthy Start, which now receives appropriations through the Labor, Health and Human Services Subcommittee, where I serve as ranking member. We have a program which is in effect—it is not widespread enough, but it is in effect. Within the past 2 weeks, I offered an amendment to the Elementary and Secondary Education Reauthorization bill, which was adopted, providing that schools would be required to inform pregnant young women about prenatal care, modeled after the plan of Dr. Koop, former Surgeon General. We are taking very slow steps, but we ought to be doing a great deal more on prenatal care, which would eliminate the tragedy of premature, 1-pound babies. It would be a multibillion-dollar saving for the United States on preventative health care. That is one of the provisions of Senate bill 18.

Another key provision is title IV which provides for the patient's right to decline medical treatment. Mr. President, we know that statistics demonstrate that more money is spent in the last few hours or days of a person's life on terminal health care costs than is spent in the balance of someone's lifetime. And I had an opportunity to observe that firsthand with my brother, as I have referred to earlier, his terminal health care costs in Wichita last October.

I believe it is very important to make it plain that no person should decide for any other person what kind of terminal health care services that person will get, as that person approaches death. But we have done an insufficient amount in this country to ensure the use of so-called living wills. A living will is a document or permanent record where the person designates what they want by way of terminal health care services as they near death—or in the case of durable power of attorney, a person gives that power to their children or other trusted family or friends. My wife acquainted me with it a long time ago, and we have living wills. It would be an enormous savings if this kind of information was distributed to all people to have the opportunity to make this choice. The amount of savings here, again, is impossible to calculate. My staff and I have tried to get

figures on it, and nobody knows what it would save. I think, conservatively, it is in the high billions.

Another title of Senate bill 18—and I am not going to go through the whole bill, but I will make it part of the RECORD.

In fact, I ask unanimous consent that the index to Senate bill 18 be printed in the RECORD at the conclusion of my oral presentation.

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

(See exhibit 1.)

Mr. SPECTER. Another key part of cost containment relates to drug clinical trial programs and to medical treatment effectiveness, which sets up a small amount of money set aside on insurance premiums for an analysis of effectiveness of certain treatments and certain drugs, which is not done today. Regrettably, we do not know of any systematic way where there is information available for all doctors and hospitals as to what is effective. This bill sets forth a program in that respect, which would be very, very important for cost containment.

Another provision of the bill would require hospitals and doctors to give a fee schedule. There was recently a celebrated analysis in my State of Pennsylvania on how much less expensive it was to have open-heart surgery in Lancaster as opposed to some of the hospitals in Philadelphia.

And this information, which would be required under my bill, would give consumers an opportunity to make a selection based upon competition and lower costs.

The provisions of my legislation would further require that there be available information on malpractice judgments against doctors or hospitals so that patients would have easily obtainable information on who had been convicted of malpractice among doctors, which hospitals had been found to be guilty of malpractice, so that the consumer would have an opportunity to make an informed judgment as to whether the consumer wanted to go to that hospital or to that doctor.

Another important part of my legislation are the proposals for managed health care, and this is a field which has much to recommend, but is not totally good. But, on balance, I think it is worth implementing to a substantial extent.

The problem with managed health care is whether managers are going to be too restrictive on the kinds of medical care which they will allow those in their program to have. And that is a judgment call. But from what I have seen of managed health care, its benefits substantially outweigh its disadvantages, because it provides for preventive medicine. It provides for regular checkups. It provides for some supervision by the managed health care company on what the doctors would be doing. However, the tough judgment call is to have sufficient supervision without being overly restrictive.

Almost 4 years ago, I had occasion to visit the operations of U.S. Health Care, Inc. at their headquarters in Blue Bell, PA. I was enormously impressed with what I saw. When I have left U.S. Health Care, after visiting with its president, Mr. Leonard Abramson, and others, at the installation, I picked up my car telephone and dictated a letter to Dr. Louis Sullivan, Secretary of Health and Human Services. On a suggestion which Leonard Abramson, president of the U.S. Health Care, had made my letter proposed to the Department of Health and Human Services to take 100,000 Medicare patients and have their care managed by his company without charge and then to contrast that with what would happen to another sample group of 100,000 Medicare patients. Mr. Abramson said that he was confident that his proposal would lead to a 20-percent reduction in costs through managed health care.

Mr. President, I worked with Dr. Sullivan and his Department, and regrettably we could not cut through the mass of redtape because they wanted to give Mr. Abramson and U.S. Health Care a grant. Mr. Abramson did not want the grant. He wanted to run a test program with 100,000 patients under his charge, contrasted with another 100,000. And I am not going to speak at any great length. Each one of these subjects could constitute a lengthy speech.

Mr. President, I ask unanimous consent to print in the RECORD at the conclusion of my comments my letter to Secretary Sullivan, dated October 31, 1990; my follow-up, dated April 8, 1991; Dr. Sullivan's reply to me dated April 19, 1991; and his reply to me dated June 4, 1991.

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

(See exhibit 2.)

Mr. SPECTER. Mr. President, the upshot was that we could not do much with the Department of Health and Human Services on getting managed care under this test program.

But my own view is that if we were to have managed care to a greater extent in this country, we could save very substantial money. I think it could possibly save up to 20 percent. If we could save 20 percent of the current health care costs of Americans, some $1 trillion, that mathematically would be $200 billion which would be more than enough money to cover the 37 million to 40 million Americans who are now not covered.

My approach is to take health care in America one step at a time, to extend full deductibility, and pick up several million people who would be covered, to have insurance market reform and enable small business to have group payments and see how many more would be covered.

I believe that it is going to be necessary to have certain subsidies for people at the poverty level, and I agree with the generalized approach of a full subsidy at the poverty level, graduated and eliminated as you move to 200 or 250 percent of the poverty level.

But the question as to how we are going to pay for this additional coverage is one which we have to confront directly, and we have not confronted it directly. I believe that by the kinds of proposals that I suggest in Senate bill 18, prenatal care for low birthweight babies, increased use of living wills, and greater use of managed health care, we would see in the course of a reasonably brief period of time very substantial savings which we could use to extend health care coverage to the people who are not covered.

I believe that if you moved ahead with insurance market reform and full deductibility, we might cover a third to one half of the 37 million to 40 million people now not covered. Then with the saving we could cover the remainder of Americans so all people would be covered by health care.

Mr. President, I believe that the American people are looking for answers on the problem of health care reform. Walt Whitman heard America singing. I hear America worried about what is going to happen in Congress on the pending health care legislation.

When President Clinton traveled to Ambridge, PA, in November of last year, I accepted his invitation and went with him and joined him on the speaker's podium and said that I agreed with the President's overall objective of comprehensive health care for all Americans. That was only a few days after he had announced his plan. And I made a qualification that I was not endorsing his plan but I agreed with his overall objective. As a Republican Senator, I was criticized by some of the newspaper editorials for going with a Democratic President to Ambridge and lending him that kind of support.

But I think that on health care, Mr. President, we have to put politics aside as we do on the crime bill which is now pending in the House of Representatives. That is another subject. But it is worth a parenthetical comment. I think the crime bill on balance is good. There are some problems with it, but I think providing for the death penalty, providing for more prisons, providing for more police, and providing for realistic rehabilitation, those are advantages which outweigh the disadvantages.

When some people say we cannot pass the crime bill to give the President the credit, I say this: They are wrong. I do not think we get much credit in Washington for whatever we do. I think if there is any credit going to the President, so be it.

I went with the President, as I say, to Ambridge, PA, and when Mrs. Clinton

went to Children's Hospital in Philadelphia in early February I went with her at that time and had a chance to talk to her about Senate bill 18, as I talked to the President about my own ideas in my bill.

She said, "Well, how about the underinsured?" I said: "You've got a good point. We ought to cover the underinsured as well."

I think it is regrettable that we have not sat down in a more bipartisan way, and I hear a lot of concerns about the bickering and the gridlock that goes on in Washington. I read in the Philadelphia Inquirer on Sunday that if health care reform was going to be passed there would be little or no help from Republicans.

Mr. President, I think that is a widespread public perception, but it is inaccurate. When the health care bill came out of Labor and Human Resources, there was bipartisan support. One Republican, Senator JEFFORDS, voted for that bill, and there was Republican support for some of the measures. There was one important matter introduced by Senator BINGAMAN which had a 17-to-0 vote. In the Finance Committee, there have been three Republican Senators, Senators CHAFEE, DANFORTH, and DURENBERGER who have worked in a bipartisan context.

Senator KENNEDY approached me on support for his legislation, and we discussed it at length. I told him what my interests were and what my concerns were. We sent a joint letter on April 6, 1994, to the Congressional Budget Office asking that my bill, S. 18, be costed out so we could see what might be done by incorporating some of the provisions which I have discussed. Regrettably, Mr. President, we never received an answer from the Congressional Budget Office on this point.

This is another long subject which I intended to touch on only very, very briefly.

But for purposes of the record, Mr. President, I ask unanimous consent that the letter that Senator KENNEDY and I sent to the Congressional Budget Office, dated April 6, along with a letter which I sent to the Congressional Budget Office on July 27, 1994, and the reply from the Congressional Budget Office, dated August 1, 1994, and also my letter to the Congressional Budget Office, dated April 2, 1993, and my second letter to him, dated May 3, 1993, and his response to both letters, dated May 17, 1993, be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
Washington, DC, April 6, 1994.

Mr. ROBERT D. REISCHAUER,
Director, Congressional Budget Office, Washington, DC.

DEAR DIRECTOR REISCHAUER: We are concerned that, in costing comprehensive health reform legislation, the CBO may not be adequately assessing offsetting savings from some proposals directed at reducing health care costs. Such savings are often not factored into actuarial estimates of insurance premiums for a variety of reasons, including difficulty in tracing the impact of the savings on a plan-by-plan basis, short time horizons used in constructing the actuarial estimates, and reduction in health expenditures that may not directly affect spending by the plan itself. Nonetheless, a realistic assessment of such savings is vital to assessing the impact of health reform proposals on both Federal and private spending.

We would appreciate your providing our offices with a costing of a number of important savings proposals, with whatever justification is available to substantiate the estimates. The specific items we would like reviewed include the following proposals from S. 18:

1) Reducing low birth-weight births through expanding access to, and utilization of, prenatal care for high risk women;

2) Reducing "end of life" health care costs through increased utilization of advanced directives and "living wills;"

3) Expanding the utilization of non-physician providers within the Medicare and Medicaid programs; and,

4) Providing disclosure of information to consumers by providers in order to enable consumers to make better comparisons on cost and quality.

We think that items 1 and 2 should certainly be accessible for scoring on savings, and that 3 and 4 ought to be within the ambit of scoring as well.

As set forth in the floor statement for Senate Bill 18 (copy enclosed) and an updated version which has yet to be formally filed (copy enclosed), staff cost estimates suggest that substantial savings could be achieved from many of these proposals.

In addition, we would like you to estimate the independent cost impact of several proposals included in the Administration proposal, including:

Universal availability of preventive services without cost-sharing or deductibles;

Expanded availability of substance abuse treatment services;

Expanded investment in outcomes research and practice guidelines development;

Reform of medical malpractice; and

Reduction in nursing home utilization under Medicaid as the result of availability of home care services.

We would appreciate your careful review of this request and your expedited analysis of these proposals.

Sincerely,

EDWARD M. KENNEDY,
ARLEN SPECTER.

U.S. SENATE,
Washington, DC, July 27, 1994.

ROBERT D. REISCHAUER,
Director, Congressional Budget Office, Washington, DC.

DEAR BOB: I am writing regarding my prior correspondence to you requesting the Congressional Budget Office (CBO) to provide cost estimates of health care reform legislation I have introduced. To date, I have not received a scoring on the specific provisions of my legislation: S. 18, the "Comprehensive Health Care Act of 1993, and S. 631, the "Comprehensive Access and Affordability Health Care Act of 1993."

While I recognize that the CBO has received numerous requests for cost estimates, I am nonetheless, troubled that my longstanding requests have not yet been fulfilled. In view of the impending debate of health care legislation on the Senate floor and concerns with the impact reform legislation will have on the budget, I will be disadvantaged in proceeding with my amendments without CBO cost estimates. I would appreciate, therefore, your prompt attention and response to my request.

To facilitate your analysis, I am again enclosing specific provisions from my legislation which I expect to offer as amendments. They are:

(1) Health Care Cost Containment and Quality Grant Program to provide federal standards and award grants to states to develop health care cost containment information systems similar to Pennsylvania's Health Care Cost Containment Council.

(2) Primary and Preventive Care Services to establish a maternal and infant care federal grant program for prenatal care and early childhood health education programs.

(3) Patient Self Determination Act amendment to improve portability of advance directives and durable power of attorney.

(4) Reimbursement for non-physician providers to allow for direct reimbursement under Medicare and Medicaid programs to nurse practitioners, physician assistants, and certified midwives.

Excepting the first provision, these provisions were provided to you by letter dated April 6, 1994 from Senator Kennedy and me.

Again, it is important that I receive your estimates as soon as possible. If your staff has any questions they should contact Doug Loon or Rebecca Jones of my staff at 224-4254.

Sincerely,

ARLEN SPECTER.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 1, 1994.

Hon. ARLEN SPECTER,
U.S. Senate, Washington, DC.

DEAR SENATOR: Thank you for your letter of July 27, 1994, seeking cost estimates of the health care reform legislation you have introduced. I also acknowledge that you sent an earlier letter requesting estimates of specific provisions in S. 18 and S. 631.

Because heavy demands have been made this year for CBO analysis on a wide range of health plans, we sought guidance and direction from the leadership of both parties on how to establish priorities for these tasks. Working under their recommendations, to date we have analyzed the Administration's health proposal, the Managed Competition Act, and H.R. 1200 creating a single-payer program. We have also completed preliminary analyses of two reported bills—the Health Security Acts reported by the Senate Committee on Finance and the House Committee on Ways and Means.

As you know, in keeping with CBO's statutory charter, our mandated task is to provide cost estimates of those measures reported by committees. At this time, we do not have the capability of responding to all requests for cost analyses of health care proposals. We have had to inform a number of Members in both the Senate and the House that, while it is our intention to be helpful, we must place priority on a limited number of health reform proposals as directed by the leadership.

Consequently, at this time I cannot give you specific dates when responses to your requests can be provided. I realize the importance of your concern, and we will certainly make every effort to accommodate you, given the current constraints on our resources.

Sincerely,

ROBERT D. REISCHAUER.

U.S. SENATE,
Washington, DC, April 2, 1993.

ROBERT D. REISCHAUER,
Director, Congressional Budget Office, Washington, DC.

DEAR MR. REISCHAUER: This letter is to request that the Congressional Budget Office score the cost of Senate bill 631, the "Comprehensive Access and Affordability Health Care Act of 1993" which I introduced on March 23, 1993. A copy of the bill text is enclosed.

Please forward your reply to the attention of Sharon Helfant of my staff and do not hesitate to contact her at 224-4254 regarding any questions or comments.

Thank you for your timely consideration to this matter.

Sincerely,

ARLEN SPECTER.

U.S. SENATE,
Washington, DC, May 3, 1993.

ROBERT D. REISCHAUER,
Director, Congressional Budget Office, Washington, DC.

DEAR MR. REISCHAUER: This letter is regarding my April 2 correspondence to CBO requesting a cost estimate of Senate bill S. 631, the "Comprehensive Access and Affordability Health Care Act of 1993".

To date, I have not received any response. It is very difficult for me to respond to inquiries regarding the cost of my legislation without any response or information—in part or in full—from your office.

As you know, Congress depends upon CBO as a primary source for scoring proposed legislation, and given the high priority of health care reform, I would like to know why you have not responded to a request that was made over one month ago, and when I may expect one.

Thank you for your attention to this matter.

Sincerely,

ARLEN SPECTER.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, May 17, 1993.

Hon. ARLEN SPECTER,
U.S. Senate, Washington, DC.

DEAR SENATOR: I regret that the Congressional Budget Office was unable to prepare a spending estimate for your bill S. 631, the Comprehensive Access and Affordability Health Care Act of 1993. S. 641 is a major health reform bill and it will be a difficult and time-consuming task to estimate its costs.

Your April 2nd request arrived just as we began the very intensive period when we estimate the savings associated with the Congressional committees' responses to their reconciliation instructions. As you know, the Budget Resolution for 1994 requires committees to submit reconciliation provisions by May 14th in the House and by mid-June in the Senate. Because of the many committee requests in April and May, we have not been able to handle Members' requests for major cost estimating work in the health care area.

While we would like to be able to serve all Members all of the time, our resources are such that during periods of intensive legislative activity, we have to give priority to bills that are being considered by committees. I have asked Charles Seagrave (226-2820), who is in charge of cost estimating in the human resources area, to keep your staff apprised of our progress on estimating major health care reform proposals.

Finally, I regret the difficulties that lack of a CBO cost estimate caused during floor debate and hope that when you need CBO analytical assistance in the future, circumstances are such that we will be able to be fully responsive to your request.

Sincerely,

ROBERT D. REISCHAUER.

Mr. SPECTER. The upshot of the request, Mr. President, is that I never received an answer to any of my requests for scoring.

The people who may be watching on C-SPAN2 do not understand all of our procedures, but before an amendment can be offered on the floor, it has to be scored; that is, there has to be an estimate as to what it would cost so that we do not spend more than is allowed, that there is an offset, and that information has to be provided by the Congressional Budget Office.

I understand that the Congressional Budget Office gets a lot of requests. The thrust of their reply to me was that they did not have time to do it as they had to spend their time on committee bills.

But when I seek to offer an amendment on this very important subject, I am barred from doing so unless I have a Congressional Budget Office response. And when my letter goes out, along with the signature of Senator KENNEDY, who is the chairman of a key committee, you would think there would be a response—but there was not—as to what the scoring is. It was impossible for Senator KENNEDY and me to continue our discussions as to what cooperation I might give and how the ideas I had in S. 18 might have been incorporated at that early stage, long before Senator KENNEDY's committee reported out a bill. So that is part of the problem.

Mr. President, I really seek to accentuate the positive, as I have done here today in talking about what I think ought to be done. But we cannot overlook the legislative proposals which are pending, either on President Clinton's legislative proposal or on the substitute which has now been offered by Senator MITCHELL.

It is my view, and I say this as much as I can in a constructive way, that the legislation offered by President Clinton was much too bureaucratic and massive and too much of a change to provide the right answer for reform of health care in America. I think the same problem is present with Senator MITCHELL's program. It is much too bureaucratic and massive to provide the right answer for America's health care reform needs, contrasted with retaining the present system and targeting the specific problems, as I have suggested in my proposed legislation.

When I read President Clinton's health care proposal last fall, I was amazed by the number of agencies, boards, and commissions which were created in the Clinton health care bill. So I asked my staffer to make me a list of all of the agencies, boards, and commissions. Instead of making a list, my staffer made a chart. And the chart became somewhat famous when Senator DOLE used it in his reply to President Clinton's State of the Union speech last January.

I want to refer to the chart. I have done it before, so I will not do it for too long today. But most people have not seen my chart yet.

This is the Clinton plan, S. 1757, which shows the bureaucracy of President Clinton's health care plan. Every box in red is a new agency board or commission, and there are 105 new boards, agencies, councils, and commissions. The boxes in green are existing agencies which have expanded responsibilities.

I assigned the responsibility to make a list to my staffer, Sharon Helfant. She made the list and she made it in a very careful way through a chart.

Nobody paid much attention to it until Senator DOLE made his speech in his reply to the State of the Union. After that, the White House paid a great deal of attention. They gave it more publicity and popularity than I ever could have or Senator DOLE could have. They said it was a chart of the New York subway system, but the New York subway system is not this complicated.

Then they said it was a Republican plot. So the Washington Post went out and interviewed Sharon Helfant, the person who made the chart. Sharon Helfant told them things I did not know—that she was a Democrat; that she was a big fan of Hillary Clinton; that she had voted for the President; and that when she made up the chart she had taken a piece of paper, 8½ by 11, and had tried to put the chart on it, but it is was too big, so she had to Scotch tape paper together. And that is what you call a well-financed Republican conspiracy.

I do not know if it was coincidence or not, but shortly after Senator DOLE made this chart available in his nationally televised speech, President Clinton's health care proposal started to take a nose dive. Senator DOLE said it was his speech. I disagree with him. I think it was my chart that did it.

But it is plain that when this proposal was put forward, there were many, many people who liked it and wanted to have it adopted. But, as time has passed, there has been a consensus that it is too bureaucratic and simply too much.

That then led health care reform being considered by the Finance Committee and the Committee on Labor and Human Resources, and now Senator MITCHELL has taken on the responsibility of his own health care program.

And John McCann, an intern in my office, and Rebecca Jones of my staff, worked on a chart to put at one glance Senator MITCHELL's health care proposals.

This is the chart on the bill by Senator MITCHELL, S. 2357. Again, the graph is the same. Every box in red is a new agency, board, commission, or function and there are 170 new boards, agencies, councils, commissions, programs, and bureaucratic responsibilities. In green, there are the existing agencies which have new responsibilities.

Again, Mr. President, I believe that this program is much too costly and much too bureaucratic. It really throws out the baby with the bath water in not retaining the valuable points of the present system and working on targeting the specific problems.

Senator PACKWOOD has already made the point, and I shall not repeat it, about the changes in what Senator MITCHELL has already done. I compliment Senator MITCHELL on his effort. It is a massive job to try to bring forward a health care plan. The first draft I saw was in looseleaf form which was last Thursday, and John McCann, the intern from the Fells Institute at the University of Pennsylvania, went to work to put together the chart. Then we had a bill which was put out on Friday which may have been the same or may have been different. It was renumbered. Then we have a separate bill which has just been put out. And Senator PACKWOOD comments there is talk about putting out another bill.

The Washington Post reported yesterday, "Since Senator MITCHELL unveiled his plan last week, the legislation has been rewritten hundreds of times."

And there has been an evaluation by the Congressional Budget Office, which is the agency which tells us how much the plan is going to cost and how effective it is. On August 9, the day before yesterday, the Congressional Budget Office published what they call "a preliminary analysis of Senator MITCHELL's health care proposals". My suggestion to my colleagues and to the American people is that what we do on health care is much too important to handle by a preliminary analysis on legislation which is still being rewritten.

I ask unanimous consent that the full text of this Congressional Budget Office report appear at the conclusion of my remarks.

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

(See exhibit 3.)

Mr. SPECTER. Again, this would be a very lengthy speech all by itself. But I would make reference to just a couple of comments here. I think the Congressional Budget Office is trying to be as kindly disposed and gently disposed to the bill by Senator MITCHELL as they can, but there are a lot of very serious questions and critiques raised in this report. For example, at page 11 the comment is made about the system of multiple subsidies:

> Integrating these three subsidies in a sensible and administrable fashion would be extremely difficult, especially if some families receive subsidies from more than one program.

At page 14 the report comments:

> Because of the disruptions, complications and inequities that would result, CBO does not believe it would be feasible to implement the mandated system in some States but not in others. The system would have to include all States or none.

And, on the mandate provision, that is a very, very key factor.

Then they come to the question of work incentives—and this is a subject which is being considered by Congress in trying to reform the welfare system, which is a priority item on the President's agenda and on mine, too, to try to find ways to take people off welfare and into good jobs. This is what the Congressional Budget Office report says on page 16.

Senator MITCHELL's proposal would discourage certain low-income people from working more hours, and in some cases from working at all, because subsidies would be phased out as family income increased.

As you take a look at this proposal, there are just an enormous number of questions which are raised and unanswered. When I went back to Pennsylvania last weekend, after reviewing the preliminarily draft of Senator MITCHELL's proposal, I heard a great many questions on the street. I ride Amtrak, and no sooner am I on Amtrak than people are saying, "Hey, what's going on with health care? What is Senator MITCHELL doing?"

That is the same question I am asked at the shopping mall in King of Prussia; the same question I get going out to the Phillies' baseball game. When I came back to Washington on Monday of this week and took the floor to manage, with Senator HARKIN, the final phases of our appropriations subcommittee report for appropriations for Labor, Health and Human Services, I made a statement that, although I had said many times in the past weeks and months that I would oppose any effort at a filibuster, I said I was not quite so sure, and I was rethinking it.

And I made a comment in my floor statement on Friday about a telephone call which I had made to my Aunt Rose over the weekend. My aunt Rose was an 18-year-old Secretary in Wichita, KS, when I was born, and has been sort of a surrogate mother to me for many years. I made a brief comment on the floor, which is worth just a moment. When the 1986 tax bill was considered, the creation of Senator PACKWOOD and Senator BRADLEY—Senator PACKWOOD is on the floor—I came to the floor and debated Senator BRADLEY about the flat tax, 28 percent. I asked Senator BRADLEY a question which my Aunt Rose had asked me, which is why should she pay 28 percent, the same rate as millionaires?

Senator BRADLEY did not give me a very good answer. Maybe Senator PACKWOOD has a better answer. Senator PACKWOOD is on the floor.

I think we made some mistakes—I say this respectfully—on that tax bill. We should have listened to Aunt Rose. But I made a comment on the Thursday night before we started the questioning of Professor Hill. My aunt called me and said, "I heard on television you are going to question Professor Hill." And she gave me some advice I did not take. So this time I called her and said, "What do you think about health care, Aunt Rose?"

She said, "I am very worried about it." She said, "I now have good coverage." She told me about a series of tests she had. I will not tell how old she is. She was 18 when I was born, but I will not say how old I am, either. She said, "I pay $91 a month and I like the care I am getting. I would like to see poor people covered, but I am worried about what is going on."

So after talking with a lot of people, including my Aunt Rose, I decided I was going to rethink this idea of a filibuster.

That thought was short-lived because—I do not want to get too personal with my family, but I have a good network that tells me what is going on with America. My aunt Ann called me from Chicago, IL—some press will probably call Aunt Ann Rosenberg—and said, "Don't get involved in a filibuster." Actually I got this message through my secretary. "We need health care legislation."

I will agree we do need health care legislation, and I have decided not to join in any filibuster attempt, but take up Senator MITCHELL's bill and see what we can do with it, and hopefully to craft a proposal which is a step at a time, and which does not undertake the enormous changes which Senator MITCHELL's bill would have.

On the timetable, I hear the talk about the necessity to get this legislation finished during this session of Congress so that it is a done deal before the November elections. I do not believe that we ought to have a timetable to serve either political party. I do not believe we ought to have a timetable for a filibuster which would stop the consideration of this bill. Although if at some point we come to the judgment that we have a monstrosity, something which is really awful for America, and something which can be controlled by the Democrats because they control the White House and both Houses of Congress, then we might have to reconsider whether we would prolong the debate and stop legislation which would be an anathema and really terrible for the American people.

I do not think we ought to do that at this point. But I do think we have to take our time. And it has to include consideration and input from the American people.

It would be very useful to have hearings on Senator MITCHELL's bill, but I do not think that is indispensable. But I do think it is necessary that there be talk in the country about what this legislation means; that there would be a time for analysis by the newspapers and a digestion by the American people; and the chance for editorial comment. Already the op-ed pages are containing comments about, "Let's not rush to do it this year. Let's wait until next year."

I am not saying they are right about waiting until next year. I think the Congress ought to take up the bill to see if we can do it in a nonpartisan way with Democrats reaching across the aisle to Republicans, Republicans reaching across the aisle to Democrats, to do it. But we ought not to be on any timetable.

If we have to sit through all of the August recess, so be it. And if we have to move beyond October 7, when we are scheduled to adjourn, so be it. We ought to take our time. If we cannot do it right, we should not do it at all. We ought to do what is good for America.

Mr. President, the cost of administration of these health care proposals is totally unpredictable. Senator HARKIN and I, in our capacities as chairman and ranking member of the Subcommittee on Health and Human Services, asked for the General Accounting Office to give us an estimate of what it would cost to set up the Clinton health care proposal.

At this time, I ask unanimous consent that the letter from Senator HARKIN and myself to the GAO dated November 30, 1993, and the reply from the General Accounting Office dated June 15, 1994, be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC, November 30, 1993.

Mr. CHARLES A. BOWSHER,
Comptroller General, General Accounting Office, General Accounting Office Building, Washington, DC.

DEAR MR. BOWSHER: We are writing concerning the recent introduction of the Health Security Act, the President's comprehensive legislative proposal to extend affordable health care coverage to all Americans and to implement reforms to improve the quality and efficiency of the health care system. While we concur in the broad objectives outlined in the plan and look forward to working with the President and the relevant legislative committees, we believe that a careful analysis of all aspects of the proposal is essential.

As the Chairman and Ranking Member of the Senate Appropriations Subcommittee which has jurisdiction over funding for discretionary health programs, we are particularly interested in an analysis of the federal costs required to set up, administer and support the programs authorized in the legislation. This analysis is especially important given the action by the Congress to freeze discretionary appropriations over the next 4 years. We, therefore, request that the General Accounting Office conduct an in depth analysis by agency of the federal costs of administering the new health care system, and of fully funding the new and expanded authorizations of discretionary programs outlined in the legislation. The study should also examine the impact to these expenditures on overall health care spending.

Your prompt attention to this request is appreciated.

Sincerely,

TOM HARKIN,
Chairman,
Labor, HHS and Education Subcommittee.
ARLEN SPECTER,
Ranking Member.

U.S. GENERAL ACCOUNTING OFFICE,
HEALTH, EDUCATION AND HUMAN SERVICES DIVISION
Washington, DC, June 15, 1994.

Hon. ARLEN SPECTER,
Ranking Minority Member, Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations U.S. Senate.

DEAR SENATOR SPECTER: In November 1993, the President released his detailed legislative proposal for national health care reform. The proposed Health Security Act (HSA) is a comprehensive plan to provide universal health insurance for a broad range of services. The President's 1995 budget request to the Congress includes a $5.4 billion estimate of the federal expense to start up and administer the proposed new health care system over 6 years.

Concerned about how the administrative costs of implementing the proposed new health care system would be funded, given the limit Congress placed on discretionary appropriations,[1] you asked that we determine what justifications the administration used to support the federal administrative cost estimates that appear in the President's 1995 budget. Specifically, you asked that we identify the federal administrative functions that were considered and determine the underlying assumptions used to derive the estimated costs. On April 29, 1994, we briefed your staff on the results of our work.

In summary, the Office of Management and Budget (OMB) identified the federal functions required to implement the proposed HSA and estimated the federal administrative costs of starting up and supporting these functions over 6 years. OMB staff said that pricing out the proposed HSA was difficult. The staff attributed the difficulty in estimating the federal administrative costs to primarily two factors: (1) decisions had not been made about what entity would carry out some of the functions and (2) the staff was given a very short time frame to develop the estimates. The staff said that they did not document the assumptions they used and, in our discussions with them, they would not fully discuss the details of their estimating strategy. As a result, we could not reconstruct the information for you.

FEDERAL ADMINISTRATIVE COSTS TO IMPLEMENT HSA

OMB was responsible for identifying the federal administrative functions to implement the proposed HSA and for developing the administrative cost estimates that appear in the President's fiscal year 1995 budget. Normally, OMB does not independently prepare cost estimates for proposed legislation.[2] In this instance, however, OMB's budget examiners, not the executive branch departments or agencies, estimated the federal administrative costs for the administration. Moreover, while these estimates of federal costs appeared in the President's fiscal year 1995 budget, preparing them was conducted outside OMB's normal budget estimating processes.[3] OMB staff stated that they were asked to estimate the cost of the proposed bill in a very short time frame. Also, there was some uncertainty about whether some of the functions under the proposed new health care system would be carried out by the federal government, the states, or the proposed alliances. OMB staff stressed that these factors made estimating the federal administrative costs very difficult.

FUNCTIONS IDENTIFIED AND ANNUAL COSTS ESTIMATED FOR 6 YEARS

OMB staff identified the specific detailed federal administrative functions required under HSA and estimated the implementation cost of these functions rather than by a department or other entity such as the National Health Board (NHB) that would be responsible for the function. OMB did not provide cost estimates for each detailed federal administrative function. Instead, OMB grouped the detailed administrative functions and provided us annual federal cost estimates by four functional categories: (1) Information Systems and Quality Assurance, (2) Monitoring of States and Alliances, (3) Program Oversight and Financial Management, and (4) Transition to the New System. The estimates are of new or add-on costs. Table 1 shows, by these four functional categories, OMB's estimates of the federal administrative costs for implementing HSA over 6 years. Estimates of federal administrative costs for 1995 through the year 2000 totaled $5.4 billion. OMB staff did not determine federal full-time-equivalent employee requirements for HSA implementation.

TABLE 1.—PROPOSED HEALTH SECURITY ACT—OMB'S ADMINISTRATIVE COST ESTIMATES FOR FEDERAL FUNCTIONS

[In millions of dollars]

Functional Categories	Fiscal Years—						1995–2000
	1995	1996	1997	1998	1999	2000	
Information systems and quality assurance[1]	915	95	94	81	81	81	1,347
Monitoring of States and alliances[2]	40	92	174	241	272	279	1,098
Program oversight and financial management[3]	77	178	194	226	226	230	1,131
Transition to the new system[4]	247	527	726	353	7	8	1,868

Footnotes at end of article.

TABLE 1.—PROPOSED HEALTH SECURITY ACT—OMB'S ADMINISTRATIVE COST ESTIMATES FOR FEDERAL FUNCTIONS—Continued

[In millions of dollars]

Functional Categories	Fiscal Years—						1995–2000
	1995	1996	1997	1998	1999	2000	
Total, HSA start-up and administration	1,279	892	1,188	901	586	598	5,444

[1] HSA specifies that the federal government would help develop and maintain a health information network; establish a National Quality Management Program; provide technical assistance to alliances, states, and health plans; and set standards to implement privacy protections, malpractice reforms, and administrative simplification measures.

[2] Under HSA, the federal government would oversee key state and alliance functions. The federal government would monitor alliance financial operations (including audits of alliances); ensure that plans and alliances conform to applicable regulatory requirements; make certain that employers make premium contributions and provide insurance through qualified plans; oversee the administration of premium targets; monitor and audit employer subsidies; and back up state guarantee funds.

[3] Federal responsibilities under HSA would include development of rules and standards for and overall financial oversight of the new system. The pricing reflects several oversight functions, including update of the comprehensive benefits package, examination of new drug prices, development of rules for health plans, monitoring of alliance grievance procedures, development of a risk adjustment system, monitoring health care prices and expenditures, and supporting antitrust reform and fraud and abuse prevention activities.

[4] The federal government would help states make the transition to the new system. The federal government would administer planning and start-up grants, issue standards for health plans during the transition, process state waivers, and administer a national risk pool for the uninsured during the period prior to phase-in of universal coverage.

Sources.—Analytic Perspectives, Budget of the United States Government, fiscal year 1995; and OMB staff.

In discussions with us, OMB staff added the following qualifiers to the federal cost estimates they developed for HSA start-up and administration:

Administrative costs associated with providing health security cards are not included in the estimates because OMB staff assumed this would be an alliance function rather than a federal function.

Start-up costs are reflected in the first 2 years (1995 and 1996).

The $1.279 billion estimate for 1995 costs was designated PAYGO.[4] OMB staff told us that this was done because the estimated costs would exceed the discretionary spending cap for that year. The administration suggested that revenue from a tobacco tax would be used to fund these costs.

NO RECORD OF ESTIMATING ASSUMPTIONS

OMB staff told us that they did not document the assumptions they used to estimate federal costs for HSA start-up and administration, and they would not reconstruct the information for us. In discussions with us, OMB staff provided sketchy information about the assumptions used to cost-out the detailed federal administrative functions they identified in the proposed HSA. In some cases, they extrapolated from existing functions. Where they extrapolated or used proxy measures, however, they did not disclose any dollar values associated with their analyses. Furthermore, they did not provide any information on analyses they conducted that showed the difference in magnitude, if any, between the proxies they used and the proposed federal administrative functions. OMB staff provided some information about their estimating assumptions and the rationale they used in costing out the federal administrative functions for implementing the proposed HSA (see enclosure).

In conclusion, OMB staff did not provide us complete information about the underlying assumptions they used to estimate the federal costs for HSA start-up and administration. The staff stated that they did not follow their normal budget estimating process. They made the budget estimates in a short time frame and based them on proposed legislation that did not have responsibilities for some of the functions clearly defined. OMB staff said they did not document their estimating assumptions and were reluctant to discuss the details of their work.

To identify the federal functions and determine the estimating assumptions the administration used, we met with staff from OMB and the Department of Health and Human Services (HHS).[5] HHS officials told us they had no involvement in estimating the federal costs and did not know what estimating assumptions OMB used. As agreed with your staff, we did not attempt independently to estimate the federal costs of administering the proposed new system or measure the impact of the expenditures on overall health care spending. Also, we did not evaluate the appropriateness of the estimating assumptions used. We conducted our work from February to May 1994, in accordance with generally accepted government auditing standards.

OMB officials reviewed a draft of this correspondence and offered some technical changes. We made the technical changes as appropriate.

We are sending copies of this correspondence to the Chairman of the Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Senate Committee on Appropriations, and the Director of the Office of Management and Budget. We will also make copies available to others on request.

Please contact James O. McClyde, Assistant Director, at (202) 512-7119, if you have any questions about this letter.

Sincerely yours,

SARAH F. JAGGAR
(For Mark V. Nadel).

Enclosure.

PROPOSED HEALTH SECURITY ACT—INFORMATION OMB PROVIDED ABOUT ESTIMATING ASSUMPTIONS THEY USED TO COST OUT FEDERAL ADMINISTRATIVE FUNCTIONS

(By functional category)

Information Systems and Quality Assurance:

About 60 percent of 1995 costs is for start-up of this function.

Standard-setting would be a major part of this function.

The federal government would not build new data systems because existing systems can be expanded.

Private sector data systems that could be used include Blue Cross and Blue Shield's electronic claims system.

Analogues considered in pricing this function were resources of the Health Care Financing Administration (information systems) and the Social Security Administration (system resources), and data from the Agency for Health Care Policy and Research (quality management data) and the Aid to Families With Dependent Children program (quality control data).

NHB will probably contract out any additional work it is responsible for under this function.

DOL's responsibilities would be very small.

Monitoring of States and Alliances:

About 50 to 75 percent of 1995 costs would be for standard-setting.

Most of the total cost would be for federal staff to monitor alliances and employers.

It is not very likely that DOL would have to take over corporate alliances, so a very small cost was included for readiness.

Program Oversight and Financial Management:

About 10 percent or less of 1995 costs would be for start-up.

Many main NHB functions would be included.[6]

Some standard-setting would be included along with ongoing activities such as updating the benefits package.

Most of the costs would be for federal staff, including a small HHS staff to monitor health care prices and expenditures[7] and the HHS Inspector General's office to conduct fraud and abuse reviews.

It is not very likely that HHS would have to take over alliances, so a small cost was included for readiness.

Transition to the New System:

About 90 percent of the costs would be associated with setting up and administering a national risk pool and for grant administration.

FOOTNOTES

[1] The Budget Enforcement Act of 1990 (BEA) contains procedures designed to enforce the deficit reduction agreement. The act divides the budget into two mutually exclusive categories: (1) discretionary programs and (2) direct spending. The act also provides pay-as-you-go (PAYGO) procedures for legislation affecting direct spending or receipts. For 1991 through 1995, among other provisions, the act limits discretionary spending. The Omnibus Budget Reconciliation Act of 1993 extended the discretionary spending limits through 1998.

[2] OMB is responsible for cost estimates used in the President's budget and for enacted legislation to meet the requirements of BEA. OMB is also responsible for pricing legislative proposals on behalf of the administration. However, in fulfilling these responsibilities, OMB generally relies on executive branch agencies to prepare initial cost estimates. OMB budget examiners then review and modify these estimates as needed.

[3] Under the normal executive budget formulation process, beginning in the fall, OMB works closely with agencies to prepare cost estimates of agency activities to be incorporated in the President's budget. As agencies prepare their budgets for submission to OMB, they maintain continuing contact with OMB budget examiners. OMB also provides agencies detailed instructions for preparing submissions through Circular A-11. This process is more fully described in appendix I of A Glossary of Terms Used in the Federal Budget Process (GAO/AFMD-2.1.1).

[4] Under BEA, PAYGO requirements stipulate that any new legislation that increases direct (mandatory) spending or decreases receipts be deficit neutral (that is, not increase the deficit). For discretionary programs, the act establishes discretionary spending caps or limits. These measures are designed to reduce or limit the growth in the federal budget deficit. BEA rules require that new accounts or activities be categorized in consultation with the House and Senate Committees on Appropriations and the Budget.

[5] We interviewed officials from HHS' Offices of the Assistant Secretary for Program Evaluation and Assistant Secretary for Management and Budget.

[6] OMB did not use analogues/proxies for estimating NHB costs. They assumed a staff of about 30 people and one auditor per alliance for financial monitoring. OMB officials talked about the Federal Reserve Board and the Securities Exchange Commission as possible models for costing-out the NHB financial management responsibilities.

[7]The Health Care Financing Administration already publishes some health care price data.

(Mr. KERREY assumed the chair.)

Mr. SPECTER. Mr. President, again, this would be the topic of a long speech all by itself. I think it is important and I want to make a brief comment about it.

The General Accounting Office said they went to the OMB staff and they could not tell us what the overhead administrative costs would be of President Clinton's health care program. Quoting from page 5 of the report by the General Accounting Office:

OMB staff told us they could not document the assumptions they used to estimate Federal costs for the Health Security Act's —

President Clinton's act.

startup and administration, and they would not reconstruct the information for us. The staff stated that they did not follow their normal budget estimate process. OMB staff said they did not document their estimating assumptions and were reluctant to discuss the details of their work.

I think these are questions which need to be answered. The cost of President Clinton's bill is no longer relevant, but the cost of Senator MITCHELL's bill is relevant.

Mr. President, when we talk about estimates, and we have the comments by the Congressional Budget Office, I think it is very important to focus on the undisputed facts that these estimates often go awry, are invariably wrong, and invariably understate what the cost would be.

Information provided to me—and one of the difficulties, as I said before, is knowing what is exactly accurate, but I believe these figures to be accurate—show the enormous increase in costs of Medicare and Medicaid over what was originally projected.

Medicare was projected in 1965 to total $9 billion in spending in 1990. Instead, the cost of Medicare was $106 billion. That is more than 11 times the estimated cost. Or on a percent basis, 1,177 percent.

When Medicaid was started, it was projected in 1965 to cost less than $1 billion in spending in 1990. Instead, Medicaid costs $76 billion a year, or 76 times the cost, or as a percentage, 7,600 percent.

One of the things we have to do in our consideration of health care legislation is accommodate the interests of senior citizens—and I think we need long-term health care and prescription drugs. And we have to consider the next generation and what we are doing to the deficit. The one subject which has been discussed more than any other in the 14 years that I have been here has been the deficit.

No matter what we try to do, we cannot seem to get the annual deficit under $250 billion. The national debt is now $4.5 trillion. None of us would think of taking our children's credit cards or our grandchildren's credit cards and going out on a spending spree. I am not saying this is necessarily a spending spree, but it is money which we do not have.

The entitlement program which is present under Senator MITCHELL's legislation is an enormous entitlement program which will involve, under current projections, enormous deficits and, by the experience with Medicare and Medicaid, are totally out of sight.

It is curious that 1 day earlier than the Congressional Budget Office's preliminary analysis, we have the Bipartisan Commission on Entitlements and Tax Reform issuing a statement about the danger to America. This can be capsulated in one sentence, and this again is a matter for very extensive analysis and consideration:

The Bipartisan Commission on Entitlement and Tax Reform today adopted an interim report to the President starkly depicting the need for the President and a bipartisan coalition in Congress to enact entitlement reforms to preserve the standard of living of future generations of Americans.

I note the change of the hour, which reminds me that I have been going on a little long. I am about to conclude. "In conclusion" are the two most popular words of any speech.

I note there has been a change in the Presiding Officer to the distinguished Senator from Nebraska, Senator KERREY, who is a cochairman of this Commission. We are struggling to limit entitlements and expenditures, and if we are to preserve financial stability in America, so says this bipartisan Commission report, we have to get entitlements under control.

The legislative proposals put forward by Senator NUNN and Senator DOMENICI were drawing more votes from Senators. Several years ago, they got about 28 votes; last year, about 45 votes. We have to know what we are doing when we move ahead with health care reform.

So my view is that the massive bureaucracies which the President suggests and which Senator MITCHELL suggests are not the answer for Americans. The answer is to retain the current system, which provides the best health care in the world to 86.1 percent of the American people, and to target specific reforms such as contained in S. 18.

I am sorry to have taken so long. There is a great deal more I would like to say, but there are others on the floor who are awaiting recognition. I think this will be a historic debate, Mr. President. I am hopeful that we can come to agreement in a bipartisan way, and reach the goal many were talking about: A health care bill that 70 or more Senators can agree to which would not bankrupt America but which would reform the health care system and take care of the problems of coverage, portability, preexisting conditions, and spiraling health care costs.

I yield the floor.

EXHIBIT 1

TITLE I—HEALTH CARE INSURANCE REFORM PROVISIONS

Subtitle A—Model Health Care Insurance Benefits Plan

Sec. 101. Model health care insurance benefits plan.
Sec. 102. Definitions

Subtitle B—Managed Care

Sec. 111. Development of standards for managed care plans.
Sec. 112. Preemption of provisions relating to managed care.

Subtitle C—Small Employer Purchasing Groups

Sec. 121. Qualified small employer purchasing groups.
Sec. 122. Preemption from insurance mandates for small employer purchasing groups.

Subtitle D—Insurance Market Reform

Sec. 131. Failure to satisfy certain standards for health care insurance provided to small employers.

Subtitle E—Deduction for Health Insurance Costs of Self-Employed Individuals

Sec. 141. Increase in deductible health insurance costs for self-employed individuals.

TITLE II—PRIMARY AND PREVENTIVE CARE SERVICES

Sec. 201. Maternal and infant care coordination.
Sec. 202. Reauthorization of certain programs providing primary and preventive care.
Sec. 203. Comprehensive school health education program.
Sec. 204. Comprehensive early childhood health education program.

TITLE III—DISCLOSURE OF CERTAIN INFORMATION TO BENEFICIARIES UNDER THE MEDICARE AND MEDICAID PROGRAMS

Sec. 301. Regulations requiring disclosure of certain information to beneficiaries under the medicare and medicaid programs.
Sec. 302. Outreach activities.

TITLE IV—PATIENT'S RIGHT TO DECLINE MEDICAL TREATMENT

Sec. 401. Right to decline medical treatment.
Sec. 402. Federal right enforceable in Federal courts.
Sec. 403. Suicide and homicide.
Sec. 404. Rights granted by States.
Sec. 405. Effect on other laws.
Sec. 406. Information provided to certain individuals.
Sec. 407. Recommendations to the Congress on issues relating to a patient's right of self-determination.
Sec. 408. Effective date.

TITLE V—PRIMARY AND PREVENTIVE CARE PROVIDERS

Sec. 501. Increasing payments to certain nonphysician providers under the medicare program.
Sec. 502. Requiring coverage of certain nonphysician providers under the medicaid program.
Sec. 503. Medical student tutorial program grants.
Sec. 504. General medical practice grants.
Sec. 505. Payments for direct and indirect graduate medical education costs.

TITLE VI—MEDICARE PREFERRED PROVIDER DEMONSTRATION PROJECTS

Sec. 601. Establishment of medicare primary and specialty preferred provider organization demonstration projects.

TITLE VII—COST CONTAINMENT

Sec. 701. New drug clinical trials program.
Sec. 702. Medical treatment effectiveness.
Sec. 703. Health care cost control—expenditure targets.

TITLE VIII—LONG-TERM CARE

Subtitle A—Tax Treatment of Qualified Long-Term Care Insurance Policies

Sec. 801. Amendment of 1986 Code.
Sec. 802. Definitions of qualified long-term care insurance and premiums.
Sec. 803. Treatment of qualified long-term care insurance as accident and health insurance for purposes of taxation of insurance companies.
Sec. 804. Treatment of accelerated death benefits under life insurance contracts.

Subtitle B—Tax Incentives for Purchase of Qualified Long-Term Care Insurance

Sec. 811. Credit for qualified long-term care premiums.
Sec. 812. Deduction for expenses relating to qualified long-term care.
Sec. 813. Exclusion from gross income of benefits received under qualified long-term care insurance.
Sec. 814. Employer deduction for contributions made for long-term care insurance.
Sec. 815. Inclusion of qualified long-term care insurance in cafeteria plans.
Sec. 816. Exclusion from gross income for amounts withdrawn from individual retirement plans and section 401(k) plans for qualified long-term care premiums and expenses.
Sec. 817. Exclusion from gross income for amounts received on cancellation of life insurance policies and used for qualified long-term care insurance.
Sec. 818. Use of gain from sale of principal residence for purchase of qualified long-term health care insurance.

Subtitle C—Medicaid Amendments

Sec. 821. Expansion of medicaid eligibility for long-term care benefits
Sec. 822. Effective date.

EXHIBIT 2

U.S. SENATE,
Washington, DC, October 31, 1990.

Hon. LOUIS W. SULLIVAN,
Secretary, Department of Health and Human Services, Washington, DC.

DEAR LOU: Today, I visited Mr. Leonard Abramson, President of U.S. Healthcare, Inc., at their operations in Bluebell, Pennsylvania.

After touring U.S. Healthcare's highly automated and computerized facility, I then discussed with Mr. Abramson in some detail their methods of containing costs. I then asked Mr. Abramson if his success could be applied to federal health care expenditures and he replied that they could be in Medicare.

Mr. Abramson suggested a pilot program by asking 100,000 volunteer Medicare patients, perhaps based in the Philadelphia area, to be subject to the test procedures contrasted with another 100,000, again in the Philadelphia area, who were a control group but not subject to the test procedures.

Mr. Abramson felt that it would be realistic to save as much as 20% by using the methods for his company employees.

He said that he would be willing to administer the test program without any fixed charges with the fee of 5% of the savings actually realized.

I strongly believe that this is an idea worth pursuing.

Obviously, the U.S. government would have nothing to lose if there were no savings and much to gain if the procedures of Mr. Abramson's company could set a pattern with significant cost reduction which could be applicable nationwide.

I am asking Mr. Pat Meehan, the Executive Director of my Philadelphia office, to contact your Administrative Assistant early next week to pursue this proposal.

My best.

Sincerely,

ARLEN SPECTER.

U.S. SENATE,
Washington, DC, April 8, 1991.

Hon. LOUIS W. SULLIVAN,
Secretary, Department of Health and Human Services, Washington, DC.

DEAR LOU: Last October 31 I wrote to you (copy enclosed) concerning a suggestion by Mr. Leonard Abramson, President of U.S. Healthcare, Inc. on reducing Medicare costs.

There have been a number of meetings between Mr. Abramson and his representatives with personnel from your Department; but Mr. Abramson's suggestions have not been carried out because of bureaucratic red tape.

Your Department wants to give Mr. Abramson's company a grant which he does not want and the forms and protocol seem to be defeating his extraordinary suggestion.

Based on his tremendous success in this field, Mr. Abramson is convinced that he could save Medicare 20 percent which would constitute a savings approaching $20,000,000,000.

I called Mr. Abramson again today and he would be willing to reduce the sample from 100,000 to 25,000 and would be willing to forego the fee of five percent of the savings actually realized which had been originally suggested.

Mr. Abramson would like to participate in any follow-up programming with a reasonable fee for his services; but, as I understand it, he would be willing to await the outcome of this project to discuss that arrangement with your Department.

If your personnel and Mr. Abramson with his personnel cannot work this out, then I would like to have the three of us, you, Mr. Abramson and me, sit down to try to work out this important proposal on the issue of medical costs which is at the forefront of our nation's problems.

Sincerely,

ARLEN SPECTER.

THE SECRETARY OF HEALTH AND HUMAN SERVICES,
Washington, DC, April 19, 1991.

Hon. ARLEN SPECTER,
U.S. Senate, Washington, DC.

DEAR ARLEN: Thank you for your recent letter of April 8, 1991, on behalf of Mr. Leonard Abramson, regarding medicare.

We will be responding to the issues you raised as quickly as possible.

Thank you for bringing your concerns to my attention.

Sincerely,

LOUIS W. SULLIVAN, M.D.

THE SECRETARY OF HEALTH AND HUMAN SERVICES,
Washington, DC, June 4, 1991.

Hon. ARLEN SPECTER,
U.S. Senate, Washington, DC.

DEAR ARLEN: I am responding to your letter concerning the Department's response to a suggestion offered by Mr. Leonard Abramson, President of U.S. Healthcare, Inc., to reduce Medicare cost.

I have been advised that staff from the Office of Research and Demonstrations (ORD) within the Health Care Financing Administration (HCFA) met with Mr. Abramson on December 14, 1990. At this meeting Mr. Abramson and his staff presented a broad concept for providing specialized medical care through a preferred provider network. HCFA staff expressed considerable interest in the concept and offered to provide assistance as he worked out details of the formal proposal necessary for approval and implementation of a demonstration project.

HCFA staff subsequently met with Dr. Steven Zatz of U.S. Healthcare on January 24, 1991, to further discuss the Medicare applicability of the concept and to describe the process for carrying out a Medicare demonstration. Dr. Zatz indicated that he would initiate ongoing dialogue with HCFA if U.S. Healthcare decided to pursue a demonstration proposal. HCFA staff have not been contacted since the January 24 meeting.

Because this type of demonstration would apparently affect Medicare beneficiaries' choice of providers and could require new payment provisions, a formal process for awarding Medicare research and demonstration waivers and development of a contractual arrangement with U.S. Healthcare is required. HCFA advises it will try to make the required process expedient and informational.

Another avenue for U.S. Healthcare, Inc., might be the President's proposal in the Fiscal Year 1992 Budget for a new Medicare coordinated care option called "Point of Service." We are still developing the details of the proposal. You should hear more about this in the near future.

HCFA would welcome renewed discussions with U.S. Healthcare of our mutual interests in innovative coordinated care delivery systems for the Medicare program and will contact Mr. Abramson to reaffirm the offer of assistance.

I appreciate your interest in the Department's research and demonstration initiatives in the Medicare program.

Sincerely,

LOUIS W. SULLIVAN, M.D.

EXHIBIT 3

A PRELIMINARY ANALYSIS OF SENATOR MITCHELL'S HEALTH PROPOSAL, AUGUST 9, 1994

(By the Congressional Budget Office)

INTRODUCTION

The Congress Budget Office (CBO) and the Joint Committee on Taxation (JCT) have prepared this preliminary analysis of Senate Majority Leader George Mitchell's health proposal, as introduced on August 9, 1994. The analysis is based on the text of S. 2357 as printed on August 3 and subsequent revisions specified by the Majority Leader's staff. Because the estimate does not reflect detailed specifications for all provisions or final legislative language, it must be regarded as preliminary.

The first part of the analysis is a review of the financial impact of the proposal. The financial analysis includes estimates of the proposal's effects on the federal budget, the

budgets of state and local governments, health insurance coverage, and national health expenditures. It also includes a description of the aspects of the proposal that differ from S. 2357, as well as other major assumptions that affect the estimate.

The second part of the analysis comprises a brief assessment of considerations arising from the proposal's design that could affect its implementation. The issues examined in this discussion are similar to those considered in Chapters 4 and 5 of CBO's analyses of the Administration's health proposal and the Managed Competition Act.

FINANCIAL IMPACT OF THE PROPOSAL

Senator Mitchell's proposal aims to increase health insurance coverage by reforming the market for health insurance and by subsidizing its purchase. If these changes failed to increase health insurance coverage to 95 percent of the population by January 1, 2000, coverage would become mandatory in 2002 in states that fell short of the goal. Individuals in those states would be required to purchase insurance, and employers with 25 or more workers would be required to pay half of the cost of insurance for them and their families.

In CBO's estimation, the proposal would just meet its target of 95 percent coverage without imposing a mandate. Because the actual outcome could easily fall short of the estimate, however, this analysis shows the effects of the proposal both without the mandate and with the mandate in effect nationwide. In both cases, the proposal would slightly reduce the federal budget deficit, and it would ultimately reduce the pressure on state and local budgets as well. But the expansion of coverage would add to national health expenditures.

The estimated effects of the proposal are displayed in the six tables at the end of this document. Tables 1 and 2 show the effects on federal outlays, revenues, and the deficit. Tables 3 and 4 show the effects on the budgets of state and local governments. Tables 5 and 6 provide projections of health insurance coverage and national health expenditures, respectively.

Like the estimates of other proposals for comprehensive reform—such as the single-payer plan, the Administration's proposal, the Managed Competition Act, and the bills reported by the Committee on Finance and Ways and Means—CBO's estimates of the effects of this proposal are unavoidably uncertain. Nonetheless, the estimates provide useful comparative information on the relative costs and savings of the different proposals. In estimating Senator Mitchell's proposal, CBO and JCT have made the following major assumptions about its provisions.[1]

Health Insurance Benefits and Premiums

Senator Mitchell's proposal would establish a standard package of health insurance benefits, whose actuarial value would be based on that of the Blue Cross/Blue Shield Standard Option under the Federal Employees Health Benefits program. The Congressional Research Service and CBO estimate that such a benefit package would initially be 3 percent less costly than the average benefit of privately insured people today and 8 percent less costly than the benefit package in the Administration's proposal.

The proposal adopts the four basic types of health insurance units included in the Administration's proposal—single adult, married couple, one-parent family, and two-parent family. In addition, separate policies would be available for children eligible for subsidies, as explained below.

In general, workers in firms with fewer than 500 full-time-equivalent employees (and their dependents) and people in families with no connection to the labor force would purchase health insurance in a community-rated market. Firms employing 500 or more workers would be experience-rated. States would operate a risk-adjustment mechanism covering both community-rated and experience-rated plans, thereby narrowing the differences between the average premiums in the two insurance pools. The estimated average premiums in 1994 for the standard benefit package for the four types of policies in both pools are as follows:

Single Adult—$2,220.
Married Couple—$4,440.
One-Parent Family—$4,329.
Two-Parent Family—$5,883.

Supplementary insurance would be available to cover cost-sharing amounts and services not included in the standard benefit package.

Subsidies

Starting in 1997, the proposal would provide subsidies for low-income people and certain firms to facilitate the purchase of health insurance. The system of subsidies would change somewhat if a mandate to purchase insurance went into effect. States would determine eligibility for subsidies and distribute subsidy payments to health plans.

Without a Mandate in Effect. The proposal would make low-income families eligible for premium subsidies. Recipients of Aid to Families with Dependent Children (AFDC) and families with income below 100 percent of the poverty level would be eligible for full subsidies, and those with income between 100 percent and 200 percent of poverty would be eligible for partial subsidies. For children and pregnant women, full subsidies would extend to 185 percent of the poverty level and partial subsidies to 300 percent of poverty. In addition, workers who become temporarily unemployed would be eligible for special subsidies for up to six months. Families could become eligible for more than one type of subsidy at the same time. Families could use the special subsidies for children and pregnant women to help purchase coverage for the entire family, or they could purchase coverage only for the eligible individuals.

States would be required to establish and administer a program of enrollment outreach that would allow people eligible for full subsidies of their premium to sign up for health insurance with health care providers whenever they sought health care services. People eligible for health insurance under this provision would be counted as insured in determining whether the target of 95 percent coverage is met.

In determining eligibility for premium subsidies, a family's income would be compared with the federal poverty level for that family's size. The maximum amount of the subsidy would be based on family income relative to the poverty level and on the weighted average premium for community-rated health plans in the area. The estimate assumes that a family's subsidy could not exceed the amount it paid for coverage in a qualified health plan. Therefore, if an employer paid a portion of the premium, the subsidy could at most equal the family's portion of the premium.

People with income up to 150 percent of the poverty level, as well as AFDC recipients, would be eligible for reduction cost sharing if they were unable to enroll in a plan proving a low or combination cost-sharing schedule. AFDC recipients in low or combination cost-sharing plans would also be eligible for cost-sharing assistance. The amount of assistance would vary slightly for the two groups. In both cases, health insurance plans would be required to absorb the cost of the reduced cost sharing.

Employers who voluntarily expanded health insurance coverage to classes of workers whom they previously did not cover could also receive temporary subsidies. Employers would become eligible for a subsidy if they began paying at least 50 percent of the cost of coverage for an additional class of worker. In the first year, the amount of the subsidy for each worker would equal the difference between half of the average insurance premium in the area (or in the worker's plan, if lower) and 8 percent of the worker's wage. Over the following years, the subsidy would be gradually phased out.

With Mandate in Effect

If a mandate to purchase insurance went into effect in a state, the system of subsidy would change. Subsidies for families with income up to 200 percent of the poverty level would remain, as would subsidies for people who were temporarily unemployed. The special subsidies for children and pregnant women would be eliminated, however, as would the subsidies for employers who voluntarily expanded coverage.

Medicaid and Medicare

Medicaid beneficiaries not receiving Supplemental Security Income or Medicare would be integrated into the general program of health care reform and would be eligible for federal subsidies in the same way as other low-income people. For these people, Medicaid would continue to cover services not included in the standard benefit package. For children, Medicaid would also continue to cover services whose scope or duration exceeded that in the standard package. States would be required to make maintenance-of-effort payments to the federal government based on the amount by which their Medicaid spending was reduced in the first year. The proposal would phase out federal Medicaid payments to disproportionate share hospitals and replace them with a program to make payments to financially vulnerable hospitals.

The proposal would expand Medicare by adding a prescription drug benefit for outpatients starting in 1999. The Secretary of Health and Human Services would set the deductible so that the net incurred cost of the benefit would total $13.4 billion in the first year. In CBO's estimation, the initial deductible would be about $700. The deductible would be indexed in later years so as to hold constant the proportion of Medicare beneficiaries receiving some drug benefit.

Reductions in Medicare spending would provide a major part of the funding for the proposal. The growth in reimbursement rates for hospitals covered by Medicare's prospective payment system would be reduced by 1 percentage point in 1997 and by 2 percentage points each year from 1998 through 2004. Payments to disproprtionate share hospitals would be cut in half. Reimbursements to physicians and other providers of health care services would also be restrained. Beneficiaries would be required to pay higher premiums for Supplementary Medical Insurance (SMI) and part of the cost of laboratory services and home health care.

[1] For descriptions of CBO's estimating methodology, see Congressional Budget Office, An Analysis of the Administration's Health Proposal (February 1994), and An Analysis of the Managed Competition Act (April 1994).

Other Spending

The proposal would restructure the system of subsidies for medical education and academic health centers. Current payments from Medicare for direct and indirect medical education would be terminated. New programs would provide assistance for academic health centers, graduate medical education, graduate training for nurses, medical schools, schools of public health, and dental schools.

The proposal would create several additional mandatory spending programs. A capped entitlement program would help states finance home- and community-based care for the severely disabled; spending for this program would be limited to $48 billion over the 1998-2004 period. A biomedical and behavioral research trust fund would be financed by a portion of the assessment on private health insurance premiums starting in 1997. The proposal would also provide direct spending authority for a variety of public health initiatives totaling almost $10 billion in the 1996-1999 period and almost $15 billion in the 1996-2004 period.

The assurance of access to health insurance and the provision of subsidies to low-income families would encourage some older workers to retire earlier and would raise outlays for Social Security retirement benefits. Over the long term, Social Security would incur no additional costs, because benefits are actuarially reduced for early retirement.

Revenues

The Joint Committee on Taxation has estimated the impact of the provsions of the proposal that would affect federal revenues. The bulk of the additional revenues would stem from an increase in the tax on tobacco, a 1.75 percent excise tax on private health insurance premiums, and a tax on health plans whose premiums grew by more than a specified rate. The proposal would also increase SMI premiums for single individuals with income over $80,000 and couples with income over $100,000.

Fail-Safe Mechanism

The proposal would scale back eligibility for premium subsidies, increase the deductible for the Medicare drug benefit, and reduce every other new direct spending program as necessary to offset an increase of more than $10 billion in the cost of the bill and the Medicare and Medicaid compared with the initial estimate. Because the reductions would be applied proportionately, to the extent possible, to all the direct spending programs in the proposal, the bulk of any savings would have to come from limiting eligibility for subsidies. As a result, application of the fail-safe mechanism could make previously eligible people ineligible for subsidies and would, in the absence of a mandate, reduce the extent of health insurance coverage.

Budgetary Treatment of the Mandate

A mandate requiring that individuals purchase health insurance would be an unprecedented form of federal action. The government has never required individuals to purchase any good or service as a condition of lawful residence in the United States. Therefore, neither existing budgetary precedents nor concepts provide conclusive guidance about the appropriate budgetary treatment of a mandate. Good arguments can be made both for and against including in the federal budget the costs to individuals and firms of complying with the mandate. It is only appropriate, therefore, for policymakers to resolve the issue through legislation.

Some budget analysis argue that the costs of the mandate should be included in the Federal budget because these transactions would be predominantly public in nature. A second argument for inclusion, closely related to the first, is that the premiums that people would have to pay to comply with the mandate would be compulsory payments and should therefore be recorded as governmental receipts. A third argument is that including these costs in the budget would preserve the federal budget as a comprehensive measure of the amount of resources allocated through collective political choice at the national level.

There are also cogent arguments against including the costs of complying with the mandate in the budget. First, the costs would not flow through federal agencies or other entities established by federal law. Unlike the Administration's proposal, this proposal would not require participation in federally mandated health alliances. Second, this approach would be consistent with the current practice of excluding from the budget the costs to private firms of federal regulatory mandates. Third, the costs of compliance could not be directly observed and would not flow through the federal Treasury.

OTHER CONSIDERATIONS

Like other fundamental reform proposals, Senator Mitchell's would require many changes in the current system of health insurance. For the proposed system to function effectively, new data would have to be collected, new procedures and administrative mechanisms developed, and new institutions and administrative capabilities created. In preparing the quantitative estimates presented in this assessment, the Congressional Budget Office has assumed not only that all those things could be done but also that they could be accomplished in the time frame laid out in the proposal.

There is a significant chance that the substantial changes required by this proposal—and by other systemic reform proposals—could not be achieved as assumed. The following discussion summarizes the major areas of potential difficulty as well as some other possible consequences of the proposal.

Risk Adjustment

Most health care proposals that would create community-rated markets for health insurance also incorporates provisions to adjust health plans' premiums for the actuarial risk of their enrollees. These provisions are intended to redistribute premium payments among health plans, compensating them for differences in risk. Although effective risk-adjustment mechanisms would be essential for the functioning of community-rated markets, the feasibility of developing and implementing such mechanisms successfully in the near future is highly uncertain.

The risk-adjustment mechanism in this proposal is more complex than those in other proposals analyzed by CBO. Most other proposals would restrict risk adjustment to the community-rated market; in Senator Mitchell's proposal, risk adjustment would operate in both the community-rated and the experienced-rated markets in each community-rating area. The risk-adjustment mechanism would attempt to recompense plans for the higher costs associated with certain groups of enrollees. It would also adjust payments to health plans to reflect the cost-sharing subsidies for low-income participants that health plans would have to absorb. Such transfers would ensure that plans enrolling large numbers of low-income people were not placed at a cost disadvantage. As discussed below, implementing the risk-adjustment process would be a major undertaking for the states.

States' Responsibilities

Most proposals to restructure the health care system incorporate major additional administrative and regulatory functions that new or existing agencies or organizations would have to undertake. Like several other proposals, this one would place significant responsibility on the states for developing and implementing the new system. It is doubtful that all states would be ready to assume their new responsibilities in the time frame envisioned in the proposal.

Under the voluntary system, the states' primary responsibilities would fall into four major areas:

determining eligibility for the new subsidies and the continuing Medicaid program;

administering the subsidy and Medicaid programs;

establishing the infrastructure for the effective functioning of health care markets; and

regulating and monitoring the health insurance industry.

States would also have to prepare for the possibility that mandates requiring firms with 25 or more employees to provide insurance and all individuals to obtain coverage might be invoked in 2002. If that occurred, those states with coverage rates below 95 percent would need to have the necessary infrastructure already in place. In addition, they would have to be prepared to expand their regulatory and monitoring functions considerably.

Determining Eligibility for Subsidies and Medicaid. As with other proposals, determining eligibility for subsidies would be an enormous task for the state, made more complicated by the three different subsidy programs for premiums that would be in effect: regular subsidies for low-income individuals and families; special subsidies for children and pregnant women; and special subsidies for people who were temporarily unemployed. The eligibility criteria would be different for each of these programs and would also differ from those of the Medicaid program. (The role of the Medicaid program in paying for acute care services would be significantly reduced. The program would, however, cover wraparound benefits for those subsidized families who would be eligible for Medicaid under current law. It would also pay for emergency services for illegal aliens and would continue to cover beneficiaries of the Supplemental Security Income program and Medicare beneficiaries who qualified for Medicaid.) Some families would be eligible to participate in more than one subsidy program concurrently, and this proposal would allow them to do so in certain circumstances. They might also be entitled to receive Medicaid wraparound benefits.

States would bear the responsibility for the required end-of-year reconciliation process in which the income of a subsidized family was checked to ensure that the family received the appropriate premium subsidy. Reconciliation would be a major undertaking since, even if federal income tax information could be used, many of the families receiving subsidies would not be tax filers. Tracking people who moved from one state to another during the year would also be difficult and would require extensive cooperation among the states.

Administering the Subsidy and Medicaid Programs. The states would have other major administrative responsibilities for the subsidy and Medicaid programs. In particular, they would make payments for premium subsidies to health plans and would be required to develop and implement a complex outreach initiative to expand enrollment.

The outreach program would be designed to ensure that people eligible for full subsidies would be able to enroll in health plans on a year-round basis and would not be denied coverage for preexisting conditions. They would also be able to have their eligibility for subsidies established presumptively by certain health care providers at the point of service, enabling them to enroll in health plans and receive full premium subsidies for a period of 60 days during which they could apply for continuing assistance. States would not be held responsible for premium assistance provided to low-income families on a presumptive basis, if those families subsequently proved to be ineligible for full subsidies. Instead, the federal government would bear the costs.

The program would guarantee that poor families, as well as children and pregnant women with income up to 185 percent of the poverty level, had financial access to the health care system when they needed care. It would, however, be difficult to administer, and its success in enrolling low-income families in health plans on a permanent basis would depend on extensive outreach efforts by the states to ensure that people declared presumptively eligible completed the full process for determining eligibility. The program would be considerably more complex than the current presumptive eligibility programs for pregnant women that are operated by Medicaid programs in about 30 states. Those programs are dealing with a clearly defined target population of individuals and only one health plan—the Medicaid program. By contrast, the system envisioned under the proposal would be dealing with the enrollment of individuals plus their families in their choice of health plan.

Establishing the Infrastructure for the Effective Functioning of Health Care Markets. States would designate the geographic boundaries for the community-rating areas as well as the service areas for carrying out the provisions regarding essential community providers. They would also have ongoing responsibilities for ensuring that health care markets functioned effectively. Those responsibilities would include developing and implementing the complex risk-adjustment and reinsurance system and providing information and assistance to consumers.

Each state would be required to establish a risk-adjustment organization. That agency would determine the adjustments to be made to premiums for all community-rated and experience-rated plans in each community-rating area in the state. The agency would collect assessments from health plans and redistribute the payments to community-rated and experience-rated plans whose expected expenditures exceeded the average for enrollees in standard health plans.

State risk-adjustment organizations would also have to address the special issues raised by multistate plans. When such plans owed risk-adjustment assessments, they would make payments on behalf of all their enrollees in different states to a single state risk-adjustment organization. The designated organization would determine the applicable assessments for the plan's enrollees in each community-rating area across the country and would make payments to other state risk-adjustment organizations as required.

Another responsibility of the states would be to provide consumers with the necessary information to make informed choices among health plans. States would be required to produce annual standardized reports comparing the performance of all health plans in the state, using data from surveys designed and carried out by the federal government. To do so effectively would require states to establish systems for analyzing data and qualitative information. In each state, a private nonprofit organization under contract to the federal government would distribute the reports, educate and provide outreach to consumers, and help them to enroll in health plans. States would also be required to establish an office in each community-rating area to provide a forum for resolving disputes over claims or benefits.

Regulating and Monitoring the Health Insurance Industry. Like most other health care proposals, this one would place major new responsibilities on state health insurance departments. They would have to certify standard health plans and health insurance purchasing cooperatives (HIPCs), establish separate guaranty funds for community-rated and self-insured health plans, monitor variation in the marketing fees of HIPCs and other systems for purchasing insurance, and ensure that carries met minimum capital requirements. Moreover, the standards that health plans would have to meet would be largely federally determined and would include areas, such as data collection and reporting, that are outside the traditional purview of insurance regulators. It is doubtful that all states could develop the capabilities to perform these functions effectively in the near future.

Preparing for and Implementing Individual and Employer Mandates. If insurance coverage nationwide was below 95 percent in 2000, those states in which the coverage rate was below 95 percent would have to be prepared to implement individual and employer mandates in 2002—the year that those mandates would go into effect. The affected states would have to establish mechanisms—possible through designated HIPCs—to collect and redistribute premium payments from employers with workers enrolled in other employers' health plans. They would have to set up systems to ensure that employers and families complied with the mandates, and they would have to prepare low-income families for the possibility that their subsidies could change significantly.

The System of Multiple Subsidies

In order to maximize voluntary enrollment in health plans, Senator Mitchell's proposal would establish multiple schedules of subsidies for premiums, targeting special populations as well as low-income families in general. The basic system of subsidies would cover individuals and families with income up to 200 percent of the poverty level. Added to this would be subsidies for children and pregnant women with family income up to 300 percent of the poverty level. In addition, a special initiative would provide subsidies for workers and their families when the workers were temporarily unemployed; the subsidies would be available for a period of unemployment not to exceed six months. Integrating these three subsidies in a sensible and administrable fashion would be extremely difficult, especially as some families could receive subsidies from more than one program.

The subsidies for people who were temporarily unemployed would be particularly hard to administer and monitor. It would be difficult, for example, to determine whether people had left their jobs voluntarily or involuntarily, or whether they could receive employer contributions for health insurance through an employed spouse. Moreover, because of the way these subsidies would be structured, significant horizontal inequities could result. That is, families with similar income could receive quite different subsidy amounts. In determining their eligibility for subsidies, people who were temporarily unemployed could subtract from their family income the lesser of their gross wages or a flat amount equal to 75 percent of the poverty-level income for an individual for each month the worker was employed. In addition, they could subtract any unemployment compensation they received while unemployed. Consequently, people who were unemployed for several months could receive larger subsidies than year-round workers with similar annual income. Workers in seasonal businesses—construction workers and resort employees, for example—would be particularly favored. The incentives inherent in this subsidy could increase unemployment slightly.

The Tax on High-Cost Health Plans

Like the tax contained in the bill reported by the Committee on Finance, the tax on the premiums of "high-cost" health plans in Senator Mitchell's proposal would be difficult to implement. In addition, its contribution to containing health care costs would be limited, and it might be considered inequitable and an impediment to expanding coverage.

The tax would be a 25 percent levy on the amount by which health insurance premiums for a standard health plan exceeded a "reference" premium. Separate reference premiums would be established annually by the Secretary of the Treasury for each class of coverage in each community-rating area and for each experience-rated plan. These determinations would be extremely complex and difficult to make, requiring adjustments for demographic characteristics (age, sex, and socioeconomic status), health status, current levels of health care expenditures, uninsurance and underinsurance, the presence of academic health centers, and other factors. Little reliable information of this sort is available, and the Secretary would have to collect a mass of new information. With the reference premiums affecting not only tax liability but also premium levels, the process could prove to be quite controversial.

Although the tax would not be imposed on community-rated plans operating in areas where the average premium did not exceed the national average reference premium, few if any areas would meet that test for more than the first year or two because the reference premiums would be constrained to grow far more slowly than the expected growth of health insurance premiums. In community-rating areas, the growth would be 3 percentage points over the consumer price index in 1997, declining to 2 percentage points over the CPI by 1999.

Unlike the taxes contained in the Managed Competition Act and the bill reported by the Committee on Finance, which would not affect the lowest-cost plans, virtually all plans would be subject to the assessment called for in Senator Mitchell's proposal. Such an assessment would increase premiums, and higher premiums would discourage participation during the voluntary period. The tax would be imposed in 1997 on plans in the community-rated market, in which small firms and most of the uninsured would obtain coverage. In contrast, the experienced-rated market would not be subject to the tax until 2000, and that differential treatment might be viewed as inequitable.

Although the proposal would provide sponsors of health plans with the right to recover half of the tax from health care providers,

providers would incorporate their portion of the expected tax into their charges, so the right of recovery would be unlikely to have any real effect on the cost of health insurance. Moreover, because the mechanics of enforcing the right of recovery are unclear, the provision might lead to costly and unproductive litigation.

The proposal would be, in effect, a tax cap, but one imposed on the providers of health insurance rather than its consumers. A tax cap is an important element in the managed competition approach to controlling health care costs, and a tax on providers could serve this purpose effectively. However, this tax, by exempting cost-sharing and other supplemental policies, would provide much less incentive for containing costs.

Research by the RAND Corporation and others indicates that a tax cap might constrain costs in either of two primary ways: by encouraging consumers to choose health insurance plans with greater cost sharing (that is, higher copayments and deductibles) or by encouaging the use of managed care providers like health maintenance organizations (HMOs) that can control costs more effectively than fee-for-service plans. This tax, however, would not apply to supplemental insurance policies that cover cost sharing. Workers whose employers provided cost-sharing supplements would pay less tax than workers whose employers did not and instead paid higher wages, and the average employee probably would pay lower copayments and deductibles under the proposal than under a tax cap that applied to supplements as well as to basic insurance. Furthermore, HMOs and similar types of managed care arrangements, which build the cost of the low copayments and ddeductibles into their premiums, would be placed at a tax disadvantage compared with less cost-effective fee-for-service plans in which the cost-sharing supplements would be tax-fee.

A final reason that the tax's promise of cost containment would remain far below its potential relates to the method for calculating reference premiums for experience-rated plans. These premiums would be calculated based on actual expenditures during the 1997–1999 period, which could undermine the incentive for experience-rated plans to economize before the tax took effect in 2000.

The Effects of Invoking Mandates

If less than 95 percent of the population had insurance coverage on January 1, 2000, and if the Congress did not enact alternative legislation before the end of that year, mandates on employees and consumers would automatically come into effect in 2002. The proposed mandatory system would be problematic for several reasons.

The mandates would be imposed only in states that had failed to meet the 95 percent threshold for coverage. In those states, all firms with 25 or more workers would be required to contribute to the costs of health insurance for their employees, and all individuals and families would be required to obtain coverage. These requirements would produce inefficient reallocations of business activity. Some firms that did not wish to provide insurance would migrate to states that were not included in the mandate. Furthermore, because the transitional subsidies for employers that voluntarily expanded coverage to additional workers would terminate in mandated states, some firms might be attracted to nonmandated states where these temporary subsidies would still be available.

Moreover, the practical problems of implementing mandates in some states and not in others could be overwhelming, especially in border markets. What, for example, would happen to individuals who lived in mandated states but worked for employers that did not contribute to the cost of insurance in neighboring, nonmandated states?

The system of subsidies for families would also change significantly in the mandated states, raising concerns about affordability and equity. The special subsidies for low-income children and pregnant women would be dropped, making health insurance more expensive for some low-income families without an employer contribution, even though they would now be required to purchase coverage. (for example, a family with income at 150 percent of the poverty level and no employer contribution in a mandated state would have to pay 50 percent of a family premium. A similar family in a nonmandated state might be able to combine regular subsidies and special subsidies and pay far less than 50 percent of the premium for a family policy.) Concerns about the affordability of health insurance under a mandate would be heightened because the incentives to contain costs in their proposal are limited.

Because of the disruptions, complications, and inequities that would result, CBO does not believe that it would be feasible to implement the mandated system in some states but not in others; the system would have to include either all states or none. Accordingly, CBO's cost estimates of the mandated system assume that a nationwide mandate would be in effect.

Reallocation of Workers Among Firms

Senator Mitchell's proposal, like many other reform bills, would encourage a reallocation of workers among firms in ways that would increase its budgetary cost. That process would occur gradually as employment expanded in some firms and contracted in others and as workers sought the jobs that would provide them with the largest combined amount of wages and premium subsidies.

In the voluntary system, this sorting would occur because the family subsidies would be reduced by up to the amount that employers contributed for insurance; therefore, a worker employed by a firm that did not pay for health insurance would receive a larger subsidy than a worker earning the same wage at a firm that did pay. (In addition to this reallocation, some companies might stop paying for insurance, but the number of firms that would do so would be limited because high-wage workers in those firms would lose the benefit of excluding health insurance from their taxable income.) Some sorting would also occur because firms that expanded insurance coverage to classes of workers not previously covered would be eligible for temporary subsidies; workers employed by those firms could receive higher take-home pay for a few years than could workers at firms that currently provide them with insurance coverage.

In the mandated system, reallocation of workers would occur because some workers would pay less for health insurance if they were employed by small firms excluded from the mandate than they would if they were employed by firms covered by the mandate. For example, many low-wage workers could receive a larger subsidy for their insurance costs in uncovered firms than in covered firms. In addition, married couples with both spouses working would have an incentive under the proposal to have one spouse employed by an uncovered firm, because if both spouses worked in covered firms, they would each have to pay something for insurance. A similar incentive exists in the current system, but by requiring more firms to provide insurance coverage than they do now, the proposal would affect more people.

Under both the voluntary and mandated systems, some workers could gain several thousand dollars in higher wages by moving between firms, and over time a significant number of them would probably do so. This reallocation of workers among firms accounts for about $14 billion of the cost of the subsidies in 2004 under the voluntary system and for about $8 billion in 2004 under the mandated system. In addition to raising the government's costs, the reallocation of workers could reduce the efficiency of the labor market.

Finally, the subsidy system would not treat people with similar incomes and family circumstances alike. Under the voluntary system, for example, workers eligible for subsidies who worked at firms that paid for insurance would face larger costs for their insurance when the reduction in their cash wages is taken into account than similar workers at firms that did not pay.

Work Disincentives

Senator Mitchell's proposal would discourage certain low-income people from working more hours or, in some cases, from working at all, because subsidies would be phased out as family income increased. It is important to note that work disincentives are an inherent element of all health proposals that target subsidies toward the poor and near-poor, and that these subsidies would significantly improve the well-being of many low-income people by assisting their purchase of health insurance.

In both the voluntary and mandated systems, many workers who earned more money within the phaseout range would have to pay more for health insurance, which would cut into the increase in their take-home wage. In essence, these workers would face an implicit tax on their economic advancement. Changing the design of the subsidy systems in this proposal could reduce the marginal levy on some people's income, but it might raise the marginal levy faced by other people or make insurance unaffordable for some people.

The Voluntary System. Estimating the precise magnitude of the implicit tax rates in the voluntary system requires information that is not readily available, but rough calculations suggest that the rates could be extremely high for some families. For workers whose employers did not pay for insurance, the implicit marginal rates from the phaseout of subsidies for low-income families would apply to income between 100 percent and 200 percent of the poverty level, and the phaseout of subsidies for children and pregnant women would apply to income between 185 percent and 300 percent of poverty.

In 2000, the effective marginal tax on labor compensation (wages and benefits) could increase by as much as 30 to 55 percentage points for workers with family income in the phaseout range. Moreover, those levies would be added to the explicit and implicit marginal taxes that such workers already pay through the income tax, the payroll tax, and the phaseout of the earned income tax credit. In the end, some low-wage workers would keep as little as 15 cents of every additional dollar they earned.

For workers whose employers paid some of the costs for insurance, these marginal levies would apply to income in a much smaller range. However, such treatment of employer payments would also create the previously described incentive for workers to move to firms that did not pay for insurance.

The Mandated System. Rough calculations suggest that the implicit marginal rates from the phaseout of subsidies under the mandated system could also be extremely high for some families. These rates would apply to income between 100 percent and 200 percent of the poverty level for workers in uncovered firms. For workers in covered firms, these marginal levies would apply to workers in a smaller income range. In 2002, the effective marginal tax on labor compensation could increase by as much as 35 to 55 percentage points for workers who received subsidies. As in the voluntary system, this new levy would be added to the explicit and implicit marginal taxes that these workers already face, producing total marginal tax rates of more than 95 percent for some workers.

The mandated system would also discourage some people who have spouses working at covered firms from participating in the labor force or at least from taking a job at a firm with more than 25 employees. If those people took a job at a covered firm, their wages would be reduced by the additional cost for insurance but they would receive no additional benefits. The current system also discourages some of these people from working at firms that pay for insurance, but by requiring more firms to provide insurance coverage, the proposal would increase the number of people who were affected.

In the mandated system, the combination of the subsidies and the requirement to purchase insurance would increase the effective income of people who wanted insurance at the net-of-subsidy price, but would reduce the economic well-being of people who would have preferred not to buy insurance. Because the net-of-subsidy price (including employer payments) would be high for many families, the number of people who valued insurance at less than its cost could be large. For example, for a family of two adults (one working in a covered firm) and two children, with income just below the poverty threshold in 2002, the firm contributing 50 percent of the premium would pay more than $5,000 on the worker's behalf for insurance; that would represent roughly one-quarter of the family's income.

Effect on Employment

If the voluntary system in Senator Mitchell's proposal did not result in insurance coverage for 95 percent of the population, mandates would be triggered unless the Congress adopted an alternative approach. Under the mandated system, firms with more than 25 employees would be required to contribute to each worker's health insurance. The imposition of the mandate would raise the cost of employing workers at firms that do not currently provide insurance. Economic theory and empirical research both imply that most of this increased cost would be passed back to workers over time in the form of lower take-home wages. Such shifting would not be possible, however, for workers whose wages were close to the federally regulated minimum wage. Therefore, the net cost of employing those workers would be raised by the mandate, and some of them would lose their jobs.

Nevertheless, the quantitative effect of the mandate in this proposal would probably be quite small because the mandate would not be implemented until 2002. Market wages for low-income workers will rise over time, reflecting general inflation, and, probably, some share of the nation's real economic growth. As a result, few workers will be earning the current minimum wage by 2002. If the Congress did not raise the minimum wage, loss of jobs from this mandate would likely be very limited.

Employment would also be affected by the implicit taxes on work described above. In both the voluntary and mandated systems, some workers would voluntarily withdraw from the labor force in response to the new incentives they faced.

TABLE 1. PRELIMINARY ESTIMATES OF THE FEDERAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITHOUT MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
MANDATORY OUTLAYS										
Medicaid										
1 Discontinued Coverage of Acute Care	0	0	-23.8	-35.6	-39.7	-44.4	-49.6	-55.2	-61.2	-67.6
2 State Maintenance-of-Effort Payments	0	0	-18.5	-26.5	-28.7	-31.1	-33.6	-36.3	-39.3	-42.4
3 Disproportionate Share Hospital Payments	0	0	-8.8	-13.4	-14.8	-15.6	-18.8	-20.7	-22.9	-25.2
4 Increase Asset Disregard to $4000 for Home and Community Based Services	*	*	*	*	*	*	*	0.1	0.1	0.1
5 Offset to Medicare Prescription Drug Program	0	0	0	0	-0.7	-1.5	-1.6	-1.9	-2.1	-2.3
6 Administrative Savings	0	0	-0.3	-0.5	-0.5	-0.6	-0.7	-0.8	-0.8	-0.9
Total - Medicaid	*	*	-51.4	-76.0	-84.4	-93.2	-104.3	-114.8	-126.2	-138.3
Medicare										
7 Part A Reductions										
Inpatient PPS Updates	0	0	-0.3	-1.6	-3.4	-5.6	-8.0	-10.7	-13.8	-17.4
Capital Reductions	0	-0.8	-1.0	-1.2	-1.6	-2.1	-2.2	-2.4	-2.7	-2.9
Disproportionate Share Hospital Reductions	0	0	-1.7	-2.1	-2.3	-2.5	-2.8	-3.1	-3.4	-3.7
Skilled Nursing Facility Limits	0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3
Long Term Care Hospitals	*	*	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3	-0.4
Medicare Dependent Hospitals	*	0.1	0.1	0.1	*	*	0	0	0	0
Sole Community Hospitals	*	*	*	*	*	*	*	*	*	*
Part A Interactions	0	0	0.1	0.2	0.4	0.6	0.7	0.9	1.1	1.3
8 Essential Access Community Hospitals										
Medical Assistance Facility Payments	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Rural Primary Care Hospitals (RPCH) Pmts	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
9 Part B Reductions										
Updates for Physician Services	-0.4	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1
Real GDP for Volume and Intensity	0	0	-0.3	-0.8	-1.6	-2.5	-3.3	-4.2	-5.3	-6.6
Eliminate Formula Driven Overpayments	-0.8	-1.0	-1.3	-1.8	-2.3	-3.2	-4.2	-5.5	-7.1	-9.1
Competitive Bid for Part B	*	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
Competitive Bid for Clinical Lab Services	*	-0.2	-0.3	-0.3	-0.3	-0.4	-0.4	-0.5	-0.5	-0.6
Elimination of Balance Billing	0	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Laboratory Coinsurance	-0.7	-1.1	-1.3	-1.4	-1.6	-1.8	-2.0	-2.3	-2.6	-2.9
Correct MVPS Upward Bias	0	0	0	0	-0.2	-0.6	-1.4	-2.6	-3.9	-5.5
Eye & Eye/Ear Specialty Hospitals	*	*	*	0	0	0	0	0	0	0
Nurse Pract/Phys Asst Direct Payment	0	0	0.1	0.2	0.3	0.3	0.4	0.5	0.6	0.7
High Cost Hospitals	0	0	0	-0.5	-0.8	-0.8	-0.8	-0.9	-1.0	-1.0
Durable Medical Equipment Price Reduction	*	*	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Permanent Extension of 25% Part B Premium	0	0.6	0.9	1.4	0.6	-1.0	-2.8	-5.0	-7.7	-9.8

TABLE 1. PRELIMINARY ESTIMATES OF THE FEDERAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITHOUT MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
10 Parts A and B Reductions										
Home Health Copayments (20%)	-0.7	-3.4	-4.2	-4.6	-5.0	-5.5	-5.9	-6.4	-7.0	-7.6
Medicare Secondary Payer	0	0	0	0	-1.2	-1.8	-1.9	-2.0	-2.2	-2.3
Home Health Limits	0	0	-0.3	-0.6	-0.7	-0.7	-0.8	-0.9	-1.0	-1.0
Expand Centers of Excellence	0	-0.1	-0.1	-0.1	-0.1	-0.1	*	*	0	0
Extend ESRD Secondary Payer to 24 Months	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
11 Medicare Outpatient Prescription Drug Benefit	0	0	0	0	6.2	14.4	15.7	17.5	19.7	21.5
Total - Medicare	-2.4	-6.6	-10.2	-14.1	-14.7	-14.3	-21.1	-28.9	-38.1	-48.4
Subsidies										
12 Persons between 0-200% of Poverty	0	0	66.7	95.4	105.3	116.8	129.3	142.7	157.3	172.3
13 Pregnant Women and Kids 0-300% of Poverty				---------- Included in Line 12 ----------						
14 Temporarily Unemployed	0	0	0.0	5.0	7.1	7.7	8.3	9.0	9.8	10.6
15 Enrollment Outreach	0	0	1.3	3.3	5.2	6.9	8.4	9.9	10.8	11.3
Total - Subsidies	0	0	68.0	103.7	117.6	131.3	146.1	161.6	177.9	194.3
Other Health Programs										
16 Vulnerable Hospital Payments	0	0	0	2.5	2.5	2.5	2.5	2.5	2.5	2.5
17 Veterans' Programs	0	0	-1.4	-1.4	-1.7	-1.8	-1.9	-2.0	-2.0	-2.1
18 Home and Community Based Care ($48 bil. cap)	0	0	0	1.8	2.9	3.6	5.0	7.9	11.4	15.4
19 Life Care	0	0	-0.6	-1.1	-1.1	-0.3	-0.3	-0.3	-0.3	-0.3
20 Academic Health Centers	0	0	4.7	7.0	8.0	9.1	10.3	11.0	11.5	12.1
21 Graduate Medical and Nursing Education	0	0	2.6	3.9	5.8	6.4	6.6	6.8	7.2	7.5
22 Medicare Transfer - Direct Medical Education	0	0	-1.6	-2.4	-2.5	-2.6	-2.8	-2.9	-3.1	-3.3
23 Medicare Transfer - Indirect Medical Education	0	0	-3.4	-4.9	-5.4	-5.9	-6.5	-7.2	-7.9	-8.7
24 Public Health Schools; Dental Schools	0	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
25 Women, Infants and Children	0	0.3	0.5	0.5	0.5	0.5	*	0	0	0
26 Administration of Enrollment Outreach	0	0	0.4	0.7	0.9	1.0	1.1	1.3	1.4	1.4
Total - Other Health Programs	0	0.3	1.3	6.7	10.0	12.6	14.1	17.2	20.6	24.6
Public Health Initiative										
27 Biomedical and Behavioral Research Trust Fund	0	0	0.9	1.4	1.5	1.6	1.7	1.9	2.1	2.2
28 Health Professions	0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
29 Core Public Health	0	0.1	0.3	0.3	0.4	0.4	0.3	0.2	0.1	0.1
30 Prevention	0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
31 Capacity Building and Capital	0	0.3	0.5	0.5	0.4	0.2	0.1	0.1	0.0	0.0

Continued

TABLE 1. PRELIMINARY ESTIMATES OF THE FEDERAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITHOUT MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
32 OSHA and Workforce	0	0.3	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1
33 Supplemental Services	0	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0
34 Enabling Services	0	0.1	0.2	0.3	0.3	0.3	0.2	0.2	0.1	0.1
35 National Health Service Corps (NHSC)	0	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.0
36 Mental Health & Substance Abuse (CMMH&SA)	0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
37 School Clinics	0	0.1	0.2	0.3	0.4	0.4	0.3	0.2	0.1	0.1
38 Indian Health Service	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total - Public Health Initiatives	0	1.4	3.2	3.9	4.0	3.9	3.5	3.0	2.8	2.9
39 Social Security Benefits	0	0	0.2	0.5	0.9	0.9	0.9	0.9	0.8	0.8
MANDATORY OUTLAY CHANGES	**-2.4**	**-4.9**	**11.1**	**24.7**	**33.4**	**41.3**	**39.2**	**39.0**	**37.9**	**35.9**
DISCRETIONARY OUTLAYS										
Health Programs										
40 Veterans' Programs	1.2	0.6	-2.9	-4.8	-4.9	-5.1	-5.2	-5.4	-5.6	-5.8
41 Indian Health Supplementary Services	0.7	1.2	1.5	1.6	1.6	1.6	1.6	1.6	1.7	1.7
42 Misc. Public Health Service Grants	*	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Health Programs	1.9	1.8	-1.4	-3.1	-3.3	-3.4	-3.6	-3.7	-3.9	-4.1
Administrative Expenses										
43 Administrative Costs	0.5	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.2
44 Costs to Administer the Mandate	0	0	0	0	0	2.0	2.0	0	0	0
45 Planning and Start-Up Grants	0.1	0.4	0.6	0.3	0	0	0	0	0	0
Total Studies, Administrative Expenses	0.6	1.3	1.6	1.3	1.0	3.0	3.1	1.1	1.1	1.2
Studies, Research, & Demonstrations										
46 EACH/MAF/Rural Transition Demonstrations	*	0.1	0.1	0.1	*	*	*	*	*	*
Total Studies, Research, & Demonstrations	*	0.1	0.1	0.1	*	*	*	*	*	*
DISCRETIONARY OUTLAY CHANGES	**2.5**	**3.2**	**0.3**	**-1.7**	**-2.3**	**-0.4**	**-0.5**	**-2.6**	**-2.8**	**-2.9**
TOTAL OUTLAY CHANGES	**0.1**	**-1.6**	**11.4**	**22.9**	**31.1**	**40.9**	**38.7**	**36.3**	**35.1**	**33.0**

Continued

TABLE 1. PRELIMINARY ESTIMATES OF THE FEDERAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITHOUT MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
RECEIPTS										
47 Increase in Tobacco Tax	0.7	2.7	4.5	6.1	7.6	7.4	7.1	6.9	6.8	6.7
48 1.75% Excise Tax on Private Health Ins Premiums	0	3.5	6.1	7.1	7.7	8.4	9.1	9.9	10.8	11.7
49 Addl Medicare Part B Premiums for High-Income Individuals ($80,000/$100,000)	0	0	2.0	2.0	2.8	3.5	4.4	5.5	6.9	8.7
50 Increase Excise Tax on Hollow-Point Bullets	---------- Negligible Revenue Loss ----------									
51 Include Certain Service-Related Income in SECA/ Excl Certain Inven-Related Income from SECA										
a) General Fund Effect	0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
b) OASDI Effect	0	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
52 Extend Medicare Coverage & HI Tax to All State and Local Government Employees	0	1.6	1.6	1.5	1.5	1.4	1.4	1.3	1.2	1.2
53 Impose Excise Tax with Respect to Plans Failing to Satisfy Voluntary Contribution Rules	0	*	*	*	*	*	*	*	*	*
54 Provide that Health Benefits Cannot be Provided thru a Cafeteria Plan/Flex Spend Arrangements	0	0.5	2.5	3.9	4.8	5.6	6.3	7.0	7.7	8.5
55 Extend/Increase 25% Deduction for Health Insurance Costs of Self-Employed Individuals	-0.5	-0.6	-1.2	-1.3	-1.4	-1.5	-1.6	-1.8	-2.0	-2.1
56 Limit on Prepayment of Medical Premiums	---------- Negligible Revenue Gain ----------									
57 Non-Profit Health Care Orgns/Taxable Orgns Providing Health Ins & Prepd Health Care Svcs	---------- Negligible Revenue Effect ----------									
58 Trmt of Certain Ins Companies Under Sect 833	0	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
59 Grant Tax Exempt Status to State Ins Risk Pools	*	*	0	0	0	0	0	0	0	0
60 Remove $150 Million Bond Cap on Non-Hospital 501(c)(3) Bonds	*	*	*	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
61 Qualified Long-Term Care Benefits Treated as Medical Care; Clarify Tax Treatment of Long-Term Care Insurance and Services	0	*	-0.2	-0.3	-0.2	-0.3	-0.3	-0.3	-0.4	-0.4
62 Tax Treatment of Accelerated Death Benefits Under Life Insurance Contracts	*	*	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
63 Increase in Reporting Penalties for Nonemployees	0	*	*	*	*	*	*	*	*	*

Continued

TABLE 1. PRELIMINARY ESTIMATES OF THE FEDERAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITHOUT MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
64 Post-Retirement Medical/Life Insurance Reserves			---------- Negligible Revenue Effect ----------							
65 Tax Credit for Practitioners in Underserved Areas	a	-0.1	-0.2	-0.2	-0.2	-0.2	-0.1	a	a	a
66 Increase Expensing Limit for Certain Med Equip	a	a	a	a	a	a	a	a	a	a
67 Tax Credit for Cost of Personal Assistance Svcs Required by Employed Individuals	0	a	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
68 Disclosure of Return Information to State Agencies				---------- No Revenue Effect ----------						
69 Impose Premium Tax with Respect to Certain High Cost Plans	0	a	0.9	2.2	3.3	6.1	9.5	12.5	16.0	19.9
70 Limit Exclusion for Employer-Paid Health Benefits	0	0	0	0	0	0	0	0	0	0.9
71 Indirect Tax Effects of Changes in Tax Treatment of Employer & Household Health Ins Spending	0	-0.5	-0.3	-0.7	-1.3	-2.0	-2.4	-3.0	-3.3	-3.7
TOTAL RECEIPT CHANGES	**0.1**	**7.1**	**15.7**	**20.2**	**24.5**	**28.3**	**33.4**	**37.8**	**43.5**	**51.2**
DEFICIT										
MANDATORY CHANGES	**-2.5**	**-12.0**	**-4.6**	**4.5**	**8.9**	**13.0**	**5.8**	**1.2**	**-5.6**	**-15.3**
CUMULATIVE MANDATORY TOTAL	**-2.5**	**-14.5**	**-19.2**	**-14.7**	**-5.8**	**7.2**	**13.0**	**14.1**	**8.6**	**-6.7**
TOTAL CHANGES	**-0**	**-8.7**	**-4.3**	**2.7**	**6.6**	**12.6**	**5.3**	**-1.5**	**-8.4**	**-18.2**
CUMULATIVE DEFICIT EFFECT	**-0**	**-8.8**	**-13.1**	**-10.3**	**-3.7**	**8.9**	**14.2**	**12.7**	**4.4**	**-13.8**

SOURCES: Congressional Budget Office; Joint Committee on Taxation

NOTES:

The figures in this table include changes in authorizations of appropriations and in Social Security that would not be counted for pay-as-you-go scoring under the Budget Enforcement Act of 1990.

Provisions with no cost have been excluded from this table.

a. Less than $50 million.

TABLE 2. PRELIMINARY ESTIMATES OF THE FEDERAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITH MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
MANDATORY OUTLAYS										
Medicaid										
1 Discontinued Coverage of Acute Care	0	0	-23.8	-35.6	-39.7	-44.4	-49.6	-55.2	-61.2	-67.6
2 State Maintenance-of-Effort Payments	0	0	-18.5	-26.5	-28.7	-31.1	-33.6	-36.3	-39.3	-42.4
3 Disproportionate Share Hospital Payments	0	0	-8.8	-13.4	-14.8	-15.6	-18.8	-20.7	-22.9	-25.2
4 Increase Asset Disregard to $4000 for Home and Community Based Services	*	*	*	*	*	*	*	0.1	0.1	0.1
5 Offset to Medicare Prescription Drug Program	0	0	0.0	0.0	-0.7	-1.5	-1.6	-1.9	-2.1	-2.3
6 Administrative Savings	0	0	-0.3	-0.5	-0.5	-0.8	-0.7	-0.8	-0.8	-0.9
Total - Medicaid	*	*	-51.4	-76.0	-84.4	-93.2	-104.3	-114.8	-126.2	-138.3
Medicare										
7 Part A Reductions										
Inpatient PPS Updates	0	0	-0.3	-1.6	-3.4	-5.6	-8.0	-10.7	-13.8	-17.4
Capital Reductions	0	-0.8	-1.0	-1.2	-1.6	-2.1	-2.2	-2.4	-2.7	-2.9
Disproportionate Share Hospital Reductions	0	0	-1.7	-2.1	-2.3	-2.5	-2.8	-3.1	-3.4	-3.7
Skilled Nursing Facility Limits	0	-0.1	-0.1	-0.2	-0.2	-0.2	-0.2	-0.2	-0.3	-0.3
Long Term Care Hospitals	*	*	-0.1	-0.1	-0.1	-0.2	-0.2	-0.3	-0.3	-0.4
Medicare Dependent Hospitals	*	0.1	0.1	0.1	*	*	0	0	0	0
Sole Community Hospitals	*	*	*	*	*	*	*	*	*	*
Part A Interactions	*	*	0.1	0.2	0.4	0.6	0.7	0.9	1.1	1.3
8 Essential Access Community Hospitals										
Medical Assistance Facility Payments	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Rural Primary Care Hospitals (RPCH) Pmts	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2
9 Part B Reductions										
Updates for Physician Services	-0.4	-0.6	-0.6	-0.7	-0.8	-0.8	-0.9	-1.0	-1.0	-1.1
Real GDP for Volume and Intensity	0	0.0	-0.3	-0.8	-1.6	-2.5	-3.3	-4.2	-5.3	-6.6
Eliminate Formula Driven Overpayments	-0.8	-1.0	-1.3	-1.8	-2.3	-3.2	-4.2	-5.5	-7.1	-9.1
Competitive Bid for Part B	*	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
Competitive Bid for Clinical Lab Services	*	-0.2	-0.3	-0.3	-0.3	-0.4	-0.4	-0.5	-0.5	-0.6
Elimination of Balance Billing	0	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
Laboratory Coinsurance	-0.7	-1.1	-1.3	-1.4	-1.6	-1.8	-2.0	-2.3	-2.6	-2.9
Correct MVPS Upward Bias	0	0	0	0	-0.2	-0.6	-1.4	-2.6	-3.9	-5.5
Eye & Eye/Ear Specialty Hospitals	*	*	*	0	0	0	0	0	0	0
Nurse Pract/Phys Asst Direct Payment	0	0	0.1	0.2	0.3	0.3	0.4	0.5	0.6	0.7
High Cost Hospitals	0	0	0	-0.5	-0.8	-0.8	-0.8	-0.9	-1.0	-1.0
Durable Medical Equipment Price Reduction	*	*	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
Permanent Extension of 25% Part B Premium	0	0.6	0.9	1.4	0.6	-1.0	-2.8	-5.0	-7.7	-9.8

Continued

TABLE 2. PRELIMINARY ESTIMATES OF THE FEDERAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITH MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
10 Parts A and B Reductions										
Home Health Copayments (20%)	-0.7	-3.4	-4.2	-4.6	-5.0	-5.5	-5.9	-6.4	-7.0	-7.6
Medicare Secondary Payer	0	0	0	0	-1.2	-1.8	-1.9	-2.0	-2.2	-2.3
Home Health Limits	0	0	-0.3	-0.6	-0.7	-0.7	-0.8	-0.9	-1.0	-1.0
Expand Centers of Excellence	0	-0.1	-0.1	-0.1	-0.1	-0.1	a	a	0	0
Extend ESRD Secondary Payer to 24 Months	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2
11 Medicare Outpatient Prescription Drug Benefit	0	0	0	0	6.2	14.4	15.7	17.5	19.7	21.5
Total - Medicare	-2.4	-6.6	-10.2	-14.1	-14.7	-14.3	-21.1	-28.9	-38.1	-48.4
Subsidies										
12 Persons between 0-200% of Poverty before Mandate	0	0	66.7	95.4	105.3	116.8	129.3	33.1	0	0
13 Persons between 0-200% of Poverty after Mandate	0	0	0	0	0	0	0	96.1	137.2	149.6
14 Pregnant Women and Kids 0-300% of Poverty				---------- Included in Line 12 ----------						
15 Temporarily Unemployed	0	0	0.0	5.0	7.1	7.7	8.3	12.5	14.7	15.9
16 Enrollment Outreach	0	0	1.3	3.3	5.2	6.9	8.4	2.5	0	0
Total - Subsidies	0	0	68.0	103.7	117.6	131.3	146.1	144.2	151.9	165.5
Other Health Programs										
17 Vulnerable Hospital Payments	0	0	0	2.5	2.5	2.5	2.5	2.5	2.5	2.5
18 Veterans' Programs	0	0	-1.4	-1.4	-1.7	-1.8	-1.9	-2.0	-2.0	-2.1
19 Home and Community Based Care	0	0	0	1.8	2.9	3.6	5.0	7.9	11.4	15.4
20 Life Care	0	0	-0.6	-1.1	-1.1	-0.3	-0.3	-0.3	-0.3	-0.3
21 Academic Health Centers	0	0	4.7	7.0	8.0	9.1	10.3	11.0	11.5	12.1
22 Graduate Medical and Nursing Education	0	0	2.6	3.9	5.8	6.4	6.6	6.8	7.2	7.5
23 Medicare Transfer - Direct Medical Education	0	0	-1.6	-2.4	-2.5	-2.6	-2.8	-2.9	-3.1	-3.3
24 Medicare Transfer - Indirect Medical Education	0	0	-3.4	-4.9	-5.4	-5.9	-6.5	-7.2	-7.9	-8.7
25 Public Health Schools; Dental Schools	0	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
26 Women, Infants and Children	0	0.3	0.5	0.5	0.5	0.5	a	0	0	0
27 Administration of Enrollment Outreach	0	0	0.4	0.7	0.9	1.0	1.1	1.3	1.4	1.4
Total - Other Health Programs	0	0.3	1.3	6.7	10.0	12.6	14.1	17.2	20.6	24.6
Public Health Initiative										
28 Biomedical and Behavioral Research Trust Fund	0	0	0.9	1.3	1.5	1.6	1.7	2.0	2.2	2.4
29 Health Professions	0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
30 Core Public Health	0	0.1	0.3	0.3	0.4	0.4	0.3	0.2	0.1	0.1
31 Prevention	0	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0

TABLE 2. PRELIMINARY ESTIMATES OF THE FEDERAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITH MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
32 Capacity Building and Capital	0	0.3	0.5	0.5	0.4	0.2	0.1	0.1	0.0	0.0
33 OSHA and Workforce	0	0.3	0.4	0.3	0.3	0.2	0.2	0.1	0.1	0.1
34 Supplemental Services	*	0.1	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.0
35 Enabling Services	0	0.1	0.2	0.3	0.3	0.3	0.2	0.2	0.1	0.1
36 National Health Service Corps (NHSC)	0	0.1	0.1	0.2	0.2	0.2	0.1	0.1	0.1	0.0
37 Mental Health & Substance Abuse (CMMH&SA)	*	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.0	0.0
38 School Clinics	*	0.1	0.2	0.3	0.4	0.4	0.3	0.2	0.1	0.1
39 Indian Health Service	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total - Public Health Initiatives	*	1.4	3.2	3.9	4.0	3.9	3.5	3.1	3.0	3.0
40 Social Security Benefits	0	0	0.2	0.5	0.9	0.9	0.9	0.9	0.8	0.8
MANDATORY OUTLAY CHANGES	**-2.4**	**-4.9**	**11.0**	**24.7**	**33.4**	**41.3**	**39.2**	**21.7**	**12.1**	**7.2**
DISCRETIONARY OUTLAYS										
Health Programs										
41 Veterans' Programs	1.2	0.6	-2.9	-4.8	-4.9	-5.1	-5.2	-5.4	-5.6	-5.8
42 Indian Health Supplementary Services	0.7	1.2	1.5	1.6	1.6	1.6	1.6	1.6	1.7	1.7
43 Misc. Public Health Service Grants	*	*	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Health Programs	1.9	1.8	-1.4	-3.1	-3.3	-3.4	-3.6	-3.7	-3.9	-4.1
Administrative Expenses										
44 Administrative Costs	0.5	0.9	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.2
45 Costs to Administer the Mandate	0	0	0	0	0	2.0	2.0	2.0	2.0	2.0
46 Planning and Start-Up Grants	0.1	0.4	0.6	0.3	0	0	0	0	0	0
Total Studies, Administrative Expenses	0.6	1.3	1.6	1.3	1.0	3.0	3.1	3.1	3.1	3.2
Studies, Research, Demonstrations, Other										
47 EACH/MAF/Rural Transition Demonstrations	*	0.1	0.1	0.1	*	*	*	*	*	*
Total Studies, Research, Demonstrations, Other	*	0.1	0.1	0.1	*	*	*	*	*	*
DISCRETIONARY OUTLAY CHANGES	**2.6**	**3.2**	**0.3**	**-1.7**	**-2.3**	**-0.4**	**-0.5**	**-0.6**	**-0.8**	**-0.9**
TOTAL OUTLAY CHANGES	**0.1**	**-1.6**	**11.4**	**22.9**	**31.1**	**40.9**	**38.7**	**21.1**	**11.3**	**6.3**

Continued

TABLE 2. PRELIMINARY ESTIMATES OF THE FEDERAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITH MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
RECEIPTS										
48 Increase in Tobacco Tax	0.7	2.7	4.5	6.1	7.6	7.4	7.1	6.9	6.8	6.7
49 1.75% Excise Tax on Private Health Ins Premiums	0	3.5	6.1	7.1	7.7	8.4	9.1	10.4	11.5	12.4
50 Addl Medicare Part B Premiums for High-Income Individuals ($80,000/$100,000)	0	0	2.0	2.0	2.8	3.5	4.4	5.5	6.9	8.7
51 Increase Excise Tax on Hollow-Point Bullets	---------- Negligible Revenue Loss ----------									
52 Include Certain Service-Related Income in SECA/ Excl Certain Inven-Related Income from SECA										
a) General Fund Effect	0	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
b) OASDI Effect	0	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3
53 Extend Medicare Coverage & HI Tax to All State and Local Government Employees	0	1.6	1.6	1.5	1.5	1.4	1.4	1.3	1.2	1.2
54 Impose Excise Tax with Respect to Plans Failing to Satisfy Voluntary Contribution Rules	0	*	*	*	*	*	*	*	*	*
55 Provide that Health Benefits Cannot be Provided thru a Cafeteria Plan/Flex Spend Arrangements	0	0.5	2.5	3.9	4.8	5.6	6.3	8.2	9.5	10.5
56 Extend/Increase 25% Deduction for Health Insurance Costs of Self-Employed Individuals	-0.5	-0.6	-1.2	-1.3	-1.4	-1.5	-1.6	-1.8	-2.0	-2.0
57 Limit on Prepayment of Medical Premiums	---------- Negligible Revenue Gain ----------									
58 Non-Profit Health Care Orgns/Taxable Orgns Providing Health Ins & Prepd Health Care Svcs	---------- Negligible Revenue Effect ----------									
59 Trmt of Certain Ins Companies Under Sect 833	0	0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
60 Grant Tax Exempt Status to State Ins Risk Pools	*	*	0	0	0	0	0	0	0	0
61 Remove $150 Million Bond Cap on Non-Hospital 501(c)(3) Bonds	*	*	*	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
62 Qualified Long-Term Care Benefits Treated as Medical Care; Clarify Tax Treatment of Long-Term Care Insurance and Services	0	*	-0.2	-0.3	-0.2	-0.3	-0.3	-0.3	-0.4	-0.4
63 Tax Treatment of Accelerated Death Benefits Under Life Insurance Contracts	*	*	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
64 Increase in Reporting Penalties for Nonemployees	0	*	*	*	*	*	*	*	*	*

Continued

TABLE 2. PRELIMINARY ESTIMATES OF THE FEDERAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITH MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
65 Post-Retirement Medical/Life Insurance Reserves	---------- Negligible Revenue Effect ----------									
66 Tax Credit for Practitioners in Underserved Areas	a	-0.1	-0.2	-0.2	-0.2	-0.2	-0.1	a	a	a
67 Increase Expensing Limit for Certain Med Equip	a	a	a	a	a	a	a	a	a	a
68 Tax Credit for Cost of Personal Assistance Svcs Required by Employed Individuals	0	a	-0.1	-0.1	-0.1	-0.1	-0.1	-0.2	-0.2	-0.2
69 Disclosure of Return Information to State Agencies	---------- No Revenue Effect ----------									
70 Impose Premium Tax with Respect to Certain High Cost Plans	0	a	0.9	2.2	3.3	6.1	9.5	10.2	11.2	14.7
71 Limit Exclusion for Employer-Paid Health Benefits	0	0	0	0	0	0	0	0	0	0.9
72 Indirect Tax Effects of Changes in Tax Treatment of Employer & Household Health Ins Spending	0	-0.3	-0.3	-0.7	-1.4	-2.1	-2.6	-11.1	-15.9	-19.0
TOTAL RECEIPT CHANGES	**0.2**	**7.3**	**15.7**	**20.2**	**24.4**	**28.3**	**33.2**	**29.1**	**28.6**	**33.5**
DEFICIT										
MANDATORY CHANGES	**-2.6**	**-12.2**	**-4.7**	**4.5**	**9.0**	**13.0**	**6.0**	**-7.4**	**-16.5**	**-26.3**
CUMULATIVE MANDATORY TOTAL	**-2.6**	**-14.8**	**-19.5**	**-15.0**	**-6.0**	**7.0**	**13.0**	**5.6**	**-10.9**	**-37.3**
TOTAL CHANGES	**-0.1**	**-8.9**	**-4.3**	**2.7**	**6.7**	**12.6**	**5.5**	**-8.0**	**-17.3**	**-27.2**
CUMULATIVE DEFICIT EFFECT	**-0.1**	**-9.1**	**-13.4**	**-10.6**	**-3.9**	**8.7**	**14.2**	**6.2**	**-11.1**	**-38.3**

SOURCES: Congressional Budget Office; Joint Committee on Taxation

NOTES:

The budgetary treatment of mandatory premium payments is under review.

The figures in this table include changes in authorizations of appropriations and in Social Security that would not be counted for pay-as-you-go scoring under the Budget Enforcement Act of 1990.

Provisions with no cost have been excluded from this table.

a. Less than $50 million.

TABLE 3. PRELIMINARY ESTIMATES OF THE STATE & LOCAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITHOUT MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
OUTLAYS										
Medicaid										
1 Discontinued Coverage of Acute Care	0	0	-17.9	-26.7	-29.8	-33.3	-37.2	-41.4	-45.9	-50.7
2 State Maintenance-of-Effort Payments	0	0	18.5	26.5	28.7	31.1	33.6	36.3	39.3	42.4
3 Disproportionate Share and Vulnerable Hospital Payments a/	0	0	1.1	-0.8	-0.6	-0.5	-0.1	0.2	0.5	0.8
4 Increase Asset Disregard to $4000 for Home and Community Based Services	a	a	a	a	a	a	a	a	a	a
5 Offset to Medicare Prescription Drug Program	0	0	0	0	-0.5	-1.1	-1.2	-1.4	-1.6	-1.7
6 Administrative Savings	0	0	-0.2	-0.4	-0.4	-0.5	-0.5	-0.6	-0.6	-0.7
Total - Medicaid	a	a	1.6	-1.4	-2.6	-4.3	-5.4	-6.9	-8.3	-9.9
Administrative Expenses										
7 Expenses Associated with Subsidies	0	0	3.6	5.1	5.5	6.0	6.5	7.1	7.7	8.3
8 General Administrative and Start Up Costs	0	0	1.0	1.1	1.1	1.2	1.3	1.4	1.5	1.6
9 Automobile Insurance Coordination	0	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total - Administrative Expenses	0	0.3	4.7	6.3	6.7	7.3	7.9	8.6	9.3	10.0
Public Health Initiatives										
10 School Health Clinics	0	0.1	0.1	0.2	0.3	0.5	0.5	0.5	0.3	0.2
TOTAL OUTLAY CHANGES	a	0.3	6.4	5.1	4.4	3.5	3.1	2.2	1.3	0.3
RECEIPTS										
11 Revenue Collected for Subsidy Administration	0	0	3.6	5.1	5.5	6.0	6.5	7.1	7.7	8.3
Total State Changes	a	0.3	2.8	-0.0	-1.1	-2.5	-3.4	-4.9	-6.4	-8.0

SOURCE: Congressional Budget Office.

a. The estimate assumes that states will continue to provide some assistance to hospitals serving disproportionately large numbers of uninsured or underinsured people.

TABLE 3. PRELIMINARY ESTIMATES OF THE STATE & LOCAL BUDGETARY EFFECTS OF SENATOR MITCHELL'S PROPOSAL WITHOUT MANDATE IN EFFECT

(By fiscal year, in billions of dollars)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
OUTLAYS										
Medicaid										
1 Discontinued Coverage of Acute Care	0	0	-17.9	-26.7	-29.8	-33.3	-37.2	-41.4	-45.9	-50.7
2 State Maintenance-of-Effort Payments	0	0	18.5	26.5	28.7	31.1	33.6	36.3	39.3	42.4
3 Disproportionate Share and Vulnerable Hospital Payments a/	0	0	1.1	-0.8	-0.6	-0.5	-0.1	0.2	0.5	0.8
4 Increase Asset Disregard to $4000 for Home and Community Based Services	*	*	*	*	*	*	*	*	*	*
5 Offset to Medicare Prescription Drug Program	0	0	0	0	-0.5	-1.1	-1.2	-1.4	-1.6	-1.7
6 Administrative Savings	0	0	-0.2	-0.4	-0.4	-0.5	-0.5	-0.6	-0.6	-0.7
Total - Medicaid	*	*	1.6	-1.4	-2.6	-4.3	-5.4	-6.9	-8.3	-9.9
Administrative Expenses										
7 Expenses Associated with Subsidies	0	0	3.6	5.1	5.5	6.0	6.5	7.1	7.7	8.3
8 General Administrative and Start Up Costs	0	0	1.0	1.1	1.1	1.2	1.3	1.4	1.5	1.6
9 Automobile Insurance Coordination	0	0.3	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total - Administrative Expenses	0	0.3	4.7	6.3	6.7	7.3	7.9	8.6	9.3	10.0
Public Health Initiatives										
10 School Health Clinics	0	0.1	0.1	0.2	0.3	0.5	0.5	0.5	0.3	0.2
TOTAL OUTLAY CHANGES	*	0.3	6.4	5.1	4.4	3.5	3.1	2.2	1.3	0.3
RECEIPTS										
11 Revenue Collected for Subsidy Administration	0	0	3.6	5.1	5.5	6.0	6.5	7.1	7.7	8.3
Total State Changes	*	0.3	2.8	-0.0	-1.1	-2.5	-3.4	-4.9	-6.4	-8.0

SOURCE: Congressional Budget Office.

a. The estimate assumes that states will continue to provide some assistance to hospitals serving disproportionately large numbers of uninsured or underinsured people.

Table 5. Health Insurance Coverage
(By calendar year, in millions of people)

	1997	1998	1999	2000	2001	2002	2003	2004
Baseline								
Insured	224	226	228	229	230	232	233	234
Uninsured	40	40	40	41	42	43	43	44
Total	264	266	268	270	272	274	276	278
Uninsured as Percentage of Total	15	15	15	15	15	16	16	16
Senator Mitchell's Proposal—Without Mandate in Effect								
Insured[a]	250	253	255	257	259	261	262	264
Uninsured	13	13	13	14	14	14	14	14
Total	264	266	268	270	272	274	276	278
Uninsured as Percentage of Total	5	5	5	5	5	5	5	5
Senator Mitchell's Proposal—With Mandate in Effect								
Insured	250	253	255	257	259	274	276	278
Uninsured	13	13	13	14	14	0	0	0
Total	264	266	268	270	272	274	276	278
Uninsured as Percentage of Total	5	5	5	5	5	0	0	0

SOURCE: Congressional Budget Office.

a. Includes people eligible for coverage under the enrollment outreach provisions of the proposal.

Table 6. Projections of National Health Expenditures
(By calendar year, in billions of dollars)

	1997	1998	1999	2000	2001	2002	2003	2004
Baseline	1,263	1,372	1,488	1,613	1,748	1,894	2,052	2,220
Senator Mitchell's Proposal—Without Mandate in Effect								
Proposal	1,301	1,401	1,519	1,647	1,779	1,923	2,079	2,246
Change from Baseline	38	29	31	33	31	29	27	25
Senator Mitchell's Proposal—With Mandate in Effect								
Proposal	1,301	1,401	1,519	1,647	1,779	1,943	2,093	2,254
Change from Baseline	38	29	31	33	31	48	41	34

SOURCE: Congressional Budget Office.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. Mr. President, let me thank my good friend from Pennsylvania. "A picture is better than a thousand words" is true. You look at that chart and say, how on Earth can we do this to the American medical system? I do not mean doctors and hospitals, I mean the American medical system.

I know the Senator indicated he ran out of time now—that is true—and he has much more to say. I encourage him to come back, because after today, we have no unanimous consent agreement on time, and I would appreciate it if he would come back and continue.

Mr. SPECTER. I thank my colleague for those kind remarks.

Mr. PACKWOOD. I yield the floor.

Mr. MOYNIHAN. Mr. President, I am happy to yield 10 minutes to the distinguished Senator from South Dakota, who is the chairman of the Democratic Policy Committee.

The PRESIDING OFFICER. The Senator from South Dakota is recognized.

Mr. DASCHLE. I thank the Senator.

I commend the Senator from Pennsylvania for much of what he has said this morning.

I must say, however, that I am surprised, given the Senator's admission yesterday that he had not had time to read the bill offered by the majority leader, that he has had time to diagram the bill as it is now portrayed in one of his charts.

I have had a chance to look at some of the charts, and I am surprised that many of the existing programs that we have in our current health system are listed on his chart as new programs. Standard health plan sponsors are listed as a new entity on this chart, even though the private health insurance companies of today will certainly exist as they are, tomorrow. I certainly do not think he is proposing that we eliminate these "bureaucracies."

Guaranteed funds are listed as a new function even though every State in the country already has such funds to protect consumers.

ERISA enforcement mechanisms are listed as some new bureaucratic scheme. That sounds large and bureaucratic until you realize the chart is referring to existing law that allows the Federal Government to investigate and enforce civil and criminal activities such as embezzlement and health insurance scams.

There are many ways to chart the current systems; I wish we could have a chart to compare the current system with what our colleague from Pennsylvania has depicted in the Chamber.

What is not depicted, of course, are the 38 million Americans who have no insurance, including more than a million people in Pennsylvania today without insurance; 58 million Americans who have preexisting conditions are not listed anywhere on the charts.

I wonder how we would chart electricity today. Americans go into a bedroom, or a kitchen, or a living room and flick on a switch and they have electricity. I doubt many know how they got the electricity into their house, but they sure know it works. And they depend on it. It is there when they need it. But certainly people recognize that electricity is complicated, and that electricity would take a lot of boxes and charts and graphs and grids. The fact is, it is there.

Time after time, you can put charts together to reflect the complexity of whatever it is we use. Take for another example the automobile. I guarantee you the Senator from Pennsylvania, the Senator from South Dakota, the Senator in the chair, and the distinguished Presiding Officer from Nebraska, could not today write down how an automobile works. We could not depict the engine and all of its parts. But when I turn the key on, I expect it to work.

That I think is what we are attempting to do with health care. Let us make it work better. Let us make sure the parts work. Let us not make it any more complicated than it has to be, but let us recognize that it is complex.

Mr. KENNEDY. Will the Senator yield?

Mr. DASCHLE. I would be happy to yield.

Mr. KENNEDY. Does the Senator not agree with me that, first of all, if we just accept the argument that we see, we cannot predict projected costs of medical needs, that could just lead us to paralysis?

On the other hand, does the Senator not agree with me that we can project what it is going to cost if we do not take any action, that we are going to be approximately $1 trillion this year and $2 trillion by the year 2000? We know that. We know it is going to be $100 billion more this year over what it was last year. We can predict those escalations of cost, can we not?

When we are talking about where it was a number of years ago and how Medicare started off, we understand that, No. 1, we have much better ways of predicting and projecting costs certainly today than we had at that time, and second, we do know what is going to happen if we do not take any action at all. Those numbers are virtually certain in terms of the escalation of costs without taking any action.

Does the Senator think that is something we ought to take note of as well?

Mr. DASCHLE. The Senator is absolutely correct. We do need to take note of the cost of doing nothing. Let us try to find a chart depicting the incredible obstacles people have today in trying to achieve meaningful health care. These are the people whose faces we see on the steps of the Capitol and the people who write and call our offices. These people are extraordinarily frustrated with the current system because of its complexity, because of their inability to access the system, and because they do not have the resources that some of the wealthy in this country have to get health care. There are a lot of people in this country who simply cannot get through the maze that we have in our current system, and that is in itself a tragedy and something that we have to address.

Mr. KENNEDY. Just one final question. We knew we were to spend a good deal of time here on the issue of cost. But how do we cost out the anxiety of those mothers or fathers of the close to 10 million children that are not either being covered by Medicaid or covered by good health insurance? How do you measure out the anxiety that they have every night when they go to bed and wonder about whether their child is going to get sick? How do we measure the costs of those parents that say I am not going to let my child ride a bicycle today—all the other children are going—because that child might break his or her arm and we have not the money to do it. I am not going to let them go skating in the wintertime; I am not going to let them go sledding because we cannot afford it.

Around here, we begin to look very quickly at the cost of everything, and we begin to loose the value of some other parts.

I am just wondering if the Senator does not agree with me that there is a lot we have to deal with on the issue of cost, but we also ought to think about what the costs are in terms of families, working families, that suddenly lose their job and lose the coverage when they have children that have special needs, that cannot afford a pair of glasses when their children go to school—and we provide glass care and some dental care in this program—and those children are reading the charts and are slow in learning. What is the cost of that? For all those who say, "Oh, well, we can't."

We have a big chart here. We have a big chart. Let us put up the chart for the Federal employees insurance—I daresay it would be as big as any one of those—and find out how many of these members do not want to get covered. Let us get real in terms of some of these matters. I see other colleagues here.

Mr. REID. Will the Senator from South Dakota yield?

Mr. DASCHLE. The Senator from Massachusetts made a very important point. The Senator from Massachusetts drew the distinction between cost and value. We know what it costs; we can even project how much this system is going to cost our country and the average American family in the future. But what is the value today to a family that would like to have the opportunity to have access to good medical

care? How much do we value having health security that can never be taken away? It is incalculable.

And so the distinguished Senator from Massachusetts makes a very important point. We can calculate the cost. It is difficult for us to calculate the value.

I yield to the Senator from Nevada.

Mr. REID. Our colleague from Massachusetts reminded me of something that is so important, I believe. Twenty-four years ago, I was elected Lieutenant Governor of the State of Nevada. One of the first meetings I had, having been elected, was a woman working for the State welfare department. She came over to see me to talk about dental care. She explained to me how important dental care was to children especially, that a child who has crooked teeth, rotting teeth, may talk during their whole childhood like this. They are afraid to talk. They develop speech impairment.

Now, that was 24 years ago, and we as a nation still do not have decent dental care for children. In the Mitchell plan, there is dental care up through the 21st year. Do you realize how important this is to somebody who grows up with teeth that are crooked?

When I grew up in a small rural community, I was very fortunate; my teeth turned out OK. I did not go to a dentist until I was 16 years old. My teeth are fairly straight. But I am only lucky.

Today, in America, the public should be advised if we pass the Mitchell bill, up through age 21, no matter how rich you are, no matter how poor you are, you can go to a dentist and have your teeth taken care of. That is not the case with the bill across the aisle. Dental care is null.

Mr. WELLSTONE. Will the Senator yield?

Mr. DASCHLE. I think the Senator from Nevada makes a very important point.

I wanted to talk a little bit more about the comparison we have between the Mitchell and Dole bills. I would be happy to yield to the Senator from Minnesota.

Mr. WELLSTONE. I appreciate it. It is more a comment about what the Senator from Massachusetts just said with a tremendous amount of power and passion.

The PRESIDING OFFICER. The Chair would notify the distinguished Senator from South Dakota that the 10 minutes allocated to him has expired.

Mr. MOYNIHAN. Mr. President, I yield another 5 minutes to the Senator from South Dakota.

Mr. WELLSTONE. I do not want to take up 5 minutes. The Senator from South Dakota can go ahead.

Mr. KENNEDY. Mr. President, how much time remains? This is a rather interesting debate.

Mr. MOYNIHAN. We are not short of time, Mr. President.

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The PRESIDING OFFICER. The remaining time allocated to the distinguished Senator from New York is 70 minutes.

Mr. WELLSTONE. Mr. President, I wonder if I could ask the Senator. I have one comment that will take about a minute, and then I would be pleased to yield, but only if the Senator from South Dakota will have more time.

Mr. DASCHLE. I think the chairman has indicated we would have plenty of time.

Mr. WELLSTONE. This is said more in the spirit of reflection.

I would say to the Senator from Massachusetts that I remember when we had before the committee a group of citizens from Kentucky, and none of them had health insurance. They worked for Kentucky Fried Chicken, and Pizza Hut. It was very moving to me because that is where my wife is from. I had been just looking at all the statistics about all the big campaign contributions. But these people get hurt. I mean, in some sort of an awful way they are getting left out of the picture. I think the Senator from Massachusetts was really speaking for them. Their testimony was so compelling.

So when I debated Senator MCCONNELL this morning on a show—this is not a criticism of him at all. We had very little time. At one point I said, "What is the alternative?"

When I looked at the distinguished Republican leader's plan, those people, I say to my colleague from Massachusetts, that came all the way to Washington to lay bare their personal lives, they are out of luck. I mean 30 million people still are without any insurance, and some 6 million children are still without any insurance. Older people still have to live with the terror of either not being covered because of a sickness or having to pay four times what others pay. They are just out of luck.

So I think we should be clear about what is at stake here. For those who are saying no, no, no, this is awful, awful, awful, bureaucracy, bureaucracy, bureaucracy, et cetera, et cetera that we have heard over the years, what is the alternative to make sure that we can provide dignified health care for citizens in our country? The vast majority of people in the United States of America with their goodness of heart have said we believe everybody should be covered, and we believe employers should pay their fair share, and we believe it should be as good a plan as Senators and representatives have.

I think that is what the Senator just said.

I thank my friend from South Dakota.

Mr. DASCHLE. I thank the Senator from Minnesota. I certainly agree with his comments. Obviously, that is really what this debate ought to be about, to flush out the differences. That is why I asked to take the floor this morning.

I have had the good fortune to serve on the Finance Committee since I came to the Senate. I certainly have developed a profound respect for the Republican leader, and have noted with great interest his extraordinary attendance in the committee as we have attempted to address the issue of health reform. He has been an extraordinary participant in the health care debate now for many, many months. I know he is as troubled as we are about trying to arrive at a consensus on meaningful health reform this year.

Two nights ago, the Republican leader introduced his version of health reform. We are just beginning to understand what is in it, what it does, and what its impact would be on the American people. Obviously, we are going to have a lot more to say about that in the coming days. We have just had the opportunity over the last 24 hours to examine it in any detail. I must say, after a preliminary look, I think it is fair to state that this bill falls far short of the goals enumerated even by the Republican leader himself.

Unlike the Mitchell bill, which provides a road to universal coverage, the Dole bill provides no one with guaranteed coverage. No one has the assurance that they are going to be protected in the future. Lewin VHI, one of the most respected private analytical firms, estimates that more than 30 million people, 75 percent of those uncovered now, will still be uncovered if the Dole bill were to pass. Six point two million children are left uncovered under the Dole bill. It does nothing to reverse the trend among employers to drop back family coverage to covering only one worker, a trend that is happening all across the country today.

In order to cut costs, businesses are saying we will insure you but we simply cannot afford to insure your families anymore. There is nothing in the Dole bill that addresses that problem. We are leaving millions of children at risk of losing the coverage that they have now as a result of that trend.

Mr. President, 30 million people with no coverage means we are going from about 80 percent coverage to 88 percent; not 100 percent as the President proposed, not even 95 percent as our majority leader proposed by the year 2000; in fact, not even 92 percent as the Finance Committee bill would propose; 12 percent of the American people would be left without coverage if this bill were to pass.

The Dole bill is not health security. No one should be misled. If every other industrialized country in the world can reach 100 percent, Mr. President, why can't we? Why do we have to tell millions of Americans in 1994 that they are out of luck? It is not just a matter of health security. It is also a matter of responsibility.

The message is loud and clear. If we were to pass the Dole bill, the message is simple. If you want someone else to pick up your health care costs, go right ahead. Just quit paying premiums. Do not worry about it. Somebody else will take care of it. We can shift those costs on to those who do pay. So do not worry. You do not have to pay your health care premiums. That is how things are now. And we will continue that practice as far into the future as we can see under the Dole bill.

Let those conscientious businesses who now pay pick up your costs take heed. Conscientious businessmen paid $35 billion more in additional costs just this year as a result of the cost shifting currently in place.

We all talk about ending cost shifting. It's easy to talk about. But this bill is an open-ended invitation to accelerated cost shifting, Mr. President. So if you are a business paying premiums, hoping that everyone will pay their fair share, you, too, are out of luck. Luck just runs out, especially if you are a small or a medium-sized business.

The Dole bill would continue to permit insurers to charge different rates to small employers because of their size. The smaller you are, the more you might pay. It discriminates against small employers who already pay more. Unlike the Mitchell bill, there is no discount to small business.

You have a situation where small businesses may actually be required to pay more because they are small and because there may be an additional risk associated in some cases with smaller business. But then in many cases the Dole bill says insurance companies do not have to sell to small businesses at all. Insurance companies can sell whenever and wherever they want.

So the bottom line is there is little new coverage, and, most probably, much higher premiums.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. DASCHLE. I would be happy to yield to the Senator from Massachusetts.

Mr. KENNEDY. Just on this issue about the cost, on this chart I have, the comparison between what would be the amounts under the Mitchell and under the Dole program, it is here in the bill itself. There are provisions in the bill that outline the subsidy provisions.

It talks about, on page 28, in "general purposes of this part," the term "premium subsidy." "Eligible family" means a family income determined under the various provisions, and then it outlines it later on. I hope we will have a chance to go through this because I hope those who are supporters of the Dole bill will find someplace in its 600 pages where the opportunity for choice is available. There is no opportunity for choice of a doctor.

Let us just talk about, as the Senator was talking about, the availability. Once you reach the 150 percent, you are on your own. So these are for the income of $22,000. You are talking about the premiums here. This is percent of income, 27 percent; 23 percent; 20 percent. So we are talking here about hardworking men and women. Under the Dole proposal, they will have access to health care if they get that kind of funds, if they have that amount. If they want to pay 23 or 27 percent of their income, they will be able to buy that, as compared to the shared responsibility program.

Mr. DASCHLE. What you are saying is that somebody who is making $22,000 a year would pay $6,075, about 27 percent of their income; it is 27 percent of the income under the Dole plan, is that what the table says?

Mr. KENNEDY. Exactly. Based on CBO estimates from the Mitchell bill and the Finance bill. We have been listening to the debate and discussion about how we are not going to permit the Federal Government to sort of take over. Well, you do not have to worry with the Dole bill, because how many of the families are going to be able to afford that outcome? At least in the Mitchell bill we are talking about the shared responsibility. Under the Dole bill, we see even when you are down to $14,000, you will pay $1,000 for your program, at 6.8 percent. I think what this shows is you can have all the words that you want, but it just does not begin to show.

The other part of the program here is on page 54. Under the State program, it says a State program shall require each health plan sponsor to make available to each community-rated individual the opportunity to enroll, directly or indirectly through a purchasing cooperative, in a certified health plan which provides Fed-med benefits. There is nothing in here about choice or individual choice.

Mr. REID. Will the Senator yield?

Mr. DASCHLE. Yes.

Mr. REID. I say to my two friends who are here on this colloquy now that it seems to me that the Dole proposal keeps things the way they are, because now we have universal access. If somebody gets hurt or sick, they can go to the emergency room. But that is different than universal coverage, is that not true?

Mr. DASCHLE. It is different. Universal access is the opportunity to walk into the show room, but you may be unable to buy the car.

Mr. REID. We have that now.

Mr. KENNEDY. Certainly. As you see under the Dole program, for working families with $25,000 to $29,000 in income, that is pretty good, but it is right in there for hardworking men and women, factory workers, school teachers, construction workers. You will be able to pay $6,000—20 percent or 23 percent or 27 percent—at an income of $22,000. That is a wonderful program. To think that that is going to reach universality, I think, defies logic and understanding of the real purchasing ability of families. Most families in these areas are hardworking, having a difficult time paying a mortgage, putting their kids in school, putting food on the table, and providing heating oil for themselves up in my part of the country. I thank the Senator for yielding for that purpose.

Mr. DASCHLE. I appreciate the Senator's contribution.

There are two other stories to tell from this chart. First of all, these are 1994 figures. That does not tell the story of a 15- or 20-percent increase, the inflationary costs, in premiums every year. What will it be in the year 2000? Nor does it say what a sick family will pay or what an old family will pay. This chart assumes a healthy family. The Dole bill has a modified community rate. Insurance premiums under the Dole bill actually get more expensive the older you are or the sicker you are.

A Newsweek magazine article on the 25th of July, on page 19, said the Dole plan "will increase premiums for middle-class people and could increase the number of uninsured." It could increase premiums for the middle class. I think that is really what this chart is all about. It is really remarkable. There is less coverage and more cost. So if you are in the middle class, Mr. President, you, too, are out of luck.

You are especially out of luck if you are one who is seeking worker protection. If you are unemployed or if you lose your job, you are in particularly difficult circumstances. If you lose your job, you cannot take your insurance plan with you. If you are unemployed you have to pay the entire premium yourself if you want to have the protection you had on your job. So you are out of luck as well if you lose your job or are unemployed.

Not only are working people out of luck with this proposal but, frankly, so are retired people. We talked earlier about the chart's implications for those who are older. Well, the Dole bill relies heavily on savings from Medicare. Unlike the Mitchell bill, it gives nothing back to older Americans. Medicare cuts provide the savings, but, unlike the Mitchell bill, there is no help with prescription drug costs. Or with long-term care costs. The Dole bill ignores the fact that drug costs are the highest out-of-pocket expense for three out of four seniors in the country today; that 31 million Americans under the age of 65 would have no protection for prescriptive drugs under the Dole bill; and that 18 million people over the age of 65 would be denied drug coverage.

AARP said it probably as succinctly as you can: "The Dole bill is a harmful

prescription for older Americans. Unlike the Mitchell proposal, which invests $50 billion in new home- and community-based long-term care, the Dole bill does virtually nothing for long-term care."

Small firms with more than 50 employees will remain at the mercy of insurance companies who charge even higher rates for sick and older workers, and even raise rates when one employee gets sick. That means older workers will have jobs at risk when their employers look closely at the insurance premiums.

So, if you are a sick or older person, you are in particular jeopardy under the Dole bill. There is nothing, in my view, to rein in the bureaucracy that the Senator from Pennsylvania talked about earlier. More workers today are the victims of administrative costs and bureaucracy than in any other system anywhere else in the world. We have a 20-percent administrative cost today associated with the current system, and we have not yet found anything in the Dole bill that deals with the extraordinary administrative costs.

So bureaucracy is likely to grow under the Dole bill. The bill does nothing to stop the flow of tax dollars into the health system. We are told we can see a proliferation of costs over the next 10 years which would double the cost of health care. I am, frankly, very concerned about the cost implications of the Dole bill. It is very simple. If the Dole bill passes, millions of Americans are just out of luck—if you are uninsured; if you lose your job; if you are a senior citizen; if you are a business-paid insurance; if you are a small business; or if you are a taxpayer. During the last 24 hours we have had a chance to examine what will happen if the Dole bill were to pass; we are beginning to come to some very concrete conclusions.

We can do better than this. If this had been our attitude 30 years ago at NASA, JOHN GLENN would still be waiting to make his first orbit. If other countries had not addressed this issue more effectively, then they too would be suffering the consequences of failure that we in the United States do in 1994.

We can do better than this. We can solve this problem. We all agree we must go slowly, step by step as the Mitchell bill has laid out, but we need a plan; we need a blueprint; we need to know exactly how it is we are going to get from here to there.

Will we change it along the way? Of course we will. Do we need to modify as we understand implications of this growth in coverage? Absolutely. But there is a big difference between doing it slowly and not doing it at all.

I know I have used more than my share of the time. I appreciate the time.

Mr. MOYNIHAN. Mr. President, the Senator did very well indeed.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, how much time does the Senator from Nevada desire?

Mr. REID. Fifteen minutes.

Mr. MOYNIHAN. Could he make that 12½ minutes?

Mr. REID. I am happy to.

Mr. MOYNIHAN. That is because we have a fixed amount of time, and we have many of our friends and colleagues waiting.

Mr. President, I yield 12½ minutes.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. Mr. President, this morning on a telephone call I was asked why I am supporting the Mitchell bill. It was an opportune question asked this morning because I had just been through a relatively traumatic experience dealing with a woman from the State of Nevada. Her name is Erin Dowell. I met Erin in Washington less than a year ago. She was here to testify about the high cost of health care. Her bills were, at that time, about a half million dollars. She is 27 years old, a vivacious young woman.

A week later I saw her in Reno, bedridden, a blanket wrapped around her, trying to stay warm even though it was warm in the house. You see, Mr. President, she is one of the people, one of the faces, a real human being, that the Mitchell plan will take care of and the Dole plan will not.

The reason this was an opportune time for me to be asked that question was because yesterday we were told by Erin that she is now in a hospice. Erin is going to die in a matter of a few days, maybe a couple weeks.

She has given up medical treatment. She is, as I indicated, one of those people who fell through the cracks. She had an industrial accident. From the time that she was treated for the industrial accident until the time she got another job, with no insurance, she got leukemia, cancer of the blood. During this period of time she had time to be cured but could not get the programs worked out. She was not able to take the insurance that she had with her, to take care of her medical condition.

You see, Mr. President, what we are talking about here in this historic debate—one of the most important debates in the history of this country—are the Erin Dowells of the world, people who have fallen through the cracks and are not being taken care of. We have the opportunity, after 50 years of debate and six or seven Presidents, to provide health security for the Erin Dowells of the world, my world, the State of Nevada, and our country.

I enter this debate encouraged and committed to passing a bill that the majority leader has put forth. A perfect bill? No. There are things in the bill that I do not like, but I am going to support the Mitchell legislation because it does so much good, because it is the best that we can do. And if there are amendments that improve the bill, I will support those as well.

I am charged for action because the people of Nevada cannot afford any more delay. Almost 300,000 people in Nevada make between $20,000 and $75,000 a year. It does not sound a lot by the standards of New York. It is a lot of money by the standards of South Dakota, and not a lot by the standards of California. But it is 300,000 people who, if we do not do something, their insurance premiums will escalate. Next year they will go up about $700, and after that even more.

Since 1986, health insurance premiums in this country have gone up almost 120 percent, and they will continue to go up if we do not do something. The average for people who have no insurance and are working is about 60 percent. In the State of Nevada it is 83 percent. In the State of Nevada, 83 percent of the people that have no insurance are workers. They work. This legislation will help. The Dole legislation will not.

Erin Dowell, if the Mitchell plan were in effect, would be OK. Under the Dole plan she would not be OK.

As Newsweek magazine predicted on July 25, the Dole plan will increase premiums for the middle class and could increase the number of insured.

Mr. DASCHLE. Mr. President, will the Senator yield?

Mr. REID. I yield.

Mr. DASCHLE. What does the Senator think happens in Nevada when the costs continue to escalate? Is he finding the same thing in Nevada that we find in South Dakota?

Mr. REID. The uninsureds skyrocket.

Mr. DASCHLE. I understand that every minute 48 people lose health insurance.

Mr. REID. That is right, permanently. There are more who lose their insurance. Two million people a month lose their insurance in this country; 100,000 of the 2 million each month, permanently. When we put those to numbers, it is thousands and thousands of people a day.

Mr. DASCHLE. Is that not the big concern? If we do not contain costs, if we do not find a way to get down into the single digits, we are going to ultimately have a higher percentage of people in Nevada uninsured than there are insured simply because they cannot afford it.

Mr. REID. I say to my friend from South Dakota, there will be no Erin Dowells in the world. We have here, if you lose your job, you are out of luck, and that is what they are saying about the Dole plan. The Dole plan does nothing to change the law as it now exists.

Now, as we have talked before with the Senator from Massachusetts, there is universal access. Sure, if you have money you can go to any doctor or hospital in the country. But the Mitchell

plan does more. It allows portability so Erin Dowell, when she lost her industrial job that she got hurt on, would have been able to carry the insurance with her automatically, because she is out of work. And this will allow someone out of work to make the premiums on their private insurance. This is not a Government-run program.

That is another thing that kind of irritates me, and I am trying to educate the people of Nevada. This is not a Government-run program. The program we are developing, we are going to privatize Medicaid. Does that not sound good?

Mr. DASCHLE. If the Senator will yield, I appreciate his raising that issue because we hear so often that we are adding to the bureaucracy and we are somehow adding to governmental controls when, in fact, we are doing just the opposite. We are moving away from Government controls and more to the privatized system, providing the incentives in the system itself to work. We are privatizing Medicaid. We are giving opportunities to senior citizens that they do not have today, to buy adequate prescription drugs. We are using the competitive method to achieve effective cost containment.

So I appreciate the Senator raising the issue, and I hope over the course of this debate, at least on that point, we can clarify what it is that the American people can expect when it comes to passage of the Mitchell bill.

Mr. REID. Let me say to my friend from South Dakota, while talking about myths, could I discuss another myth that just irritates me because it is not true?

We have heard a number of statements. In fact, one of our colleagues on the other side of the aisle read a letter from a doctor constituent saying "My boy nearly drowned." That if the Mitchell plan had been in effect, the doctor would have been put in jail—or words to that effect—for treating my son because he was not part of an approved plan. That you cannot give doctors money unless they are part of this little program.

That is simply not true. If you look on page 23 of Senator MITCHELL's bill, you can pay a doctor anything you want. You can pay him in South Dakota a bale of hay, or in Nevada maybe they could go to one of the gaming tables for a while. You can pay. Or you can pay him in cash or check or credit card. There is no limitation what you can do doctor/patient.

So I think that is a myth we need to get rid of here. The fact is it is not going to take away the choice factor.

Mr. DASCHLE. If the Senator will yield, there is a point that oftentimes is raised about fines that are generated as a result of misusing the system. I think there is a significant degree of confusion about what it is we are talking about with regard to these fines.

There are fines directly written into the bills. Those fines are very easily understood if you read the bill as you should. Those fines simply go to the concern raised on countless occasions before the Finance Committee about the tremendous amount of fraud that currently exists in the system; $70 billion of fraud today.

So clearly if we are going to rid ourselves of that fraud, there has to be a penalty associated with those who are perpetrating fraud.

This is what this bill does. It addresses, in ways that we do not do in the current system, effective methods of fraud prevention. I hope that too is something we can address in the debate in the future?

Mr. REID. I appreciate my friend from South Dakota.

I would also like to say two other things I think are important. In Nevada—a small State populationwise, large in area—right now there are 400,000 Nevadans who have insurance that have lifetime limits; that is, they reach a certain amount they lose their insurance. So if they get a dreaded disease, they have to live in fear of losing their insurance.

And I am sure the numbers are significantly high in South Dakota and in California and in New York. The Mitchell plan would do away with lifetime limits. That is important.

I mentioned earlier, and I wanted to touch on it again, dental coverage. Do we realize how important it is, especially for young people, to be able to have their rotting teeth, their crooked teeth, taken care of? It changes people's personalities; it changes their ability to learn; it changes their whole outlook on life.

Under the Mitchell plan, if you are 22 years of age or younger, everybody can see a dentist. Is that not important? With the bill that is sponsored by the minority leader, my friend, it does not do that. There is no dental coverage. I think that is a significant difference between these two pieces of legislation.

I also suggest that one reason, in addition to Erin Dowell, that I feel we have to do something, is that in Nevada we have almost 80,000 children that will no longer go without health insurance. And preexisting conditions, in the State of Nevada, we have over 350,000 Nevadans who will no longer be denied coverage based on a preexisting condition. If you get insurance under the present system and you get sick, you do not want to leave that job, because if you go get another job they can deny you coverage because you have a bad back, because you had a heart attack, because you developed diabetes.

So, Mr. President, this legislation is important legislation. It is important because it will change not only how it deals with the Erin Dowells of the world, but it is also important how it deals with small businesses.

Why should a small business that wants to insure its employees pay 35 percent more for the same coverage that big business gives its employees? There is no reason. Why should small business have to pay 50 percent higher insurance premium rates every year than big business? There is no good reason. And that is why small businesses are, right and left, dropping their insurance.

So I hope that, as this debate develops, Mr. President, we will understand that it is individuals that we are dealing with. We want to make sure that human beings in America are taken care of when they get sick or are injured, and are not denied treatment where and when they want to be treated.

We all receive letters and we receive telephone communications about people who are sick.

Mr. President, I want to tell you about a woman who wrote me a letter saying that her husband is one of the uninsured in the State of Nevada. He is retired; too young to qualify for Medicare. As a result of his symptoms for diabetes, he tried to go to a doctor. "Nobody will take a patient who is uninsured," she writes, "especially when hundreds of dollars' worth of tests need to be taken before that doctor can arrive at a decision."

This woman writes to me saying that she could not receive treatment for her husband. Time and time again, she tried. She closes her letter by saying, "Hopefully, this letter will encourage you to see that somebody else's loved one does not have to suffer needlessly just because he does not have the money or insurance."

That is why the Mitchell bill needs to pass and the Dole bill needs to be defeated.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. I thank the Senator from Nevada for his very fine statement.

Mr. PACKWOOD. Mr. President, I yield 5 minutes to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona is recognized

Mr. MCCAIN. Mr. President, we learned yesterday that the American Association of Retired Persons has endorsed the Clinton-Mitchell health reform bill. This announcement should sound a trumpet of alarm to the American people, particularly to our seniors.

Mr. President, in the words of Yogi Berra, it is deja vu all over again.

History—the great predictor of the future—tells us that when it comes to determining whether a piece of legislation is best for older Americans, the position of the AARP in Washington in no way illuminates the answer.

We might remember the Medicare Catastrophic Coverage Act of 1988. That bill was conceived, written, and

pushed by AARP's Washington lobbyists. As we all know, when seniors were finally privy to the practical impacts of the catastrophic bill a veritable revolt among the beneficiaries forced Congress to repeal the act.

Notwithstanding the ground-swell of opposition by seniors to the catastrophic bill when they learned what it was really all about; and notwithstanding the repudiation of the national AARP by its local chapters, including every chapter in Arizona, the organization's Washington leadership fought repeal of the mistake every step of the way in an enlightening demonstration of just how painfully out of step they are with their members. Mr. President, that is a fact.

The same indifference to the interests of their members characterizes the AARP hierarchy's lack of vision and leadership on the Social Security earnings test, which overwhelmingly the seniors of this country want to repeal and they continue to oppose.

Mr. President, the fact is, my phones are ringing off the hook from members of the AARP in Arizona. AARP's phones are ringing off the hook from outraged citizens who want to know what they purport to represent, because they are not representing the views of senior Americans, as they did not on catastrophic health care, as they do not on the repeal of the Social Security earnings test, nor do they on this issue.

Great stock is placed in where this group or that group comes down on a piece of legislation. But let us not make the mistake of confusing an association's leadership for its membership. The AARP's famous pattern of being grossly out of touch with seniors should be sobering, as should their endorsement of the Mitchell-Clinton health bill.

Mr. President, I fear that with the Clinton-Mitchell bill we are headed down the same garden path as the catastrophic bill—legislation where motives were good and intentions honorable but the views of the public were grossly miscalculated and real world outcomes were woefully ignored.

It is time for groups like AARP to put the prerogatives of the people they represent ahead of their politics.

The AARP's endorsement of the Clinton-Mitchell plan is another eerie reminder of the catastrophic experience. Let us hope we learned from the experience, and that our vision will be clearer and the outcome more enlightened.

Mr. President, I reserve the remainder of the time for the Senator from Oregon.

The PRESIDING OFFICER. Who yields time?

Mr. MOYNIHAN. Mr. President, I yield myself some time. I will be very brief.

Mr. President, I rise to correct any possible misunderstanding that my colleagues may have about the provisions in the majority leader's proposal dealing with medical residency training.

In my opening statement, I made clear my concern about attempts to control either the number of training positions available for medical residents in this country or the distribution of those positions as between general practitioners and specialists. In my judgment, it would be an act of hubris for the U.S. Senate to presume to know what the future course of medical science will be, let alone to try to dictate that course through regulatory controls.

My concern is that while the majority leader has now deleted the specific numerical limits of his first version, there is still a clear mandate to reduce residencies by an unspecified number. On page 495 of the most recent version, it states that the "total of the respective annual numbers" of residencies "shall be reduced by a percentage determined by" the new National Council on Graduate Medical Education—for each year between 1998 and 2001; reduced over the same period in which they were stipulated to go from 134 to 110 in the earlier version.

Hence, a distinction without a difference. With or without a target of 110 percent or any other number, the purpose is clear, the statute would be straightforward: cut the number of residency training positions, and do so soon. Any such mandate to reduce medical residency positions would be an unprecedented intrusion into the science of medicine.

Morever, the newest proposal still includes specific requirements that would reduce the number of residencies in specialties other than primary care to no more than 45 percent of the total. Here, surely, we encounter social engineering at its most audacious and problematic.

I am much impressed by the analysis of this subject by Dr. Richard Cooper, who is dean of the Medical College of Wisconsin. In an article entitled "Regulation Won't Solve Our Workforce Problems," published in the medical journal The Internist in March of this year, Dr. Cooper observes that the considerations that go into determining how many primary care doctors a society needs are altogether different from those that determine how many physicians are needed in other specialties.

He states that "Primary care needs are based on demographic considerations" and that 80 to 85 primary care physicians per 100,000 population should be adequate and could be "assured if approximately 35 percent of medical graduates entered the primary care disciplines."

The need for specialists in other fields, however, is not so easily predictable "because it is so diverse"—again, I quote Dr. Cooper from a recent speech, "and because the development of the technology that underlies much of specialty medicine is so unpredictable—the appropriate size of the specialty work force is difficult to relate to any standard or proportional characteristic, such as population."

There you have it plain and simple. Primary care needs are based on demography, and specialty needs are based on science. Even if our projections with respect to population are correct—and in the near term they are very dependable now—we simply cannot predict developments in science. Who will tell you when the first breakthrough in Alzheimer's disease will come? Or AIDS? Or Parkinson's disease and such like, as others have come in the past?

Science does not proceed in predictable ways. It proceeds by insight and innovation that cannot be scripted.

We are now in the great age of medical science and it is centered here in the United States. The innovations come tumbling.

Dr. Cooper notes that artificial hip replacements became widely available in 1970, knee replacements in 1975, autologous bone marrow, liver and heart transplants in 1980. Oncology was scarcely a science until the advent of combination chemotherapy in the 1960's. You can reach out and touch those moments that changed the history of science and medicine—and they were not regulated.

Regulatory controls on specialists pose a threat of cutting off widespread access to such breakthroughs in the future. For that reason alone they are seriously ill-advised in my opinion. Moreover, in New York as elsewhere, academic health centers are located in urban areas that often have no other source of medical care. Reductions in the number of residents trained threatens access to basic as well as advanced medical care in those areas.

I reiterate my objections to these provisions. We should do everything we can to sustain the miracle of modern medicine that is found in our academic health centers and teaching hospitals. We should not tinker with matters so profound as the future of science or the academic freedom of our medical schools and teaching hospitals.

I thank the Chair.

Mr. BOREN. Will the Senator yield for a question? A comment?

Mr. MOYNIHAN. I am happy to yield.

The PRESIDING OFFICER (Ms. MOSELEY-BRAUN). The Senator from Oklahoma.

Mr. BOREN. Madam President, I compliment my colleague, the distinguished chairman, for the comments which he just made. I associate myself with those comments.

It would indeed be a tragedy for us to take legislative action that would curtail the progress in the field of science, progress which none of us can predict at this point. And it would be a very serious mistake.

The Senator has spoken with great wisdom. I compliment him on his remarks and I associate myself with him.

Mr. MOYNIHAN. I thank my friend from Oklahoma.

Madam President, I yield 12½ minutes to the distinguished and able junior Senator from California.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. I thank the chairman of the Finance Committee for yielding.

Madam President, before I give a few remarks on health care in general, I want to address the issue the Republican Senator from Arizona raised, which to me is another way of trying to scare senior citizens, much like Republicans did in the years when Medicare was brought into being.

I quoted just the other day a Senator from Nebraska, a Republican Senator in the 1960's, who said in his opposition to Medicare, "This is something the Senate is doing to the elderly, not for the elderly." Of course that was a discussion about Medicare, which is one of the most popular programs in this Nation.

I have to say it is not surprising the American Association of Retired Persons would endorse this. Look what is happening to seniors under the Mitchell bill. They get to keep Medicare exactly as they have it, exactly as they like it, and they get two new things. One thing they get is a prescription drug benefit which they desperately want and need. And second, for the first time we will have a long-term care benefit.

On a very personal note, when my mother passed away it was in a nursing home. She lost her last ounce of dignity because her last dollar that she had saved for her grandchildren went to pay that nursing home. It was very ironic that on the day my mother died, that was the day that she had given her last penny. And my mother was too prideful—too prideful—to take support from her family and she just checked out. I am convinced of that.

I said when I ran for the Senate that this had happened to me, I had seen this happen to my mother, and I did not want to ever see it happen to any other grandma or grandpa.

Frankly, I am so happy that the Senator from Massachusetts in his work, worked so hard on that issue and we do have the start of a long-term care benefit in the Mitchell plan.

So I hope when the Senator from Arizona, my friend Senator MCCAIN, gets up again that he will recognize that the fact that the AARP supports this is not such a surprise.

Mr. KENNEDY. Will the Senator yield for a brief comment?

Mrs. BOXER. I will be very happy to yield.

Mr. KENNEDY. Madam President, the Senator is describing an enormously touching, sad and all-too familiar tale of life for many of our senior citizens, because appropriate long-term care is not available. As someone who is blessed with a mother who is 104, we are doubly blessed in being able to care for her at home.

As a society, we are trying to find a way to provide more options for the elderly. Where an individual would like to stay at home and can do so with appropriate help, we should make that help available by providing home care. A second option is community-based care, which can enable people to live at home and obtain needed services in local centers. Many others will need nursing home care, and that ought to be available too. The Mitchell proposal offers many of these protections. It ensures that appropriate care will be available, without requiring senior citizens to pauperize themselves.

People wonder about these debates and whether the country is really watching. We have been talking about long-term care, and I received a wonderful communication just an hour ago from a person who has been watching the debate. It is a sheet called "Health Care Tips During Floor Debate on S. 2351." It has a picture of a little hot water bottle up here in the right front corner of the page. It is from Lou Swan of Elder Home Care, 1241 Main Street in Worcester, MA. He says:

> Don't allow your colleagues to swallow the line that the Mitchell bill is a big government take-over. Families in Massachusetts are being taken-over by the high cost of health care insurance.

He says:

> Filibuster is just another word for gridlock. To those who say we cannot afford health reform—gridlock is more expensive. That's a pretty good comment.

He says:

> Back in 1964, some of the same anti-reform forces tried to block Medicare by saying it was socialized Medicine. Fortunately, they lost—and millions of Americans today have Medicare.

The Senator from California was commenting about her mother and talking about her dignity. Here is what Lou Swan says: "We have been waiting for 30 years for Congress to take the third step to dignity—Social Security, Medicare, long-term care. Don't let the spin-doctors extract long-term care from S. 2351," he says.

And then Lou Swan goes on to say:

> Support language in the Mitchell bill which prevents providers of long-term care, like hospitals and home health agencies, from self-dealing and self-referring. Keep independent assessment and care planning for long-term care in the Mitchell bill.

That is excellent advice, and Congress ought to heed it.

Finally, Lou Swan concludes by saying, "The elderly of Massachusetts want a health care reform bill with long-term care and prescription drugs. A filibuster won't pay anyone's home care bills." He is absolutely right.

People like Lou Swan are listening to this debate. People are watching around the country, in Massachusetts and every other State. They know how important these hours of debate these votes in the Senate are going to be.

I thank the Senator for permitting me to make these comments. The Senator was sharing a very touching and very human story with the Senate and with the American people about what is really happening in rural America.

Mr. MOYNIHAN. Madam President, may I yield an additional 5 minutes to the junior Senator because we have had a very important exchange here and wanted to have that.

Mrs. BOXER. Madam President, I thank the chairman. I want to thank the Senator from Massachusetts, chairman of the Labor Committee, and say that I so well remember that in keeping my mother home, she needed 24-hour attention. It was $240 a day, and we did it as long as we could. And so our seniors out there who are listening to this debate—and not only our seniors, but the children and the grandchildren of those—should be calling our offices in droves and saying we need to support long-term care, we need to support the Mitchell bill because it is in the Mitchell bill.

In my State of California, 6 million people live without the security of health insurance—6 million people. One in four Californians under the age of 65 is uninsured; 59 percent of those without health insurance are in families headed by someone who works. So these are working families; 1.3 million are children.

My State's uninsured rate is 5 points above the national average, making my State the eighth worst among the 50 States and DC. These statistics are chilling. In 4 years, the number of uninsured in my State exploded by more than 1 million people.

So when I hear the Republican pundits, Bill Kristol to name one, say there is no health care crisis, well, Madam President, maybe there is not one for him and his friends who may well be wealthy, but for ordinary citizens in our country—and that is most of the citizens in our country—they have trouble, they have problems, they are worried that their own health insurance could be canceled at a moment's notice when they need it the most. They are worried that their young children, when they move outside of school age, will not be able to get their insurance. They are worried that if their benefits are capped and someone gets a catastrophic illness, they are out of the ball park, they are finished, they will go broke. And we have seen it again and again.

So let us put to bed this notion that we do not have a problem in America. You have to be, frankly, completely insensitive and, frankly, out of touch to say that this is not a problem.

It goes well beyond the uninsured, as I have pointed out, because those of us

with insurance are walking on a tightrope. It is like Russian roulette. What is going to happen? Who is going to pull the trigger? Will my body get a disease that takes me out of the insurance pool? We have to stop this. It is un-American.

I am so proud, as Senator MOYNIHAN predicted in the last colloquy we had—I think it was last night or the night before, these days are blending—he predicted that we would vote not to delay; that we would defeat the Helms amendment, and he was right on target. We defeated the Helms amendment. I think that vote was important, although I do not know how much the press discussed it.

But I think the crunch time is coming, and I think to delay would be cowardly, to filibuster would be cowardly, and it is time to stand up and be counted on an issue we should be proud to be involved in.

Does that mean that the Mitchell bill is perfect? I do not think it is perfect. I think we can fix it. I have talked to Chairman MOYNIHAN and Chairman KENNEDY about things I think we can do to make it better. And frankly, I think we are going to make it better. I am one of those optimistic people who thinks we will make it better, but we have to begin soon to start offering those amendments and getting down to those tough votes.

I want to tell you that after listening to Harry and Louise for several months now, I decided to find out about Harry and Louise in real life. Who are these people? They are actors. They do a great job. Terrific. They get on television and they act like they are just ordinary folk and they are afraid of any change, and they scare people.

Harry and Louise in real life are very highly paid actors, and they are good. They have terrific insurance. Do you know they belong to a union, Madam President, and have terrific insurance? So what do they care if we do nothing? They are fine.

I like to think America is about more than just speaking out for things when you need it. I hope we would be more of a community. I have already shown you by telling you the problems that we face—those of us with insurance—that it really is our problem anyway. Why do you think we pay $5 or $10 for aspirin in the hospital? It does not make any sense on its face. But the reason we pay $5 or $10 in a hospital when we are insured is because there are so many uninsured Americans who are using the emergency room, it is so expensive, they do not carry their weight and we, those of us who are insured, have to carry their weight. So we need to insure as many Americans as possible. That is what the Mitchell bill tries to do.

People who quibble 95 percent, 98 percent, 96, let us face it, we are in the eighties now. If we can get to 95 percent with the Mitchell bill without any mandates, which is what that bill does, that is a huge step forward.

Would I like to get to 99? Yes. Theoretically, I would like to get to 100 percent. As I understand it, no program gets to 100 percent. With Social Security, there is an argument about whether it is 96, 97 or 98. Somebody told me it might be 99. I doubt that. But the fact is if we are getting high up into the nineties, we are doing an enormous amount for an enormous number of people.

The fact is we who have insurance are paying 30 percent more than our actual health care costs because we are carrying the burden of those uninsured.

Madam President, I want to tell you a story about when I was in the House. I was chairperson of a committee on health for the Budget Committee working under now chief of staff Leon Panetta. It was a privilege to work with him. He said, "Barbara, you go out there to the country and you find out about our health care system." This was some years ago.

What I found out is what we now all know to be true: That in America, we practice emergency-room medicine. I found a particular case in San Diego, and I will never forget it. A little child who did not get a measles vaccine, a little baby, 2 years old, no measles vaccine, gets the measles and gets very sick. The county and the city of San Diego, through their health care system, pumped $800,000 into that little child who did not get a $14 vaccine. And $800,000 later we lost the baby.

So what are we doing? We should be embracing the notion that if we invest in our children, not only is it morally right but it saves money, not condemning the notion that preventive care does not make any sense and it is too expensive. I will tell you it is the cheapest thing we can do to vaccinate those babies, and the Mitchell bill goes further. It says that children in our country will be covered.

There are a lot of people around here who talk about our children are our future, they are our best asset; without our children, where are we? We have a chance to prove it, Madam President, because the Mitchell bill covers every child and the Dole bill does not. So maybe we can stop the rhetoric.

I already talked about the fact that prescription drugs is a very important benefit for our elderly, but it is important for everyone. And in the Mitchell bill we will have a prescription drug benefit. It reminds me of another story.

In a small town in California, an elderly woman was a nurse who got very sick. She had a very complicated operation and needed $10,000 a month for her medicine. That was the difference between life and death.

The last time I saw her, she was selling off furniture in the house, and her children, whom she loved and to whom she wanted to leave her money, were having bake sales to get money for her medicine.

This is the kind of situation we have in our country—real stories about real people. So I hope, Madam President, that as we move forward, we are going to keep those people in mind. It makes so much sense for us to take people out of the shadows and bring them into the light of day and say we have a problem; it is a problem for all of us; it is a problem for our grandmas and grandpas, our moms and dads, and it is about us.

I truly think that some of the choices that families face today are barbaric. I went to a hearing with disabled children. The Senator from Massachusetts was there. The First Lady was there. There was not a dry eye in the place. We saw babies who could barely control their muscles, and we heard stories from parents who said they had to give up children because if they did not give up their children, they would go bankrupt, they would have nothing.

This is barbaric, and anyone who says we have to study more, we do not know what the problems are, simply is not alive and paying attention to life. I think the Mitchell bill is a fantastically intelligent step forward. I think we can improve it. I think we can improve it for California and for the other States. I look forward to working on it.

I close with this. Any American who is watching today, please listen for certain things. Listen for the scare tactics. Listen to the facts. Make up your own mind and let your voice be heard because we are still threatened by a filibuster, a filibuster that would mean we could not move forward on this issue, and this whole issue of health reform will languish into the next century and, who knows, the century after.

So I wish to thank the leaders on the Democratic side who have played such a positive role in this: Senator KENNEDY, Senator MOYNIHAN, the majority leader, Senator MITCHELL, Senator DASCHLE. I say to them I will be here as long as it takes, as late as it takes to be in attendance, to do what I can to help bring this to fruition. I think we will be proud when that moment comes that we send a bill to the President of the United States and we can say, when we are old and very gray, to our children and our grandchildren and our great grandchildren we did something to help the people of America.

I yield the floor, and I thank the chairman.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. May I thank the Senator from California. May I note the advantages of having on our side of the aisle someone who represents Hollywood and knows about the actors' union.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. The Senator from California is giving California a left and right body blow. First, she is going to levy a 1.75 percent tax on every local government that spends money on health premiums in California, which is all of them, the State and local governments.

Second, everyone with under 500 employees is going to be thrown into a different system. And CalPERS, as it is known, has perhaps one of the best health insurance purchasing organizations in the United States. All of the California municipalities with under 500 employees will no longer be allowed to belong. They go into a different system. And that is going to be a body blow to the California retirement system.

I thank the Chair.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. I have two requests. First, I ask unanimous consent that when this morning's debate expires at 1:35, approximately, it be extended to 2 o'clock, the additional time to be equally divided.

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

Mr. MOYNIHAN. Madam President, I yield 10 minutes to the able Senator from Wisconsin [Mr. KOHL], followed by 10 minutes to my good friend and fellow committee member, the Senator from Oklahoma [Mr. BOREN].

Mr. KOHL. I thank the Senator.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KOHL. Madam President, today our government is on trial. There is a widespread belief in America that Congress can not act when it needs to. We run the risk of confirming yet again this belief if we fail to enact health reform, that will be broadly accepted across our country.

The nation is watching, because we are addressing a problem that affects every American. They will hold us accountable for the outcome of this debate. They know that this is the most important piece of legislation we have considered in 30 years. And they know that our health system has needed reform for even longer.

On this we all agree. Whether we call it a crisis, a problem, or a catastrophe, we all agree the current health care system is too expensive, and not inclusive enough.

So why is so much of the debate about political parties and not about principles? How can we seriously discuss delay? And why does it appear that special interests and big money control this debate?

I believe the answer is that we are letting partisanship and politics get in the way of doing our job. And this only confirms people's views that we are not able to work together, in a mature and civilized way, to address the real problems of health care.

We must have bipartisanship, because without broad acceptance, reform will not be successful. Health reform touches every one of the people we are here to represent. If 100 of us can not put aside our differences, how can we develop a plan for 250 million?

We have to address Health Reform in a constructive, not a destructive, way. If we fail, the people's judgement will be severe.

This debate then is about more than health care. This is about whether we can govern.

Senator MITCHELL's bill is a good place to begin a constructive debate on health reform, because it addresses the basic problems the American people are concerned about—(1) knowing that their health insurance can never be taken away; (2) controlling costs; and (3) moving toward universal coverage.

The Mitchell bill reforms some of the worst abuses of the current health insurance system. 37,000 Wisconsinites lose their health insurance every month. While progress has been made, over 450,000 Wisconsinites still lack health insurance. Under the Mitchell bill, those who have insurance now will not lose it if they have a preexisting condition or change their job. This is what Americans want, need, and deserve.

The Mitchell bill moves toward universal coverage in a responsible way. Instead of forcing business to provide coverage, the Mitchell bill lets insurance reforms, State reforms, and market reforms work. Only if these reforms do not achieve universal coverage does this plan ask some businesses to contribute. And even then, only businesses in States that have not reached the goal of 95 percent coverage. That is an immense improvement over the President's original plan.

I believe we can make the Mitchell bill a strong, bipartisan bill—if we pay attention to what people do not want in the health reform bill.

People do not want government making their health care choices for them. Washington has an obligation to set the boundaries for a system that will produce decent, affordable, and accessible health care. But Washington should not run that system. People are frightened—I think rightly—about how a government that cannot balance its books can be expected to balance the myriad of health care choices that each individual faces.

For example, the Mitchell bill requires that all businesses with fewer than 500 employees contract with State-regulated purchasing cooperatives. I believe voluntary cooperatives—where businesses pool their purchasing power to get the best health care deals—have proven their worth. I am concerned that the Mitchell bill is moving away from these sort of voluntary choices and toward government solutions.

Second, people do not want to continue to pay ever-increasing amounts for health care. Until health care is affordable, universal coverage is only a slogan—and deficit reduction a dream. We must contain health care costs.

The Mitchell bill hampers efforts to constrain spiraling health care costs by tampering with the decisionmaking process of managed care networks. As the New York Times put it in an editorial 2 days ago, the bill would require.

> * * * health plans to do business with a long list of community providers—even if they give poor treatment, or if the health plan offered better ways to treat the population. The Mitchell bill would also force health plans to hire every type of specialist [on its list] even if such services were unneeded and costly.

Do we need to hobble our chance to contain health care costs with such government intrusion, in effect picking winners and loser before the competition starts? I do not think so.

I am also concerned about the Mitchell tax on high-cost plans that might not actually tax high-cost plans. It could easily penalize plans that have kept their costs low in the past, we certainly want to avoid this.

And third, people do not want new bureaucracies, unnecessary programs, and entitlements targeted toward special interests. We fool ourselves if we believe the American people want us to create scores of new and expensive programs. This legislation is an historic opportunity to bring affordable and stable health insurance to all Americans. It should not become a Trojan Horse, hiding pet programs, bits of legislative pork, or unnecessary new entitlements.

The bill creates over 20 new entitlements in addition to the low-income subsidies. This bill ignores an important fact: until we get the deficit under control we have no business creating new entitlements.

And some of the entitlements in this bill are not essential to achieving universal coverage or containing costs. Why do we need an entitlement for schools of public health? Why do we need an entitlement for dental schools? Why do we need an entitlement for OSHA to conduct education and training? These may be remotely connected to health reform, but health reform is too important to treat that way. I think the American people expect more of us.

I think they will be even more upset about these entitlements when they find out they are partially funded with an estimated $100 tax on every family's health insurance premium. This should not be acceptable. I will fight to get this deal out of the bill.

Our country needs health reform now. I will work with the majority

leader, the committee chairmen, and my colleagues in the bipartisan mainstream coalition to improve the Mitchell bill.

The way we can do it is to remember where we agree, argue about where we differ, and move together toward a health care system that provides every American with affordable and fair health care coverage. Those of us responsible for drafting this bill will all have to give up something of significance to get a bill we can all agree on.

America is watching. We can fight each other, or we can fight for our country. I think the choice is clear.

I thank the Chair.

Mr. BOREN addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma [Mr. BOREN] is recognized.

Mr. BOREN. Madam President, I am very glad that I was in the Chamber to hear the remarks of my friend and colleague from Wisconsin. He has struck some themes that resonate with each and every Member of this Chamber on both sides of the aisle. I want to commend him for his appeal for bipartisanship.

When I go home and talk with my constituents, they say to me very bluntly:

> We don't want a Democratic health care bill and we don't want a Republican health care bill. We want an American health care bill, one that is the product of cooperation from both sides of the aisle, one that represents a consensus on both sides of the aisle. We know if we have that consensus there will be a blueprint that will not be changed, a blueprint upon which we can rely and make future decisions.

Those hospitals, those who are the health care providers, those in the insurance business, and average citizens seeking to obtain health insurance coverage, all need some certainty about the rules of the game.

We are embarking upon major changes in health care for this country that will take at least a decade to carry through. The only way to stay on the right path, on the same path, so there can be certainty for the American people, is to come to a bipartisan consensus. The American people must know that the decisions we have reached will not be reversed and changed with every succeeding election.

If we have a Democratic plan, and the next election tilts toward the Republicans, there will be major changes in it. If we have a Republican plan, and the next election tilts towards the Democrats, there will be major changes in the other direction. The people in America will be left with uncertainty about where we are going.

So I want to commend the Senator from Wisconsin for his appeal to bipartisanship.

I came to this Chamber today, I must confess, with something of a heavy heart because I believe we are on the wrong path. Senator MCCAIN quoted Yogi Berra a few moments ago when he said, "deja vu all over again."

A little over a year ago, I think we made a tragic mistake in this country by passing the budget of the U.S. Government for the first time in modern memory totally along a party line vote with 51 votes in the Senate, a tie-breaking vote all from one party with all of the other party in opposition. The same happened in the House of Representatives.

What a tragedy that is for the country because, like the changes that will come in health care, the need to bring down the deficit of this country will take a long, sustained joint partnership on the part of all of the American people. While we have made some progress toward getting the deficit down, the job is far from over. The administration's own figures indicate that with the additions to the deficit that are anticipated under the budgets that we have passed, shortly into the next century we will reach the point in which all of the private savings, 100 percent of the private savings in this country, will be used just to pay the interest on the national debt.

That, Madam President, will mean that our economic growth in this country is imperiled, and our future will be subject to the decisions of investors in other countries, not in this country.

The only way we are ever going to get the deficit under control and to sustain a long-range approach is to have a bipartisan plan, one that will have the support of the vast majority of the American people in both of our political parties. And the only way, Madam President, that we are going to have health care carried through in an efficient and in an effective way is to reach a bipartisan consensus so that plan can be sustained for many years.

When I had the opportunity to study in Great Britain, I saw what happened in that country. They nationalized some of the basic industries when one of the parties got in power. When the other party got into power the next election, they denationalized the industries. When the other party won, they renationalized the industries. Then they denationalized it again. By the time it was all over, there was precious little left of the basic industries like the steel industry of that country.

If we ram a bill through this Congress—and I hope my colleagues will hear me, I pray that they will hear me, I plead with them to hear me. We have to stop this train right now and get off, go back to the drawing boards, and start on the basis of trying to get something done together.

Let us not destroy the quality of health care in this country by passing a bill along party lines, by having 51 votes and ramming it through, and then waiting until the next election and have it reversed as the political fortunes of one party or another change.

Nothing discourages me more, Madam President, than to read that the First Lady, in a press conference 2 days ago said, "I have a lot of confidence in the outcome, and, if it is a 51-vote outcome, fine." And she went on to say, "That is what we had on the budget," and it was fine then.

Madam President, it was not fine. And it will not be fine either if we have a 51-vote outcome in this situation.

Recent polling data indicates that only one out of five Americans has confidence in the Congress of the United States; one out of five. The data indicates reasons for it, and there are several reasons. They do not like the way we finance campaigns. They do not like the fact that more and more money is being poured by special interest groups into political campaigns. They do not like the fact that Congress has not reformed itself institutionally. But above all—above all—the American people say they do not have confidence in Congress because they think too many Members of Congress put party ahead of country. They say they are sick and tired of seeing Democrats and Republicans bicker with each other like children on the school ground instead of getting together to work together as Americans. And at the very moment that more Americans now consider themselves to be independent, not firmly aligned with one party or another, the U.S. Congress becomes more and more and more polarized on a party line basis.

Madam President, I will not be part of that process. I wish I could stand here in the middle, in the center of this aisle to make this speech and to share these thoughts with my colleagues because I plead; let us move across this aisle and work with each other to do something.

I can feel what is happening here. I feel it. I felt it on the budget and I feel it now. People are saying, "They are dividing now on party lines." We are saying, "We have to get together to make sure our team wins." Our majority leader has presented a bill; our President has asked that it be passed, and therefore those of us on our side of the aisle must get together on our team and make sure that our team wins.

Madam President, I do not say what I have just said out of any disrespect to any Senator, particularly the majority leader. He has a very difficult task. If you were to ask me to name five Members of this body for whom I have the greatest personal admiration and respect, the majority leader of the U.S. Senate would be on that list. I have enormous respect for him and his personal integrity.

But, with all due respect, my duty is not to help the majority leader pass a bill or to help the administration pass

a bill. It is to make sure that this is the right product for the American people.

I talked to one of my constituents last night, and he said, "Do you know what it sounds like to me when I tune in to the radio or watch the television? You people are working yourselves into a mindset that we have to have a bill, saying we have to pass something, and if we do not pass something, we will have failed." He said, "I hope you will stop and think what the people back home want you to do is not pass something; they want you to take an intelligent step toward health care reform for the American people."

Let me say, with all due respect to some of my colleagues on the other side of the aisle, who feel this is a chance to hand the President another defeat if they can stop anything from happening in the health care field, that is not what the American people want, either. It is not about embracing the President, and it is not about embarrassing the President. It is about getting together—getting together to write a health care bill that will work.

Madam President, with all due respect, I do not believe that the proposal now before us will work. I cannot support it, nor will I be the 51st vote on any bill or the 50th vote on any bill because, as a matter of principle, I believe it is a serious mistake.

Madam President, I do not think this approach is going to work. This bill sets up employer mandates in the year 2002. We do not know where we will be in 2002. Let us be honest. We have so little experience in the health care field in terms of the impact and unintended consequences that can flow from any piece of major legislation we pass that we have no idea where this country will stand in the year 2002, or what it would be wise for us to do at that time.

Why tie our hands in the future? Why pass a bill that sets up 13 new Federal boards and commissions and puts more regulatory burdens on the States, as well? Why pass a bill that will increase the amount of litigation by dramatically increasing the rights of people to press their claims in legal forums? Why pass a bill that does not have an efficient and effective standby mechanism to make sure costs are brought under control if, in fact, the costs exceed our estimates?

Madam President, the American people are way ahead of us. They know that the Government is notoriously bad when it comes to estimating what things are going to cost. They know that the Government of the United States does not have a good track record in running huge Government programs. Therefore, Madam President, what I think the American people want us to do is, first, get together. I wish the President would suspend this debate and call the leadership of both the Republican and Democratic parties together and say: Let us find those areas in which there is agreement. I think we can get broad agreement on insurance reform to make sure people who have preexisting medical conditions can get health insurance; make sure those people will still have coverage when they change jobs or lose jobs; provide subsidies for low-income people to help them purchase insurance; provide pooling for small businesses to get their costs down; provide tax credits for the self-employed to make sure more of them get coverage. These are significant first steps. I believe we can get 70 or 80 votes for that package of reforms.

Let us stop this train. Let us stop this mistake. Let us stop choosing up sides and asking "Are you a Democrat or Republican?" Let us be Americans, and let us find out what we can agree about. And then let us take a reasonable, important major step; and then 2 or 3 years later, let us see where we are and see how much it costs. Let us see what we ought to do next and take the second step together—as Americans.

Let us not try to ram something through on a party-line basis, with provisions to take effect in the year 2002, when we do not know what is going to be happening in this country or how much this program will have cost. Let us not do it. Let us go back to the boards. Let us prove once and for all that we can surprise the American people by having as much common sense in the Senate of the United States as they have back at the grassroots. We know we should work together, we know we should start on those things upon which we can agree. Instead of trying to revolutionize something all at once that we do not know much about, we can take a major and important step toward reform, cover more people, and take care of the glaring abuses. Then, let us evaluate where we are.

I plead with my colleagues, let us go back to the boards before we try to ram this through.

Mr. MOYNIHAN. Madam President, I would like to say to the Senator from Oklahoma, on a bipartisan note, and inform the Chamber, that even as he was speaking about bipartisanship, the House of Representatives, on a rollcall vote, was unanimously adopting the proposal for an independent Social Security Administration, which Senator PACKWOOD and I proposed on this floor about 3 weeks ago. After 15 years of debate, that is done, and well done. Did the Senator from Oregon wish to say something?

Mr. PACKWOOD. Madam President, I would like to add that the Senator is very kind to say "Senator PACKWOOD" and him, but no one deserves greater credit for that, and no one has worked longer for this time, than the chairman of the Finance Committee—even before he was chairman. I take my hat off to him and congratulate him.

Mr. MOYNIHAN. I thank the Senator.

I yield 10 minutes to the Senator from Nebraska, Mr. KERREY.

The PRESIDING OFFICER. The Chair advises the Senator that there are 18 seconds remaining.

Mr. PACKWOOD. I have no objection to extending the time, if we can extend it equally on each side.

Mr. MOYNIHAN. Madam President, I ask unanimous consent that the time be extended until 2:15.

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

Mr. PACKWOOD. Where does that leave us? How much time do we have left now?

The PRESIDING OFFICER. The Senator from Oregon controls approximately 13 minutes.

Mr. PACKWOOD. I will get half of the time after 2 o'clock, then?

The PRESIDING OFFICER. Yes.

The Senator from Nebraska is recognized.

Mr. KERREY. I thank my friend, the chairman of the Finance Committee.

Madam President, following on the remarks made by the distinguished Senator from Oklahoma in an appeal for a bipartisan bill, I would like to describe what I think are ways for us to close the differences between the Republicans and the Democrats on this very important piece of legislation.

I will begin with an observation that two people who are apparently a long way apart—at least, I think observers would say that we are a long way apart on this issue of health care—are much closer than what meets the eye.

In this case, it is the Republican leader, Senator DOLE, and I who share a very similar experience. His is a bit more visible than mine. Fully dressed, you can hardly tell that I have been the recipient of health care that saved my life, and without which I would not be here today—which might trouble some in this country. Nonetheless, it is important to note that similarity.

I have read Senator DOLE's bill. It has the name of the Senator from Oregon on it. It is S. 2374. Unlike some who have urged me to say it is a sham, I do not believe it is a sham. I see principles in this bill that are similar to principles that I have, as well. Indeed, I think it is quite fair to say that the mainstream group has worked very closely with Majority Leader MITCHELL, the distinguished Senator from New York, and the distinguished Senator from Massachusetts, in trying to fashion an amendment that would strike many of the Government provisions that have been identified so eloquently—and sometimes, I might say, a bit preposterously by those who would like to describe the Mitchell bill as a "Government takeover" of health care.

I note with some pride that yesterday's speech by the distinguished Senator from Rhode Island, Senator

CHAFEE, identified 10 areas where he is prepared to make changes where he wants changes made to my bill. And I noted with some considerable excitement the distinguished Senator from Massachusetts immediately went and spoke for a considerable period of time.

My understanding is there is a possibility of agreement between those two distinguished Senators, apparently of opposite parties and apparently of opposite views.

Apparently as well, they are preparing to resolve the conflicts that they have about the Mitchell bill. If we can resolve those conflicts, we will have taken a very big step forward. We would have taken a lot of the Government intrusion out of this thing, and perhaps we can come to the floor and talk about some other things, some other differences that we have with one another.

I suspect that the distinguished Senator from Kansas, the Republican leader, and representing the good State of Kansas, looks in Kansas and sees the same sort of things or similar sorts of problems that I see in Nebraska. There is a serious problem with preexisting conditions. The distinguished Senator from Kansas, the Republican leader, and the Republicans—I believe there are 40 Republicans, are there not, on this bill S. 2374? Could the distinguished Senator verify that?

Mr. PACKWOOD. There are 39.

Mr. KERREY. There are 39 Republicans.

I would point out to my colleagues that the last time I got on a Republican bill, Senator CHAFEE's bill, there were 20-some Members on that bill. And I hope the same fate does not occur on this occasion. The last time I got on a Republican bill, Senator DOLE got off it the next day. I hope that does not happen in this case. Indeed, I do not think it will.

We are in the end game here. We know there is a problem. Senator DOLE does not come to the Senator and say there is no problem. He sees a problem with preexisting conditions. He sees a serious problem with cost. He sees a serious problem with regulation, a serious problem with insecurity that exists today in Kansas, as it does in Nebraska, with working families not able to pay the bills.

This bill, S. 2374, begins with the premise that we are prepared to subsidize people. Senator DOLE and I do not disagree on that. We do not disagree that there are times when we have to pass the collective hatch through our tax system or whatever system we want to use, when there are people who cannot afford to pay the bills.

There is a difference between how far we go between Senator MITCHELL and Senator DOLE, but we have to sit down and agree how we are going to settle that.

By the way, the problem here is not ideological so that citizens of the United States understand. This is not an ideological problem. This is a money problem. When a man or woman tells you very often that the issue is a principle, it typically is money. That is what is going on here. It is a money problem, Madam President.

From last year to this year, the Federal Government spent $38 billion more on Federal spending on health care, $38 billion more. We spent $318 billion this year, and we spent about $280 billion last year. That is a substantial increase, I would say, indeed. It leaves us with a great deal of difficulty. It leaves us with a big problem.

That is when Senator DOLE and I have agreed and the distinguished Senator from Oregon and I have agreed that we are prepared to subsidize people. We do not have much money to provide that subsidy. We are a little short of cash, and the problem here, it seems to me, is a lot smaller than meets the eye.

I have the bill marked up with many other problems that I have with this legislation—legitimate differences. I do not come and say that the distinguished Senator from Oregon has introduced a sham bill. I am not going to stack up a chart back here showing the complexity of this thing, the difficulty of understanding. This bill is 614 pages long.

I would suggest the Senator get a table of contents, by the way. It is not easy to read. The table of contents will add a few pages, I know, and we are all trying to keep it as small as possible. For those of us trying to understand, legitimately trying to bridge the differences, we need the table of contents.

I do not want to get the Senator in trouble having to introduce a new bill, and that sort of thing. It would help to try to figure it out.

This piece of legislation is not a sham proposal. It is, in my judgment, up to us as representatives of the people to say we know there is a problem in the United States with health care. We see it. We all see that there are people that right now cannot afford to pay the bills and live a radically different life than all of us do in this Senate.

Senator DOLE and I understand what it is like to have high quality health care there when you need it. We know it. Our deductible is somewhat higher than most people's deductibles for health care. But we know how important it is to have it there. We agree on that as a foundation.

The principles I believe that have guided the writing of S. 2374 are principles that I myself hold dear. My hope is that this debate now will not be a debate where people come down with charts and show how terrible the other person's proposal is and make a list of things that are terrible about what is in the other person's proposal.

Now is the time, Madam President, on behalf of all those American people who want us to pass legislation to fix those things that are broken in an otherwise excellent health care system, on behalf of all those Americans who want us to come together and act, now is the time not to come and exaggerate the proposal of someone else but to come and say—as I believe the distinguished Senator from Kansas is first and foremost a patriot. He is a patriot before he is a Republican. I have seen him lay aside his party concerns for his concerns for this Nation on many occasions. And I believe sincerely and genuinely that he is prepared to do it again now.

I intend to participate not only with the distinguished Senator from Kansas but with other Members from this body who see a problem in this country and are urgently prepared to work to try to solve it.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Madam President, may I just express my gratitude for those noble words from the Senator from Nebraska in the U.S. Senate. They have the capacity to change the course of this debate, and I hope they will do so.

Mr. PACKWOOD. Madam President, I add that based upon that speech, I will personally handwrite a table of contents.

Mr. MOYNIHAN. A table of contents.

The PRESIDING OFFICER. The time of the Senator from New York has expired.

Mr. PACKWOOD. I ask for another 20 minutes.

Mr. MOYNIHAN. Madam President, I ask unanimous consent for an additional 20 minutes, equally divided.

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

Mr. MOYNIHAN. Madam President, I yield 10 of those minutes to the Senator from Rhode Island, the distinguished chairman.

Mr. PELL. I thank the Senator.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. PELL. Madam President, never in my years in the Senate has a moment arrived so full of promise and opportunity. In the next few weeks, we will collectively make history. But whether the history we make will show that we took on the special interests and made our Nation's health care system work for all our people, or whether it will show that we failed to rise to the challenge of leadership that we were elected to assume—is yet to be decided. And though our thoughts and views during this debate may be reported by the media largely through 30-second sound bites, the history books will record what we really do, and will—without the editing of modern technology—reveal the truth of whether we were consistent or hypocritical,

helpful or obstructionist, altruistic or mired in the greed of the status quo.

Madam President, as I have said before, health care reform is an issue whose time has finally come. Honest debate is welcome, but delay and obstruction for political or grandstanding purposes is an obstruction to the American people and should not be tolerated. Because Madam President, while others have a political agenda for delay, I—and I hope many of my colleagues—have an agenda for action for the millions of good people who have waited too long for us to act.

Some of these people are people whom we know. Judging by statistics alone, every American surely knows someone who does not have health insurance. With 37 million uninsured people in a country of 250 million people, this means that one out of every six people has no health insurance. So the next time you go to the supermarket, or stop at the gas station, or walk in the park, or go to a shopping mall, remember that one of every six people you see may not be able to go to a doctor when they are sick. They do not have an insurance card to present to the desk when they need to go to a hospital or buy a prescription drug. They often cannot get early preventive care, and many of them wait so long for care that—when they do seek care—they need emergency care. These are people who worry every day that they might get sick, or injured, or that their children might get sick or injured. Most of these people are employed, or are the children or spouses of people who work, yet they are often a paycheck away from financial disaster should an illness or injury occur.

Madam President, when we begin to think about who has no health insurance coverage, we realize that this is a topic that simply does not come up outside of two very specific and limited settings—a doctor's office or hospital when the discussion turns to billing, and during the debate on national health care reform. Who goes to a summer cookout, or a family gathering, or out to dinner or a movie, and mentions that they do not have health insurance? It is something that people do not discuss; it is a private—and for many people—a painful matter.

So it did not come entirely as a surprise to me to learn from a member of my own staff—a bright and capable member of my staff—that he just discovered that his own mother does not have health insurance. His parents are upstanding citizens who have played by the rules. His father worked for many years and then retired. He has health insurance. But the family cannot afford coverage for the mother, a woman in her fifties who knows she should be getting regular medical care but who lives on a limited income and has difficult choices to make. This woman is a Rhode Islander who has raised healthy, successful children and contributed to her community in many ways. Why should she have to fear what will happen to her and her family if she gets sick? Why should she have to fear that she will lose her home if she cannot pay her medical bills? Why should she fear that she could lose her home—as another member of her family already has—in order to pay for an operation that she needed? How can this happen in a society as rich and generous and compassionate as ours? Something is wrong with a system that fails to protect these Rhode Islanders, and the millions of people like her all across the Nation.

During this debate, we will hear much about the health and vitality of American business. I am second to no one in wanting to create an economic climate in which our industries can thrive. But I urge my colleagues—and the millions of Americans who are watching or tuning in to this debate—to remember that there is a difference between advocacy and fact—that there is a wide gap between profits and bankruptcy—and that the business community is very much divided on the issue of national health reform. A very wise Rhode Islander named Larry LaTour—whom I have come to know and respect in the last 9 months and who has become an eloquent spokesman for many business-people—illustrated this point very well in a letter he wrote to me last September, and from which I quote:

> DEAR SENATOR PELL: Being a member of the NFIB [National Federation of Independent Business], I am periodically urged to write and express my opinion on the various issues that affect small business. This month is no different as I have been requested to write and take an adverse position on President Clinton's proposed health care reform program. I certainly cannot speak for the majority of NFIB members. However, I am sure that there are many small business owners who favor mandatory employer-backed health coverage as does L&G Engineering. It is moral, ethical, humane, and practical. By passing the mandate, you will help level the playing field.

So, Madam President, as we debate health care reform, let us forget about Harry and Louise, who are actors hired by the Health Insurance Association of America to advertise their viewpoint, and let us think about those two Rhode Island mothers without health insurance, and Larry LaTour, the Rhode Island businessman who does provide health insurance. Let us focus this debate on real people who have real problems and real lives. I pledge that I will do my utmost to ensure that we address the real problems and real fears of American families. And I urge every American to listen carefully to this debate, to look beyond the flowery words of their Senators and see if their votes match the positions they espouse. If they do, we may soon see sensible, quality health care reform legislation come to be.

I yield back the remainder of my time.

Mr. MOYNIHAN. Mr. President, I thank the distinguished and learned chairman of the Committee on Foreign Relations, my friend from Rhode Island.

Mr. President, I believe our time has expired.

The PRESIDING OFFICER (Mr. MATHEWS). The Senator has 2 minutes and 44 seconds.

Mr. MOYNIHAN. I yield those 2 minutes to the distinguished gracious Senator from Illinois, whose time was cut short because she had to preside over the Senate on an occasion when she was about to address the Senate.

I want to congratulate her on the birthday of her son. I believe she would like to speak to him in her remarks.

Ms. MOSELEY-BRAUN. I thank the Senator from New York very much, and the Senator from Oregon, as well.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

HAPPY BIRTHDAY MATT

Ms. MOSELEY-BRAUN. Mr. President, I had prepared to deliver a speech this afternoon. I know that we will have ample opportunity, given the length and the importance of the health care debate, and so I will file my statement for today and deliver a speech on this issue at a later time.

But I did want to take this special opportunity.

Unfortunately, I am here doing my job in Washington, but my son is 17 years old today. He is in Chicago and it is his birthday. I just wanted say happy birthday, Matt.

I thank the chairman again.

Mr. MOYNIHAN. And we will all say happy birthday. Let it be so ordered.

Mr. President, I yield the floor.

Ms. MOSELEY-BRAUN. Mr. President, we are in the midst of a historic debate in Congress this summer.

Many believed that this time would never come. The naysayers and those who believe in the status quo have made the road to reform a difficult one.

Many continue to say that we need to go slow, take our time and not rush congressional consideration.

I disagree—the Finance and Labor Committees have held over 100 hearings on health care reform and as Senator MITCHELL said the other day:

> President Truman proposed reform in the 1940's; President Nixon proposed it in the 1970's and I don't think 50 years is rushing anything.

I do agree that reforming our Nation's health care system is an enormous and complex task. But we were elected to tackle complex tasks and we have a job to do.

One of the reasons so many new faces were elected to Congress in 1992, was because the American people were

tired of the status quo and wanted change.

We continually hear that Americans are happy with their health care and do not want reform.

And this morning we have heard so many horror stories of the Mitchell plan there is no wonder. What I would say, however, is that the Republicans have diverted back to a past-failed policy and are now engaged in the 1,000 points of fright.

Let me start with some facts.

I have always said that America has the best health care system in the world if you can afford it.

For far too many, there is a deepening anxiety about the cost and availability of health care among the middle class.

With good reason, each year fewer and fewer Americans can afford health care coverage. Since 1988 the number of uninsured has increased steadily each year from 33.9 to 37.5 million in 1992.

I recently received a letter from a constituent that described her family's experience in obtaining insurance. The Pascals are self-employed with three healthy children. Over the past 8 years they have been forced to change insurance carriers six times. The first company increased the rates on their individual family policy 600 percent in a 5-year period. Finding the cost of that plan prohibitive, the Pascals joined a group plan to lower their costs. Unfortunately, the group was dropped because one member became sick. The family then moved back to an individual policy, but due to a 65-percent rate increase after the first year, could no longer afford it. In desperation the family settled on a catastrophic coverage plan—no preventive care; a $5,000 deductible; and limits on providers. The Pascals can no longer take their children to their pediatrician of 12 years.

This family has done everything right. They've even managed not to get sick, but affordable comprehensive coverage is still beyond their reach. Clearly, our system should not work this way. Not for the self-employed and not for the employed with employer-provided coverage.

Statistics indicate, however, that over half of employed Americans who receive coverage through their employer, have had their health benefits cut back or have had their employee contribution increased during the last 2 years.

No wonder a poll taken by the Los Angeles Times last week showed that 60 percent of the respondents were worried about losing their current coverage.

Some say, "if it ain't broke don't fix it." Those are the folks who benefit from the status quo.

There are problems in the system and cosmetic surgery won't do the trick. Our current health care system is simply unaffordable.

Millions of Americans like the Pascal family cannot afford it, our Government cannot afford it and our Nation cannot afford it.

Last year we spent $1 out of every $7 on health care. That amounts to 14.3 percent of GDP and a total of $898 billion.

Health care costs are rising at twice the rate of inflation.

Medicare and Medicaid, the two Federal programs financed in part by the Federal Government eat up nearly one-fourth of the entire Federal budget.

Since 1980 Medicare has increased from $32 to $131 billion in 1993, an average annual growth rate of 11.5 percent.

Not only has Medicaid become one of the fastest growing components of the Federal Government, many State budgets, including my home State of Illinois are being crippled by rising Medicaid costs.

These exploding governmental health care system costs not only add to government deficits and debt, they make government less able to meet other important social needs. Take education for example. Last year, for the very first time, State governments spent more on Medicaid than they spent on education.

If you want U.S. businesses to be able to compete against their foreign competitors, health care reform is essential. If you want to see real deficit reduction, health care reform is essential.

And finally, if you want to find the money to deal with the problems plaguing our cities—education, welfare, job training, and crime—health care reform is essential.

What this means is that every American has an interest in fundamental comprehensive reform of our health care system.

Curing our sick health care system is the biggest challenge of this decade, maybe even this century. It is time to act.

Now it is time to take a look at the entire system and take a comprehensive approach.

The Congress has a window of opportunity to move forward in an area that has a profound impact on each and every American and the economy of this Nation.

This morning the Republicans have spent the majority of their time bashing the Mitchell bill, but very few have even mentioned the plan that they advocate.

As I see it we have two options. One is to use the Mitchell bill as a base for building health care security for the American people, the other is to use the Dole plan signed onto by the majority of the Republicans in this body.

I have believed from the beginning that in order to be successful health care reform must include four essential elements: universal coverage; choice; high quality care; and, cost containment.

Let us take a moment to contrast the two plans:

The Mitchell bill puts us on the road toward universal coverage. According to the CBO, the Mitchell bill will reach 95 percent coverage by 1997 and the employer-mandate provision will result in universal coverage by 2002.

The Dole bill does not seek to achieve universal coverage and will leave 30 million Americans uninsured.

The Mitchell plan significantly improves and expands coverage for millions of Americans: All children and pregnant women up to 300 percent—$44,000—of the poverty level would be covered; preexisting conditions exclusions will be eliminated; coverage would be portable; insurance discrimination based on age and geographic location will be eliminated.

Under the Dole bill children will not be guaranteed coverage, insurance discrimination will continue, including preexisting condition exclusions, and coverage will only be portable if you can pay 100 percent of the premium. The Mitchell bill also guarantees choice.

Every American will have a choice of at least three private insurance plans—fee for service, HMO, point of service plan.

The Federal Employees Health Benefits Program [FEHBP], available now to the Congress and Federal employees, will be available to many more Americans.

High quality care will be maintained. Funds will be made available through an assessment on premiums for graduate medical education and for biomedical research—NIH Trust Fund—and health care services research.

A National Quality Council will be established to set national quality goals/standards and performance standards for health plans.

Consumer information and advocacy centers will be created to disseminate information, hear grievances, and provide consumer education.

Health plans must ensure that enrollees have access to specialty care.

The Dole plan does not even address the quality issue.

The Mitchell plan has included cost containment measures.

The Dole plan relies on capping Medicaid, and reducing Medicare reimbursement to doctors and hospitals.

Medicare already pays providers less than the cost of care. If these cuts were to go into effect, Illinois would see a reduction of $1.28 billion in reimbursement to Illinois providers in the first 5 years of the Dole plan.

There is no question that the Mitchell bill is a better alternative.

Many wonder what this plan means for real people. Some on the other side of the aisle would have you believe that the bill would create a bureaucratic maze that bankrupts the American people.

Let me, for a moment, add a real life example to the mix—the Pascal family I mentioned earlier. The Mitchell bill would vastly improve their coverage.

The Pascal family could join a health insurance purchasing cooperative or HIPC. They would be a part of a large pool, pay much less in premiums than they do now, and could not be dropped because some members of the pool became sick.

They could choose from at least three types of health plans. They could even choose to enter the FEHBP program, available to Congress. All of their choices would offer comprehensive care.

They could choose a plan that allows them to pick their favorite providers.

The Mitchell plan will also afford them what so many Americans lack right now—peace of mind. No longer would they worry about their ability to afford care if one of their children becomes sick.

An analysis of the Dole plan reported in Newsweek last week found that premiums would probably increase for the middle class under the Dole plan. For the Pascal family that would mean higher premiums, no more choice than they have now, and no health care security.

The Mitchell plan takes care of middle-class Americans like the Pascal family. They, and millions of other Americans, cannot wait for reform. We must act now.

The choice is clear—if you want the status quo, to pay more for health care, leave millions of uninsured, and continue the upward spiral of our health care costs, choose the Dole plan.

For an alternative that increases coverage, improves the quality of health care, and affords Americans choice, then you start with the Mitchell bill.

There will be changes to the Mitchell bill and there are several areas that I believe can be strengthened.

For the next few weeks I will be working with my colleagues to ensure that the bill passed by the Senate is the best bill possible.

The time to act is now. Let's not squander the chance.

HEALTH SECURITY ACT

The Senate continued with the consideration of the bill.

Mr. PACKWOOD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

The Senator from Oregon has 29½ minutes remaining.

Mr. PACKWOOD. I thank the Chair.

Mr. President, one of the joys of dealing with this bill is the perpetual surprises that you get, not just day to day, but from hour to hour.

I noticed when the distinguished Senator from South Dakota was speaking earlier, he had a chart, or maybe it was the Senator from Massachusetts, as to how much you would pay under the Dole bill and how much you would pay under the Mitchell bill.

And I noted that they subsidized individuals, the Mitchell bill, up to 300 percent of poverty. Now that was news to me; it was the first time I knew that. That figure at one time was 240 percent, but only for certain categories of children; 200 percent for others.

That is one of the difficulties of trying to keep track of what is going on.

I mentioned earlier the shifting of the bills. If they were smaller, I would say shifting them around under the shells.

But this does not fit under any normal shell. This is the bill I referred to earlier as Lethal Weapon 1, which was introduced last week for the first time. We have had this in our possession now—1,400 pages—we have had it about a week, give or take a few hours. It contained lots of things we had never seen before. In theory, we are still on the Finance Committee bill. As a matter of fact, we seem to be on the majority leader's bill.

But the night before last, we received this. It has no number on it yet. It has been printed. It has not been introduced. It is what I call Lethal Weapon 2. And there are things in this different from Lethal Weapon 1.

And I am now told that there is going to be another bill. I do not know if it will be as big as that, with numerous changes, things I have discovered today are going to be dropped out of the bill, or maybe added to the bill.

I understand now that Congressman GEPHARDT has added back into the Gephardt bill the retiree health insurance provision, where the Federal Government is going to pick up 75 or 80 percent of all the retirement health costs of people age 55 and up who have retired. That was out of the bill. Now it is back in. Maybe it is back in the Clinton-Mitchell bill. I do not know.

So as I address myself to a particular subject at the moment, I apologize to the Chair if it is not in the bill we are finally going to consider. All I can do is go on what we do have and, at the moment, I am going to have to go on the first bill, Lethal Weapon 1.

I want to talk about a subject that is called essential community providers. I also call it a shirttail relative to any willing provider. Any willing provider really applies to doctors or individuals who provide health services. Essential community providers essentially relates to things—clinics, Indian health service, something like that.

Now here is the situation. This country is moving fast toward what we call managed care. We have had it for years in the West. It is much more prevalent in the West than it is in the East.

Managed care is a simple concept. It is most easily illustrated by the Kaiser Health Plan in the West.

Under the Kaiser Health Plan and managed care, they make a deal with you. They make a contract with you.

They say, "Mr. Jones, Ms. Smith, for a fixed dollar amount, we will provide you all of your health care. And it is up to us to live up to"—us, Kaiser health clinic—"up to us to live within the amount of money we said we'll charge you."

Let us say they are going to charge you $250 a month. And if you do not go this month, do not go to them at all, you still pay them $250. If you do not go next month, you still pay them $250.

If you do not go for a year, you pay them $3,000. Now, the second year you have a bad auto accident. You are in the Kaiser hospital for 6 or 7 days and you run up $10,000 or $12,000 in bills and you are still paying them $3,000 a year.

In exchange, you have to use Kaiser facilities, the Kaiser doctors, the Kaiser hospital, because that is the way they can attempt to get a long medical history of you. You are using them all the time. They have your records. Their doctors have treated you. They know if you have any adverse reactions to prescriptions. They have an entire medical history, and they are very good at working at preventive health.

I remember years ago, this was 35 years ago, when I first became familiar with Kaiser, even then they were very good about trying to get all the people enrolled to do annual physicals and everything they could to prevent hospitalization. They once admitted in a hearing in the Oregon legislature when I was in the legislature 30 years ago that they really were not any better than anybody else at actual hospital costs when you were finally hospitalized. What they were better at is keeping you from being hospitalized. And we all know it is infinitely cheaper to treat somebody out of a hospital than in a hospital.

We all know the existing practice, good preventive care, annual physicals and catch things early—it is cheaper catching things like that. They were good. They are good. They were the forerunner. But now managed care is running rampant throughout this country, and I use that as a good term. I will use Blue Cross/Blue Shield in Oregon as an example. We have 2.9 million people in Oregon. Blue Cross/Blue Shield insures 1.1 million. That is a large carrier in a State of 2.9 million.

Ten years ago Blue Cross/Blue Shield had no managed care. Everything was what we called indemnity insurance. You bought a policy from Blue Cross. There were some deductibles, maybe you paid the first $200, there were some copayments—if the doctors visit was $25 you paid $2 or $3 or $5 of it and they paid a certain amount over a certain amount—but they reimbursed the doctors and the hospitals on basically a cost basis. What did it cost you to do the operation? $20,000. All right, here is

your $20,000. There were no efforts to control costs. You were just reimbursed on cost.

It is not unlike what the Federal Government did during World War II when we were in an urgent situation. We needed to build ships. We needed to build tanks. We just told industry, "Go ahead, do not worry about the cost; we will reimburse you on a cost-plus basis. Get it done."

It is no wonder that health costs went absolutely through the roof. If there was no restraint on what you charged and if the insurance company paid what you charged and the individual was not paying it—who cared? Until finally medical costs and insurance premiums got so high that people began to care. Insurance companies began to care and we started through this managed care process.

I said 10 years ago Blue Cross/Blue Shield in Oregon had zero managed care. It was all indemnity, it was all cost reimbursement. Today Blue Cross/Blue Shield in Oregon has 62 percent of its enrollees in managed care. They expect that to be 90 percent by 1998.

Remember what I said the tradeoff is, though, for managed care. In exchange for a guarantee that all of your expenses, all of your medical costs will be covered barring very minor exceptions, you agree to use the facilities of Kaiser, in the case of Kaiser. They actually have hospitals and they actually have doctors they employ. In the case of insurance companies, they normally contract with a certain group of doctors or they will contract with a certain hospital. They do not actually run the hospital themselves, the insurance company, but they contract for it and say, "We have 100,000 enrollees on average, Mr. or Ms. Hospital Administration. Out of 100,000 we figure that is 5,000 patient days a year. Your hospital has been charging $600 a day. We will guarantee you 5,000 patient days a year but we are not going to pay you $600, we will pay you $400, and we will pay it whether we send you 4,000 people or 6,000 people, but we will pay you up front, quarterly, and you will be guaranteed that amount of money."

The hospital administrator thinks to itself, "We are running 30 percent uncollectibles and a third of our beds are empty. Why not? $400 is better than nothing and it is payment 100 percent guaranteed."

So the hospital and the doctors bargain with the insurance company. That is a form of managed care. But the key to making it work is that the Kaisers of the world, or the insurance companies of the world, have control over the delivery of the care so they can manage it. That is where the name comes from.

Now we come down to this issue of any willing provider, or essential community providers. Any willing providers being doctors and nurses and what not. Essential community providers being the hospitals or the clinics.

Managed care has become so successful and so prevalent in this country that many doctors and many hospitals now object if they are left out of the reimbursement system from some particular insurance company. They want to be inside. They want to be able to say, "I am a willing provider. If you are only reimbursing $800 for an appendectomy instead of $1,000, I will do it for $800 and I demand—because I am willing to do it for $800, you have to let me in your system.

The insurance company says, "We do not need any more doctors in the system, we have all we need to do appendectomies. We know who they are, we have a long history on them, and we think they are qualified and we do not need any more people."

So the doctors ask the legislatures and ask the Congresses to pass any willing provider laws that say they have to be let in.

Think to yourself, in a situation which would be more common to all of us, what would you do in this situation? You go out and buy a new dishwasher and with the dishwasher comes a little piece of paper that says, "If you would like us to service this dishwasher for the next 3 years or 5 years, it will cost you $30 a year. If you want to sign this contract send it back with your purchase, we will take care of all your repairs for nothing." So you sign it and send it back to General Electric dishwasher.

The only people who will repair it for nothing are the people that GE has contracted with. There may be 1,000 repair shops in the area that would be willing to repair your dishwasher, but GE has said we are going to use this 30 and, Mr. or Ms. Jones, if you bought our dishwasher and bought our service contract, here are the 30 you can use. The other 970 say, "We would like to be in on the deal also," and GE says, "We do not need 1,000 people to repair it, we need 30 good ones we can keep track of."

Under the equivalent of an any willing provider statute, all the other 970 repair shops could be let in. Now GE has to keep track of 1,000 of them and decide which ones they want to use. That is in essence the concept of any willing provider.

Picture the same thing again with car repairs. You buy your car, get a service contract on it, but you have to get it repaired where the person you contract with, the company you contract with, says to get it repaired. You do not have to sign up with them, but if you do, that is the trade-off.

Now we come to this bill, at least the one that is before us—this is not even before us yet, this one that was given to us last week. It is not before us technically, but we are discussing it as if it were. We take this bill and we come to a particular section—this is one of the reasons it is so hard to figure out what the bill means—section 1462: Categories of Providers Automatically Certified.

(a) IN GENERAL.—The categories of providers and organizations, including subrecipients, specified in this subsection are as follows:

(1) CATEGORY 1 ENTITIES.—The following entities shall be considered category 1 entities:

(A) Covered entities as defined in section 340B(a)(4) of the Public Health Service Act (42 U.S.C. 256b(a)(4)), except that subsections (a)(4)(L)(iii) and (a)(7) of such section shall not apply.

That tells you a lot. It does not tell you anything. That is why it is hard to go through this bill. So let me tell you what that section means.

Every single health plan in the country—every Blue Cross plan, every Blue Shield plan, every Metropolitan Life, every Kaiser plan, every self-insured company that insures themselves, will have to contract for the provision of services with an absolute litany of organizations. They must contract with them. They can no longer say, "If you sign up with us, as Kaiser, and you pay us $250 a month and we take care of all of your needs, but you must come to us." You can no longer say that.

Now, if you contract to provide coverage, here are the additional organizations that you have to allow, in essence, to be willing providers:

One, federally qualified health centers;

Two, public housing clinics;

Three, Indian Health Service clinics;

Four, urban Indian health clinics;

Five, Ryan White Act HIV disease clinics;

Six, maternal and child health clinics;

Seven, school health service centers;

Eight, black lung clinics;

Nine, comprehensive hemophilia diagnostic treatment centers;

Ten, native Hawaiian health centers;

Eleven, sexually-transmitted disease clinics;

Twelve, tuberculosis clinics;

Thirteen, Medicare disproportionate share hospitals,

Fourteen, hospitals that serve a high proportion of the poor. That is the definition, hospitals that serve a high proportion of the poor.

Fifteen, mental health and substance abuse clinics;

Sixteen, runaway homeless youth centers or transitional living programs for homeless youth;

Seventeen, rural health clinics; and

Eighteen, children's hospitals.

Every health plan has to contract with every one of those organizations. Anybody they cover that goes to one of these organizations, they have to pay them the same amount as if they went to the organization that the organization runs.

Kaiser would have to say—let us say they have 100,000 people. Kaiser has actually 400,000 in Oregon. At the moment, they all must go to the Kaiser

clinics. Kaiser has two hospitals, almost 600 doctors and close to 6,000 employees.

But now for your $250 a month, you can go to any one of these and Kaiser must reimburse them. How on Earth is Kaiser or Blue Cross or Metropolitan Life or Aetna supposed to manage this care when you have all of these organizations over whom they have no management control, free to come and pick off your patients and say, "Kaiser, pay us." That is one of the little hidden subsections in this bill.

Why is it in the bill? You think to yourself, "That doesn't make any sense. Why is it in the bill?" It is in the bill for a simple reason: Many of these organizations do serve the poor, and they fear that as we move toward managed care, they will not have a method of collecting money sufficient to keep their organizations going.

A good example would be New York. The State of New York allows Medicaid recipients—this is the poorest of the poor—if the Medicaid recipient wants to take the Medicaid money that they are entitled to and purchase a managed care contract rather than going to the local public hospital, free hospital, almost 90 percent of the last 300,000 Medicaid recipients who have made a choice have chosen managed care.

There is a wonderful story in the New York Times about the public hospitals—they pay no taxes; they are supported by the taxpayers—saying that the very poor that they treated, that no one else used to want, are now going elsewhere under managed care contracts to private hospitals.

They do this as a matter of choice. No one compels them to do this. And the poor are not dumb. They are just poor. They know where they get better service. They know where they get better quality, faster treatment. So they are leaving the Government system, the New York municipal hospital system, in droves and going to the equivalent of the Blue Cross/Blue Shield managed care programs or the Kaisers of New York City.

So many of these organizations have said to Senator MITCHELL, the majority leader, "Please put us in your bill so that we are guaranteed if we can drain off some of the patients of Kaiser or Blue Cross/Blue Shield that they will have to pay us."

Mr. President, that is going to be the breakdown of the managed care system.

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

Mr. PACKWOOD. I will be happy to.

Mr. GREGG. I am not sure I completely understand this. Basically what you are saying is that instead of this bill generating an incentive for cost control through allowing managed competition and HMO-type of facilities within managed competition to determine who can best provide and most efficiently deliver the health care, what this bill does is basically punch large holes in the opportunity for cost control by creating really nonmarketplace expenditures being put on the backs of those who might want to contract with an HMO.

So it puts a stake through the idea of cost control, does it not?

Mr. PACKWOOD. It is bigger than a stake; it is bigger than a hole. This absolutely rips apart the concept that you are going to manage the care of these 100,000 people you have.

If any organization in this list wants a contract with the HMO, they get one—and I cannot think of any other organizations that would not fit in this list. I have not gotten to the doctors yet, these are just the organizations—if any one of them can come to you, do you know what they are going to try to do? They are going to try to pick off your best patients, your healthiest patients, the ones that are not going to cost them $250 a month and you have to pay. You no longer have any control over them. You have it exactly right.

Mr. GREGG. If the Senator will yield, will this not sort of generate like a cottage industry of these types of entities growing up, that basically will be able to come in and demand payment as, basically, a way of tapping into this revenue stream rather than trying to contract the revenue stream? It is going to explode the demand on the system.

Mr. PACKWOOD. I think you are right. I am not sure how long we have had some of these clinics. Runaway homeless youth centers or transitional living programs for homeless youth I do not think would have been a normal medical provider 10 years ago. Sexually transmitted disease clinics, comprehensive hemophilia diagnostic treatment centers—Kaiser can do all these things. It is not a question of a need that has never been filled before.

The mind of men and women, given an incentive, is amazing, and as long as you have this definition of what an essential community provider is, my hunch is a lot of people will figure out a way to become an essential community provider.

Mr. GREGG. If the Senator will yield further, it is sort of as if you put this huge trough out there and then you arbitrarily allowed anybody to be issued a bucket.

Mr. PACKWOOD. Yes.

Mr. GREGG. You wanted to run for the trough.

Mr. PACKWOOD. You have it.

Mr. GREGG. I was looking at the CBO estimate of the Mitchell bill, and I noticed it estimates the baseline goes from $1.2 trillion in health care spending—I am sorry. The Mitchell bill goes from $1.3 trillion to $2.24 trillion in spending. Is that rather dramatic increase in spending over a 7-year period probably in part due to this sort of lack of cost control within the bill?

Mr. PACKWOOD. That is a bigger projected increase in spending than if we do nothing. The bill actually causes us to spend more than we would spend if we do nothing.

Mr. GREGG. Because the marketplace today is actually functioning with some cost controls which are generated by managed care which comes through HMO's, which will basically no longer function under this bill.

Mr. PACKWOOD. Just as we are starting to see this deluge—and again I use that word happily—of movement toward managed care, we really have only had competition in health delivery in the last 10 years. Even Medicare, up until 10 years ago, we reimbursed on cost. "Tell us your cost, hospital, here's the money."

Mr. GREGG. Cost plus care.

Mr. PACKWOOD. Cost plus care. You got it. "Your cost went up 20 percent last year? Here is your extra 20 percent."

Just as it is working—you are right—we want to drive the stake into the heart of the system that is holding down costs.

I will give you another example. In the metropolitan Portland area—and again this is a voluntary basis—56 percent of those eligible for Medicare have voluntarily signed up with managed care organizations. We have eight major—we are only a small State; we only have 2.9 million people—we have eight major HMOs in Oregon. Five of them have managed care Medicare programs. Of those five, three have had no premium increase for 4 years, and they are still surviving. It is working, and no one has to join. And yet 56 percent of the Medicare recipients in the Portland metropolitan area—it is about a million people—have voluntarily signed up, which proves they are satisfied with the service, they are hearing about it from their neighbors, and they are signing up.

Mr. GREGG. If the Senator will yield further. But this bill essentially creates a mandate, it is a mandate on the local HMO. It would undermine that sort of cost control activity.

Mr. PACKWOOD. Absolutely right. They have to contract with these. And they have to contract with every one of these that exist in their areas. You may have—I said the first one is federally qualified health center. You may have a number of these in the area, in which case you contract with all of them. That is just the first definition.

Mr. GREGG. I thank the Senator.

Mr. PACKWOOD. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 4 minutes remaining.

Mr. PACKWOOD. How many?

The PRESIDING OFFICER. Four minutes.

Mr. PACKWOOD. I thank the Chair. I believe I finished. I yield to the minority leader.

The PRESIDING OFFICER. The Chair would indicate the Republican leader has 10 minutes of leader time.

Mr. DOLE. I thank the Chair, and I thank my colleague from Oregon.

I know my colleague from Hawaii, Senator INOUYE, and Senator STEVENS want to begin very quickly on the DOD appropriations bill. So I will not take but a few moments.

I first want to personally thank my colleague from Nebraska, Senator KERREY. I was not on the floor when he spoke, but I did pick up some of his comments just at a personal level, not anything to do with any legislation pending. I appreciated very much his words because of his understanding that maybe few have of some of the problems that we have to face up to in the next few weeks.

I also wanted to just take slight issue with some of my friends, and I hope we do not get this game of "if ours is bad, why, yours is worse" and whatever. I think we have a lot of debate that is going to happen here, a lot of things need to be discussed. But I sort of felt like I was watching "Dr. Jekyll and Mr. Hyde." Senators BOREN, KERREY, and KOHL spoke about the need to be constructive rather than destructive, and the need to search for a bipartisan solution rather than a bill that splits the Senate down party lines, and I agree.

I think there is a lot of agreement in the Senate on that general theme. Now, maybe we cannot get there. Maybe we ought to try. And it is not enough to say we have tried to pass because we have never really tried. But moments before these calls for cooperation and consensus, a number of my friends on the other side led at least a rather partisan attack—and that is not without precedent in this body. I assume there may be a lot of it on both sides in the next few weeks—a bit misleading attack about the American option, the Dole-Packwood bill, and I want to take just a few moments to respond to some of the statements that were made.

I guess, first, I should admit that they now say we have a bill. So we stipulate that. There is a bill. There is a Republican bill. It is Dole-Packwood and 38 other Republicans. But we have not tried to make it a partisan bill. We think there is still opportunities there for bipartisanship, and we are not going to close that door until the final moment.

I think it also indicates that we have been trying to propose real solutions to real problems. My friend from South Dakota, Senator DASCHLE, stated there was, and I quote, "a significant degree of confusion" about Senator Mitchell's bill. And that is part of the problem. The American people are confused, Members of the Senate are confused, and even the authors of the bill are confused as new provisions are introduced almost by the hour.

That is the confusion about the majority leader's bill. Also there was a bit of confusion about the Dole-Packwood bill. Senator DASCHLE claimed ours does not do anything to reduce bureaucracy, which I thought was rather startling. But maybe he means we did not make it grow, it did not expand, which it does not do.

It is sort of ironic that anyone who may be supporting the majority leader's bill and maybe supported the original Clinton bill proclaims their concern about the size of bureaucracy. We hope that ours is fairly free of any expanding bureaucracy. That was one of the efforts.

I would point out that the largest section of the Dole-Packwood bill is the one that deals directly with administrative simplification because we believe most American people believe it is too complicated, it is too complex, and there should be an effort by all of us to make it much less complicated.

The Senator from South Dakota also quoted CBO estimates of the cost of the Dole-Packwood bill. I wish we had the same pipeline into the CBO that the Senator from South Dakota has, but we have not received any CBO estimates, and we called Mr. Reischauer, who said that nobody has been given any CBO estimates on our bill. And it seems to me that if Senator DASCHLE has CBO estimates, maybe he would be happy to share them with us. We would be happy to have those estimates because we think it is necessary before we proceed here that we do have estimates on all these bills and all the changes and all the modifications. We believe it is very important.

Senator REID said that the Dole-Packwood bill does not cover dental care. That may be true, it may not, but the Dole-Packwood bill does not have a one-size-fits-all Government-mandated basic benefits package. We leave decisions such as dental coverage up to the consumer. Why not leave it up to the consumer? Let them determine whether they want dental coverage or substance abuse coverage and the like. We let the American people decide what plan best fits their need and pocketbook. That is the way we ought to do it.

Another statement was that our bill still allows for discrimination in dealing with preexisting conditions. It seems to me this is one area we are all in agreement on. I did not know there was any disagreement until earlier today.

We talk about market reforms and things we ought to do and things we agree on. Under the Dole-Packwood bill, insurers would not be allowed to deny coverage because of preexisting conditions. It is that simple. That is it. That is it. It is what we have been saying.

And all we are doing is maintaining the status quo. I guess that is another charge. In reality, we do not want to disturb the 85 percent, the millions of Americans who are fairly well satisfied with their health care. We do not want Government intervention. We do not want to add about $500 per family for costs. There are a lot of things we do not want to do.

So if we are being charged with being for the status quo, then we will plead guilty to that. But it seems to me that we are addressing the concerns many people want to address. The Senator from Nebraska indicated many things he would like to address. We believe they are addressed in our bill.

The Senator from Nebraska went on to say he did not like everything in our bill, but he thought it had a lot of merit. We believe it does. We are not a bit defensive about our proposal. Maybe it can be modified. Maybe it can be changed. It certainly can be made better. But if better means more Government, more bureaucracy, more mandates, more price controls or more taxes, then we do not want to make it better. That is not better for most Americans. I think that is the bottom line.

We will admit when it comes to the status quo, our bill does not weigh as much as the others. It has about half the number of pages, or less. We left out taxes, and we left out mandates, and we left out price controls; we left out new agencies. But our 641-page bill does a lot more than just maintain the status quo. We think it makes health care more accessible and more affordable to millions of Americans and that is the goal we hope we can reach.

And if we reach 91, 92, or 93 percent without mandates and without new taxes and without price controls, then I think we come back and see where we are and find out what we need to do at that point. And I certainly believe if the majority leader finds somebody out here saying something has no relevance, no basis in fact to his bill, he will probably be on his feet.

I want to mention just one other thing, and then I will be happy to yield the floor.

I think there is another concern, and I am now checking with my Governor, a Democrat, from the State of Kansas, Governor Finney, because I remember when the Dole-Packwood bill was introduced, we had a letter within a few days from the Governors Association saying, "Wait a minute; we don't like your Medicaid cap." I was told that also in Boston when I went up to address the Governors what, a month ago, I guess, 3 weeks ago. And so we worked with the Governors. And we resolved our problems. We will have a letter today hopefully from all Governors, not just Republican Governors, saying they do not have a problem with those aspects of the American option, with the Dole-Packwood bill.

But I think they have a lot of problems—I do not know that to be a fact,

but I believe that they may have a lot of concerns with reference to other bills that are pending. And if I read the Washington Post as any guide, the article entitled "Health Bill 'Death' to D.C.," which quotes delegate ELEANOR HOLMES NORTON as saying the Mitchell bill is death to the District, I guess the particular issue raised is how the insurance reforms will be implemented and whether the cost of insurance to the District will become prohibitive and the number of uninsured increased. That is the way she sees it.

I think we have to take a look at how this impacts on various States. I had a phone conversation, I guess night before last, with the Governor of Wisconsin, Governor Thompson, who has been very active in the Governors' Association with the Democrats and Republicans on health care. In fact, you could go back and take a look at the health care principles outlined by Democratic and Republican Governors about 8 months ago. It is pretty much like the Dole-Packwood bill. The thing that they did not like in the Dole-Packwood bill was the Medicaid cap, and other things they did not like concerning ERISA. But the principal thing is the Medicaid cap.

So they identified a number of concerns in our proposal. Their biggest concern was the potential increase in their Medicaid costs as a result of the cap on Medicaid which we considered earlier. We think we have solved that problem.

But it does appear that perhaps some of the bills, including the majority leader's, would also add burdens on the States. The Governor of Wisconsin indicates after a quick look at the majority leader's bill that there are additional costs, at least $800 million to $850 million in the State of Wisconsin over a period of years. These increased burdens come in the form of 177 new administrative responsibilities, and additional Medicaid cost as a result of the maintenance of effort provision in the bill, as a result of the new 1.75 percent tax on health care insurance costs for their State and local employees. Of course, we can estimate the cost to the States is the loss of jobs, if and when employer mandates kick in, particularly if you have different States kicking in at different times. Some States are never going to kick in. As indicated by the CBO, it is going to be very hard to implement.

So we are waiting to hear from our Governor, and I am certain that many Governors are hoping to get a State-by-State analysis from the Governors Association because the Governors are there every day. They are on the firing line every day. They are talking with their taxpayers every day, and they are going to be very concerned about what any of us do, Republicans or Democrats. I think they have been fairly objective and fairly nonpartisan in addressing concerns in the so-called Dole-Packwood bill, and I assume they will do the same with the majority leader's bill unless everything is resolved.

We sort of looked at the States. And we have former Governors in our midst right now, Senator CRAIG of New Hampshire, Senator BOND, and there are a number of former Governors on the Democratic side. And I think they watch very closely at what happens in Congress, particularly something like health care that is going to affect everyone.

I think we also have to ask about the implications of the rules for mandatory costs as envisioned in the Mitchell bill. Those States like California, Florida, Iowa, and Texas, which will put in place purchasing alliances will be permitted to ask this question. I think this is a fair question. And the preliminary CBO report projects that a State-by-State mandate would produce inefficient reallocations of business activity moving across State lines. Maybe that is true. Maybe it is not. But it is raised in the CBO report, not some Republican newsletter.

I think all of these are questions that we must ask our Governors. And, as I said, I think they may have as much or more at stake than we have. We pass the legislation. We pass mandates. The thing that the Governors hate is unfunded mandates. We say, "OK. You go ahead and do it. We don't have any money. But there is a mandate. You figure out how you can do it." And I must say that the President has indicated his opposition to any mandates. I think most every Senator knows that we have to be very careful in whatever we may pass; that we listen carefully to Governors, whether they be Democrats or Republicans.

Finally, I would say the Capitol is filled with rumors about maybe the House is not taking up health care next week, and maybe not for the next couple of weeks. The majority leader is here. He may have more information than I have.

I just ask the question. I think it is because of the question Senator HELMS raised. Some were chuckling about Senator HELMS' amendment. The reason they cannot take up the House bill, as I understand it, is because they do not have CBO numbers.

That is precisely what Senator HELMS was suggesting—that we not proceed until we had numbers. We do not have numbers on our bill yet. I am not certain we have all the numbers on the majority leader's most recent entry.

It is very important that we have at least some guideline as to what it is going to cost and who it is going to cost, and all the other things that the CBO should provide to us.

So I understand there may be a meeting at 4 o'clock. Maybe at that time we will be informed of what may be the pleasure of the House. That may not affect our schedule directly. But I think it will have a big impact indirectly.

Mr. MITCHELL. Mr. President, I listened with interest to the remarks of my friend, the distinguished Republican leader, and I, perhaps better than any other Member of the Senate, can understand his sensitivity to the criticism of his bill. Everything in life is relative. Before he becomes too defensive, and if he wants to feel better, I would suggest that he take the CONGRESSIONAL RECORD of the past few days and read what his colleagues have been saying about me and my bill.

I think it will make him feel a little bit better because the words were far more critical, and indeed in some respects inflammatory, than anything I believe that has been said about his bill.

So on the theory that misery loves company, I commend to him the CONGRESSIONAL RECORD for the last few days to read some of the words that his colleagues have said about me, and perhaps he will not feel quite as badly about any criticism of his bill.

Mr. President, I have not heard the so-called rumor about the House of Representatives, except from the minority leader. So he may have a better pipeline than I do into the House leadership. But I will be talking with the House leaders later today.

In any event, I think it clear given the different rules of the two bodies that the length of consideration of any bill will be much greater in the Senate, that it is going to take some weeks for the Senate to consider this important matter. By contrast, the House under their rules can obtain a rule which would permit consideration in a matter of a few days, if they like. Therefore, I think it appropriate, and I think the most prudent course of action is for the Senate to proceed in an effort to complete action irrespective of what the House does because the fact of the matter is whenever they begin they might well finish before we do even though we start a lot earlier.

But I will be meeting later today with the House leadership and will of course, as is my practice, discuss that with the Republican leader following that meeting.

Mr. President, is it in order now for the Department of Defense bill to be reported for further consideration by the Senate?

The PRESIDING OFFICER. That is the regular order. The majority leader also has the right to use his leader time, if he so desires.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

Mr. MITCHELL. Mr. President, I ask for the regular order.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

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

The Senate resumed consideration of the bill.

Pending:

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

Mr. MITCHELL addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. MITCHELL. Mr. President, I had hoped that we could return to the Department of Defense authorization bill by 1:30. We are obviously not on that schedule. But we are back on it now, and will continue.

It is my intention that the Senate complete action on that bill today, and if possible take up other measures and then turn to the health care legislation tomorrow at a time and under circumstances which I will, of course, discuss further with the Republican leader as is my practice before making a final decision.

Mr. President, I yield the floor. I believe the managers are ready to proceed with the Department of Defense appropriations bill.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

AMENDMENT NO. 2510

(Purpose: To require the strengthening of Department of Defense procedures for matching disbursements to particular obligations)

Mr. GRASSLEY. My amendment is at the desk. I would ask to call up 2510. It deals with the subject of matching disbursements. I will probably only speak about 5 minutes. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 2510.

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

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

The amendment is as follows:

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

SEC. . (a)(1) The Secretary of Defense shall develop a plan for establishing and implementing a requirement for disbursing officials of the Department of Defense to match disbursements to particular obligations before making the disbursements. The Secretary shall transmit the plan to Congress not later than March 1, 1995.

(2) The Inspector General of the Department of Defense shall review the plan and submit the Inspector General's independent assessment of the plan to the congressional defense committees.

(b)(1) Not later than July 1, 1995, the Secretary of Defense shall require that each disbursement by the Department of Defense in an amount in excess of $5,000,000 be matched to a particular obligation before the disbursement is made.

(2) Not later than October 1, 1995, the Secretary of Defense shall require that each disbursement by the Department of Defense in an amount in excess of $1,000,000 be matched to a particular obligation before the disbursement is made.

(c) The Secretary shall ensure that a disbursement in excess of the threshold amount applicable under subsection (b) is not divided into multiple disbursements of less than that amount for the purpose of avoiding the applicability of such subsection to that disbursement.

(d) The Secretary of Defense may waive a requirement for advance matching of a disbursement of the Department of Defense with a particular obligation in the case of (1) a disbursement involving deployed forces, (2) a disbursement for an operation in a war declared by Congress or a national emergency declared by the President or Congress, or (3) a disbursement under any other circumstances for which the waiver is necessary in the national security interests of the United States, as determined by the Secretary and certified by the Secretary to the congressional defense committees.

(3) This section shall not be construed to limit the authority of the Secretary of Defense to require that a disbursement not in excess of the amount applicable under subsection (b) be matched to a particular obligation before the disbursement is made.

Mr. GRASSLEY. Mr. President, this amendment addresses the continuing financial mismanagement at the Department of Defense. This is something that I have spoken about on this floor many times in the last year and a half. My colleague from Hawaii has been very cooperative in the past, and he is likewise cooperative this time. I thank him for that.

This amendment is going to restore some accountability over the Department of Defense appropriations. It follows up on an initiative launched last year with the help of my good friend from Hawaii. It is the direct result of one particularly troublesome incident, but this incident is just an example of a greater problem. That was the disappearance, Mr. President, mind you, of $649.1 million. I spoke on this issue on several occasions last year.

The Defense Department inspector general discovered that the Air Force accounting records maintained by the Defense Finance and Accounting Service—I am going to refer to that as DFAS—were out of whack by $649.1 million. They were out of whack because DFAS's bookkeeping operations are in shambles. Instead of recording obligations and expenditures in a ledger as they occur—and that is commonsense bookkeeping or accounting, or whatever you want to call it—DFAS and the Air Force were using algorithms—mathematical equations—to estimate the missing accounts.

Well, Mr. President, any first year accounting student knows that is no way to do accounting.

When I brought this problem up to the attention of my colleagues, about 1 year ago now, my friend from Hawaii, the distinguished chairman of this subcommittee, agreed to ask the Department of Defense IG to review base-level records—that is, at the grassroots—to pinpoint this problem.

Well, the IG has just completed the review ordered by Senator INOUYE and, quite frankly, after 1 year of review, it is the very same story.

This IG report is entitled—I give you these titles and references because I want people to read them, as we do—"Air Force Merged Account Obligations," No. 94-139, dated June 17, 1994. The report tells us that we can expect more of the same in the future. The systemic problems that produced the $649.1 million fiasco are still working full bore. The IG auditors discovered that DFAS accountants are still using mathematical equations to generate phony bookkeeping entries.

I refer here to page 13 of the report under the heading "Contractor Billing and DFAS Paying Practices." I will summarize the information and place it into the RECORD. This particular problem arose at the DFAS Center in Columbus, OH.

When accounting clerks—get this, this is how IG lays it out, not how I as a political leader describe it—receive an invoice that does not identify the account or contract to be charged, they do not even bother to do the leg work necessary to get the right information. They simply use a formula to spread the payments across any appropriation, if that appropriation still has positive balances. There is no attempt to post payments to the correct account. In fact, they deliberately force payments onto the wrong accounts. This is a random allocation process. It is completely inconsistent with the laws governing the use of appropriations.

This is the very same kind of procedure that led to the $649.1 million mismatch—just a $649.1 million mismatch.

It is the kind of flawed procedure that gave the Department of Defense a whole great big $41 billion headache, by what they term "unmatched disbursements." So the $649.1 million is just a small part of a $41 billion big problem entitled "unmatched disbursements."

Matching disbursements with obligations is a very fundamental tool for internal financial management. If you do not match disbursements with obligations, your accounts are vulnerable to theft and abuse. I have spoken about millions being stolen by fake organizations like the one operated by Mr. McGill in Norfolk, VA.

I ask unanimous consent to have printed in the RECORD that section of the IG report.

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

Contractor Billing and DFAS Paying Practices. We discussed billing and paying problems with accounting officials at the DFAS-

Columbus Center. They stated that when contractors did not include the ACRN and CLIN on bills submitted to the DFAS, accounting clerks had to make a decision as to which appropriation's unliquidated obligations the disbursement should be recorded against. The accounting clerks also stated that if they could not specifically identify the ACRN and CLIN that should be paid on a particular invoice, the Mechanization of Contract Administrative Services system used a formula to charge disbursement to all appropriations with unliquidated obligations for the contract at the time of the disbursement and not to the specific appropriation that was obligated.

However, even when the ACRN and CLIN were shown on the invoice, the payment was not always charged to the correct account. For example, we found one contract for which $11.2 million was disbursed and charged to the "M" account that should have been charged to the FY 1988 3010 (Aircraft Procurement) account.

The DFAS accounting clerks were concerned with paying the invoices promptly to avoid interest penalties and lost discounts; therefore, they used whatever funds were readily available when no specific funds were specified through use of the appropriate ACRN and CLIN. Accordingly, as time passed and more and more progress payments were made, visibility over appropriation accounting decreased, and reconciliation required more time to complete.

Mr. GRASSLEY. I compliment the new Department of Defense Comptroller, John Hamre. He is struggling with the problem. He has succeeded in reducing the number of unmatched disbursements.

But there is another problem. No one really knows for sure how big the problem really is. We think it is $41 billion, but is it bigger? It is just a guess. But the best available guess says that that number now, because of Mr. Hamre's work, may be down from $41 billion to $34 billion. I suppose in this town that is progress.

But Mr. Hamre is still wrestling with a $21 billion problem in disbursements that cannot be matched at all. They may never be matched.

The Deputy DOD IG, Mr. Derek Vander Schaaf, has suggested that the problem of this $21 billion may be so bad and the documentation so poor that it may be necessary just simply to "write off" those unmatched disbursements. This kind of thing must come to a screeching halt.

If DOD asks Congress for authority to "write off" $10 billion to $20 billion in unmatched disbursements, then I think heads should roll.

As legislators, we have a responsibility to correct the problem. We were assured that DFAS would fix the problem, but it has not been fixed. It must be fixed.

Mr. President, I look to my friend from Hawaii for leadership and advice on how to proceed, and he has been very helpful in that area.

I had another amendment, other than the one before us, that would have imposed very stringent measures immediately. And I would hold DFAS Director Springett accountable for continuing financial mismanagement by cutting off his salary, effective December 31, 1994. I suppose that sounds like a bill of attainder, but something has to be done.

The chairman of the subcommittee now has developed what we have before us. We worked together on this to develop a more orderly approach for phasing in new procedures for matching disbursements with obligations. His solution is very acceptable to me, Mr. President. It is a good compromise. It will keep the pressure on. I think it sends a right signal to the Department of Defense managers.

The chairman's compromise would provide the following: By March 1, 1995, DOD would have to submit a plan to Congress requiring that disbursing officers match disbursements; the IG would provide an independent assessment of the plan; by July 1, next year, all disbursements over $5 million would have to be matched; by October 1, 1995, all disbursements over $1 million would have to be matched; DOD would be prohibited from breaking down disbursements to evade thresholds; requirements could be waived in a national emergency; and DOD would have authority to lower thresholds. In other words, as you have just heard, rather than taking a one-step, drastic approach, as I suggested in my original amendment, our distinguished chairman has helped us work out a very phased approach to getting all of these unmatched disbursements accounted for. Next year, after we have had an opportunity to assess the plan, then we should be in a better position to refine the procedures and lower the threshold, if that is necessary.

I think this is an excellent beginning, and I thank the chairman, and particularly his staff assistant, David Morrison, for his help and cooperation in this effort.

I yield the floor.

The PRESIDING OFFICER. Is there further debate?

Mr. INOUYE. Mr. President, as manager of the bill, I wish to commend my good friend, Senator GRASSLEY, for his diligent leadership in this very important area of military financing. His intent is a very simple one: to do business in a businesslike manner.

I believe that this step, this proposal will eventually lead the Department of Defense to that goal.

So if I may in behalf of the managers of the bill we are prepared to accept the amendment.

Mr. GRASSLEY. I am ready for a vote.

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

If not, the question is on agreeing to the amendment.

The amendment (No. 2510) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. INOUYE. Mr. President, I ask unanimous consent that the pending amendment be set aside.

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

AMENDMENT NO. 2519

Mr. INOUYE. Mr. President, I call up Amendment No. 2519, an amendment by Senator COHEN.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. COHEN proposes an amendment numbered 2519.

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

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

The amendment is as follows:

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

SEC. . SENATE ADVICE AND CONSENT TO CHANGES IN OBLIGATIONS UNDER THE CFE TREATY.

(a) FINDINGS.—

(1) On November 25, 1991, the Senate gave its advice and consent to ratification of the CFE Treaty.

(2) The President would need to seek the Senate's advice and consent to any change in obligation of the states parties under the CFE Treaty, unless such change were a minor matter of an administrative or technical nature.

(3) A change in the allowed holdings of treaty limited equipment in the area of application or any geographic sub-zone of the area of application would constitute a change in obligation for which the Senate's advice and consent would be required.

(b) REAFFIRMATION OF SENATE'S TREATY-MAKING POWERS.—The President shall submit for the Senate's advice and consent any change in the obligations of any state party under the CFE Treaty, unless such change is a minor matter of an administrative or technical nature.

(c) CFE TREATY DEFINED.—For the purpose of this section, the CFE Treaty means the Treaty on Conventional Armed Forces in Europe, signed in Paris on November 19, 1990, and associated protocols.

Mr. INOUYE. Mr. President, on behalf of Senator COHEN I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

So the amendment (No. 2519) was withdrawn.

AMENDMENT NO. 2523

Mr. INOUYE. Mr. President, I call up Amendment No. 2523 proposed by Senator MCCONNELL.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE] for Mr. MCCONNELL, proposes an amendment numbered 2523.

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

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

The amendment is as follows:

At the appropriate place in the bill insert the following:

SEC. .

(a.) Within 60 days of enactment of this Act, the President, in consultation with NATO, shall submit a report to the Committee on Appropriations defining specific military, economic, and political standards required to gain admission to NATO; *Provided further*, that such report shall not be limited to the principles enunciated in the Partnership for Peace; *Provided further*, such report shall include an assessment of measures which would be necessary to guarantee the armed services of Poland, Hungary, the Czech Republic, Slovakia, Lithuania, Latvia and Estonia are capable of military cooperation and interoperability with NATO and fulfilling other member responsibilities.

Mr. INOUYE. Mr. President, on behalf of Senator MCCONNELL, I withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

So the amendment (No. 2523) was withdrawn.

AMENDMENT NO. 2529

(Purpose: To authorize assistance to promote the peaceful resolution of conflicts in Africa)

Mr. INOUYE. Mr. President, I call up Amendment No. 2529 proposed by Senator SIMON.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE] for Mr. SIMON, for himself, Mr. JEFFORDS, and Mr. HELMS, proposes an amendment numbered 2529.

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

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

The amendment is as follows:

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

TITLE—AFRICAN CONFLICT RESOLUTION

SEC. 01. SHORT TITLE.

This Act may be cited as the "African Conflict Resolution Act".

SEC. 02. FINDINGS AND STATEMENT OF POLICY.

(a) FINDINGS.—The Congress makes the following findings:

(1) It is in the national interest of the United States to help build African capability in conflict resolution. A relatively small investment of assistance in promoting African conflict resolution—

(A) would reduce the enormous human suffering which is caused by wars in Africa;

(B) would help the United States avoid huge future expenditures necessitated by Somalia-like humanitarian disasters; and

(C) would reduce the need for United Nations intervention as African institutions develop the ability to resolve African conflicts.

(2) Africa, to a greater extent than any other continent, is afflicted by war. Africa has been marred by more than 20 major civil wars since 1960. Rwanda, Somalia, Angola, Sudan, Liberia, and Burundi are among those countries that have recently suffered serious armed conflict.

(3) In the last decade alone, between 2,000,000 and 4,000,000 Africans have died because of war. There were 5,200,000 refugees and 13,100,000 displaced people in Africa in 1993. In Angola, relief organizations estimated that 1,000 people were dying each day at the end of 1993. In Rwanda, more than 200,000 people died in less than 5 weeks of fighting during 1994, while 300,000 people fled to other countries to escape war.

(4) Millions more Africans are currently at risk of war-related death. Looming or ongoing conflicts in Zaire, Angola, Sudan, Rwanda, and other countries threaten Africa's future.

(5) War has caused untold economic and social damage to the countries of Africa. Food production is impossible in conflict areas, and famine often results. Widespread conflict has condemned many of Africa's children to lives of misery and, in certain cases, has threatened the existence of traditional African cultures.

(6) Conflict and instability in Africa, particularly in large, potentially rich countries such as Angola, Sudan, and Zaire, deprive the global economy of resources and opportunities for trade and investment. Peace in these countries could make a significant contribution to global economic growth, while creating new opportunities for United States businesses.

(7) Many African armies are far too large, threatening political and economic stability while diverting scarce resources from development needs. Military expenditures in Africa average over twice the level in Latin America. Demobilization and other measures to reduce military expenditures are thus a critical need for many African countries.

(8) Conflict prevention, mediation, and demobilization are prerequisites to the success of development assistance programs. Nutrition and education programs, for example, cannot succeed in a nation at war. Billions of dollars of development assistance have been virtually wasted in war-ravaged countries such as Liberia, Somalia, and Sudan.

(9) Africans have a long tradition of informal mediation. This tradition should be built upon to create effective institutions through which Africans can resolve African conflicts.

(10) The Organization of African Unity, under the leadership of Secretary General Salim Salim, has established a conflict resolution mechanism and has been active in mediation and conflict resolution in several African countries. Various subregional organizations have also become active in conflict resolution efforts. These are encouraging developments.

(b) UNITED STATES POLICY.—The Congress declares, therefore, that a key goal for United States foreign policy should be to help institutionalize conflict resolution capability in Africa.

SEC. 03. IMPROVING THE CONFLICT RESOLUTION CAPABILITIES OF THE ORGANIZATION OF AFRICAN UNITY.

(a) AUTHORIZATION OF ASSISTANCE.—The President is authorized to provide assistance to strengthen the conflict resolution capability of the Organization of African Unity, as follows:

(1) Funds may be provided to the Organization of African Unity for use in supporting its conflict resolution capability.

(2) Funds may be used for expenses of sending individuals with expertise in conflict resolution to work with the Organization of African Unity.

(b) FUNDING.—Of the foreign assistance funds that are allocated for sub-Saharan Africa, significant sums for each of the fiscal years 1995 through 1998 should be used to carry out subsection (a).

SEC. 04. IMPROVING CONFLICT RESOLUTION CAPABILITIES OF MULTILATERAL SUBREGIONAL ORGANIZATIONS IN AFRICA.

(a) AUTHORIZATION OF ASSISTANCE.—The President is authorized to provide assistance to strengthen the conflict resolution capabilities of subregional organizations established by countries in sub-Saharan Africa, as follows:

(1) Funds may be provided to such an organization for use in supporting its conflict resolution capability.

(2) Funds may be used for the expenses of sending individuals with expertise in conflict resolution to work with such an organization.

(b) FUNDING.—Of the foreign assistance funds that are allocated for sub-Saharan Africa, up to $1,500,000 for each of the fiscal years 1995 through 1998 may be used to carry out subsection (a).

SEC. 05. AFRICAN DEMOBILIZATION AND RETRAINING PROGRAM.

(a) AUTHORIZATION OF ASSISTANCE.—In order to facilitate reductions in the size of the armed forces of countries of sub-Saharan Africa, the President is authorized to provide assistance for—

(1) encampment and related activities associated with demobilization of such forces, and

(2) the retraining for civilian occupations of military personnel who have been demobilized.

(b) FUNDING.—Of the foreign assistance funds that are allocated for sub-Saharan Africa, up to $25,000,000 for each of the fiscal years 1995 and 1996 should be used for the assistance described in subsection (a), if conditions permit.

SEC. 06. TRAINING FOR AFRICANS IN CONFLICT RESOLUTION AND PEACEKEEPING.

(a) AUTHORIZATION OF ASSISTANCE.—The President is authorized to establish a program to provide education and training in conflict resolution and peacekeeping for civilian and military personnel of countries in sub-Saharan Africa.

(b) FUNDING.—Funds made available for military education and training activities under chapter 5 of part II of the Foreign Assistance Act of 1961 may be used to carry out the program provided for in subsection (a).

SEC. 07. BUILDING MEDIATION CAPABILITY IN AFRICA.

(a) AUTHORIZATION OF ASSISTANCE.—The President is authorized to provide assistance to nongovernmental organizations that are engaged in mediation and reconciliation efforts in Africa.

(b) FUNDING.—Of the foreign assistance funds that are allocated for sub-Saharan Africa, funds for each of the fiscal years 1995 and 1996 should be used to carry out subsection (a).

SEC. 08. DEFINITION.

As used in this title, the term "foreign assistance funds" means funds made available—

(1) under chapters 1 and 10 of part I of the Foreign Assistance Act of 1961 (relating to development assistance and the Development Fund for Africa),

(2) under chapter 4 of part II of the Foreign Assistance Act of 1961 (relating to the economic support fund), and

(3) under section 23 of the Arms Export Control Act (relating to foreign military financing),

and includes unobligated funds in such accounts which remain available from previous fiscal years.

Mr. INOUYE. Mr. President, on behalf of Senator SIMON, I wish to withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

So the amendment (No. 2529) was withdrawn.

AMENDMENT NO. 2548

Mr. INOUYE. Mr. President, I call up Amendment No. 2548, an amendment proposed by Senator COHEN.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. COHEN, proposes an amendment numbered 2548.

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

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

The amendment is as follows:

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

SEC. . SENATE ADVICE AND CONSENT TO CHANGES IN OBLIGATIONS UNDER THE CFE TREATY.

(a) FINDINGS.—

(1) On November 25, 1991, the Senate gave its advice and consent to ratification of the CFE Treaty.

(2) The President would need to seek the Senate's advice and consent to any change in obligation of the states parties under the CFE Treaty, unless such change were a minor matter of an administrative or technical nature.

(3) A change in the allowed holdings of treaty limited equipment in the area of application or any geographic sub-zone of the area of application would constitute a change in obligation for which the Senate's advice and consent would be required.

(b) REAFFIRMATION OF SENATE'S TREATY-MAKING POWERS.—The President shall submit for the Senate's advice and consent any change in the obligations of any state party under the CFE Treaty, unless such change is a minor matter of an administrative or technical nature.

(c) CFE TREATY DEFINED.—For the purpose of this section, the CFE Treaty means the Treaty on Conventional Armed Forces in Europe, signed in Paris on November 19, 1990, and associated protocols.

Mr. INOUYE. Mr. President, I ask that the amendment be withdrawn.

The PRESIDING OFFICER. The amendment is withdrawn.

So the amendment (No. 2548) was withdrawn.

AMENDMENT NO. 2516

Mr. INOUYE. Mr. President, I call up amendment No. 2516 on behalf of Senator COHEN.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. COHEN, proposes an amendment numbered 2516.

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

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

The amendment is as follows:

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

SEC. . SENATE ADVICE AND CONSENT TO CHANGES IN OBLIGATIONS UNDER THE CFE TREATY.

(A) FINDINGS.—

(1) On November 25, 1991, the Senate gave its advice and consent to ratification of the CFE Treaty.

(2) The President would need to seek the Senate's advice and consent to any change in obligation of the states parties under the CFE Treaty, unless such change were a minor matter of an administrative or technical nature.

(3) A change in the allowed holdings of treaty limited equipment in the area of application or any geographic sub-zone of the area of application would constitute a change in obligation for which the Senate's advice and consent would be required.

(b) REAFFIRMATION OF SENATE'S TREATY-MAKING POWERS.—The President shall submit for the Senate's advice and consent any change in the obligations of any state party under the CFE Treaty, unless such change is a minor matter of an administrative or technical nature.

(c) CFE TREATY DEFINED.—For the purpose of this section, the CFE Treaty means the Treaty on Conventional Armed Forces in Europe, signed in Paris on November 19, 1990, and associated protocols.

Mr. INOUYE. Mr. President, this matter has been studied by both managers and we find the amendment acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2516) was agreed to.

Mr. INOUYE. Mr. President, I move to reconsider the vote and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2525

(Purpose: To state the sense of Congress on negotiation of limitations on nuclear weapons testing)

Mr. INOUYE. Mr. President, I ask that we take up for immediate consideration Amendment No. 2525.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. HARKIN, proposes an amendment numbered 2525.

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

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

The amendment is as follows:

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

SEC. 8121. SENSE OF CONGRESS ON NEGOTIATION OF LIMITATIONS ON NUCLEAR WEAPONS TESTING.

(a) FINDINGS.—Congress finds the following:

(1) On January 25, 1994, the United States joined with 37 other nations to begin negotiations for a comprehensive treaty to ban permanently all nuclear weapons testing.

(2) On March 14, 1994, the President decided to extend the current United States nuclear testing moratorium at least through September 1995.

(3) Germany and the Group of 21 Non-Aligned States have publicly stated their support for the completion of a comprehensive nuclear test ban treaty by 1995.

(4) On June 6, 1994, the People's Republic of China conducted its second nuclear weapons test explosion since the United States, Russia, and France initiated their current nuclear test moratoria.

(5) On September 7, 1994, the third and final test ban negotiating session of the year will end.

(6) While some progress toward a comprehensive nuclear test ban treaty has been achieved, there is little chance that an agreement will be reached before April 1995 at the current rate of negotiation.

(7) The United States is seeking to extend indefinitely the Non-Proliferation Treaty at the April 1995 Extension Conference.

(8) Conclusion of a comprehensive nuclear test ban treaty could contribute toward successful negotiations to extend the Non-Proliferation Treaty.

(9) Agreements to eliminate nuclear testing and control the spread of nuclear weapons could contribute to national security of the United States, its allies, and other nations around the world.

(b) SENSE OF CONGRESS.—The Congress—

(1) applauds the President for maintaining the United States nuclear testing moratorium and for supporting the negotiation of a comprehensive nuclear test ban treaty;

(2) encourages the People's Republic of China and all other nuclear powers to refrain from conducting nuclear explosions prior to conclusion of a comprehensive nuclear test ban treaty; and

(3) urges the President and the other nuclear powers to take measures necessary to achieve a multilateral comprehensive nuclear test ban treaty before the Non-Proliferation Treaty Extension Conference.

(c) DEFINITION.—As used in this section, the term "Non-Proliferation Treaty" means the Treaty on the Non-Proliferation of Nuclear Weapons, done at Washington, London, and Moscow on July 1, 1968 (21 U.S.T. 483).

Mr. HATFIELD. Mr. President, negotiations are currently underway to draft a Comprehensive Test Ban Treaty [CTBT] and I commend the Senator from Iowa [Mr. HARKIN] for bringing this resolution before the Senate. I ask that he include me as a cosponsor of his resolution.

Two years ago, the Congress ended underground nuclear testing. That action paved the way for the negotiations which are being held in Geneva today. Strong interest by Members of the Senate, the House, and by the President are vital to the effort to swiftly agree on a treaty. Several Senators, including myself, have tracked these negotiations closely and I hope that the message we send today will redouble the resolve of the U.S. negotiators and send a strong signal to other, participating nations that the United States wants a CTBT as soon as possible.

I would ask that included in my remarks be printed a copy of a speech delivered by the U.S. Director of the Arms Control and Disarmament Agency, John Holum. As he says in his speech before the Conference on Disarmament, which is sponsoring the negotiations, "A Comprehensive Test Ban

Treaty is an opportunity whose time has arrived." By approving this resolution today, the Senate is sending that very same message.

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

STATEMENT BY THE HONORABLE JOHN D. HOLUM, DIRECTOR, U.S. ARMS CONTROL AND DISARMAMENT AGENCY

Thank you, Mr. President. I am pleased to have this opportunity to address the Conference on Disarmament again during its session this year. First, Mr. President, may I congratulate you on the skillful way in which you have conducted the business of the CD during your presidency; I know that the U.S. Delegation has provided you with its fullest cooperation. I would also like to extend once again my greetings to Mr. Petrovsky, the CD Secretary General, and to his Deputy, Mr. Bensmail. We appreciate the efforts you are making on behalf of all of us in facilitating our negotiations.

Mr. President, the Conference on Disarmament has accomplished a great deal in recent years—and much since the opening of the January session.

In one sense our progress in the CD is more than any of us had a right to expect—a testament to the abilities of this body.

But in another sense our recent efforts are not enough. The United States is more committed than ever to concluding a comprehensive test ban treaty at the earliest possible time. None of us can rest—none can be satisfied by our noteworthy progress to date—until the world's nations have agreed once and for all to stop testing nuclear weapons.

So I am here neither to criticize the CD nor praise it unconditionally—but rather to exhort it.

Last January I was privileged to report to you President Clinton's commitment to achievement of a comprehensive test ban "at the earliest possible time." Six months later, he has asked me to return here to tell you that these instructions remain fully in effect—and that "earliest possible time" means just what it says. It most assuredly is not diplomatic code for a "relaxed pace." It does not mean take all the time allowed by U.S. law. It means take only the time necessary, negotiating diligently and in good faith, to write a sound treaty.

President Clinton's commitment to the test ban is authenticated by another decision—our continued moratorium on nuclear testing. Despite China's tests, President Clinton has extended our moratorium for a third year, through September of 1995.

I ask you to consider carefully what this means.

The President's decision to extend the testing moratorium balanced the potential value of additional tests against (1) restraint by others, (2) the impact on our nonproliferation goals, and (3) progress in the test ban negotiations here.

In practical effect, this means that where the United States is concerned, the central and profound policy decision that many seek has already been made. If things here and elsewhere go as we hope, the testing moratorium the United States adopted in 1992 will last forever.

This practical reality is underscored by the President's definitive declaration to the UNGA last September, when he said, "In the face of disturbing signs, I renew my call on the nuclear states to abide by that moratorium as we negotiate to stop nuclear testing for all time."

Simply put, we are prepared for the conclusion that the United States has already conducted its last nuclear test—that we will never test again.

As we contemplate that reality, these negotiations—and other developments, including preparations for the NPT Conference next year—should be given even greater energy and purpose.

The United States seeks a CTBT that will bring an end to all nuclear explosions—period. No thresholds. No exceptions. And by that I mean not just all explosions, but all states. Success demands in particular the full support and participation of all five nuclear-weapon states. And we seek universal adherence.

Of course the United States and the other nuclear-weapon states bear a special responsibility in this negotiation, and of course we also have special experience and knowledge that can aid it considerably. So we will continue to seek closely with the other nuclear-weapon states to propel this effort toward fruition.

I wish to commend Ambassador Marin Bosch, Chairman of the NTB Ad Hoc Committee, as he accelerates the Committee's work. The United States supports his efforts to develop a complete text from contributions developed in the Working Groups on Verification and on Legal and Institutional Issues under the leadership, respectively, of Ambassadors Hoffman and Dembinski. Nevertheless, much time has passed and much work remains to be done. We need a document that will both focus and energize our work. And we look to the committee Chairman for his leadership to bring this about.

Now when I last spoke to you I said the United States would be out front pulling in these negotiations, rather than in the back dragging its heels. We plan to persist in—and indeed, to intensify—our efforts to fulfill our President's instructions.

So I urge the Conference to make use of all time possible available to it, even outside the normal term of the CD, to move these negotiations forward. The U.S. delegation is prepared to work continuously in the NTS Committee and its working groups in the period after the September 7 end of session and the opening of the 1995 session so as to make all possible progress this year and prior to the start of the NPT Extension Conference in April 1995.

A kind of linkage has grown in the minds of some between the NPT Extension Conference and progress in other areas. All parts of the international arms control, nonproliferation, and disarmament architecture are, of course, interrelated. But it is a disservice to major regimes or initiatives to posit any kind of rigid "quid-pro-quo" relationship between them.

The NPT should be extended because of its own intense merits to world peace. A comprehensive Nuclear Test Ban Treaty is an opportunity whose time has arrived. We should seize it not because it goes well with NPT extension, but because it deserves to be done.

Mr. President, President John Kennedy was fond of saying that from those to whom much has been given, much is expected.

The CD's remarkable success with the CWC and its notable progress on the CTBT prove it is a body of great ability. And so the world expects much of it—of you.

One of the encouraging trends of these times has been an ability of the international community to clear away much of the divisive ideological and political underbrush that occupied so much time, to so little effect, during the era of maximum East-West and North-South confrontation. Of course those habits have not entirely disappeared. My appeal to you is that to the extent such inclinations persist, this is the last place they should be exercised. For the CD is not a place for scoring political points, but for doing serious work—and producing tangible results.

Indeed, in a world where even bilateral arms control has become multilateral, this institution, the able statesmen and experts who labor here, and the extraordinary and intricate methods of diplomacy you have mastered here, have become the wave of the future—and the embodiment of our hopes for a safer world.

With the end of the Cold War, nuclear proliferation pressures may be more substantial than ever. Such pressures, as you know, can be vertical as well as horizontal. So this is at once the best time to buttress international security—and the most essential. Now especially—with the largest nuclear-weapon powers finally able to deemphasize nuclear weapons in their defense planning—this is no time to revert to old habits.

We have now had five decades of nuclear testing—and are in the fifth decade of calls to stop it. By any fair description, the world's pursuit of a CTBT has been a long-distance race.

But such races are not won by limping across the finish line, or even by being satisfied with moderate progress. They are won with concluding surges of energy and commitment.

We are in the final stages of our race. The finish line is within our view. We must pick up the pace. We must agree to cease nuclear explosive testing, without exceptions, without artificial linkages, without delay—to conclude a CTBT before the chance of our lifetime has passed.

Mr. President, it is an intriguing historical coincidence that the fiftieth anniversary of the first nuclear explosion and the twenty-fifth anniversary of the entry into force of the NPT fall in the same year—1995. I hope our efforts can make this coincidence into an important signpost of progress.

From the very first atomic blast at Alamagordo, mankind has been struggling to free itself from the ferocious beast unleashed there. Since then, thousands of women and men of good will and intellect have pursued—passionately, painstakingly—the compelling mission of our age. Working together, let us rededicate ourselves to that mission: to shepherd this beast back into its cage—to bring what was unleashed in a blinding blast of heat in the New Mexico desert to a fitting end in the cool atmosphere of reason in Geneva—to ensure that our first half-century of nuclear explosions is our last.

Mr. INOUYE. This amendment has been studied by both managers and we find it acceptable.

The PRESIDING OFFICER. Is there further debate?

The question is on agreeing to the amendment.

The amendment (No. 2525) was agreed to.

AMENDMENT NO. 2526

Mr. INOUYE. Mr. President, I call up Amendment No. 2526, an amendment by Senator LIEBERMAN.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. LIEBERMAN, for himself, and Mr. HATCH, proposes an amendment numbered 2526.

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

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

The amendment is as follows:

On page 39, after the words "such section" on line 2, insert: ": *Provided further*, That of the funds appropriated in this paragraph, not less than $2,000,000 shall be made available for International Cooperative projects to be funded under the Counterterror Technical Support program element.

Mr. INOUYE. Mr. President, the managers of the bill have discussed this matter and studied it. We find it acceptable.

The PRESIDING OFFICER. There being no further debate, the question is on agreeing to the amendment.

The amendment (No. 2526) was agreed to.

AMENDMENT NO. 2527

(Purpose: To set aside operation and maintenance funds of the Air Force for the Core Automated Maintenance System/Reliability and Maintainability Information System (CAMS/ REMIS)

Mr. INOUYE. Mr. President, I ask that the Senate take up Amendment No. 2527, an amendment by Senator SHELBY.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. SHELBY, for himself, Mr. COCHRAN, and Mr. LOTT, proposes an amendment numbered 2527.

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

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

The amendment is as follows:

On page 10, line 17, before the period insert the following: "*Provided*, That, of the amount appropriated under this paragraph, not less than $8,000,000 shall be available only for the upgrading of the Air Force's Core Automated Maintenance System/Reliability and Maintainability Information system (CAMS/REMIS)"

Mr. INOUYE. Mr. President, the managers have studied this amendment, and we find it acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2527) was agreed to.

AMENDMENT NO. 2533

(Purpose: To add $1.296 million to the Air Force F-111 squadrons program element)

Mr. INOUYE. Mr. President, I ask that we take up amendment No. 2533.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. BINGAMAN, for himself and Mr. DOMENICI, proposes an amendment numbered 2533.

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

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

The amendment is as follows:

On page 37, line 21 of the committee reported bill, before the period insert the following: ": *Provided further*, That of the funds appropriated in this paragraph, $2,800,000 shall be made available only for the F-111 Squadrons program element".

Mr. INOUYE. Mr. President, the managers have studied the amendment, and we find it acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2533) was agreed to.

AMENDMENT NO. 2543

(Purpose: To authorize that Secretaries of the military departments to contract for commercial or proprietary credit card services for use by nonappropriated fund instrumentalities of the United States that are under the jurisdiction of such Secretaries)

Mr. INOUYE. Mr. President, I ask that we consider Amendment No. 2543, an amendment by Senator JOHNSTON.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. JOHNSTON, proposes an amendment numbered 2543.

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

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

The amendment is as follows:

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

SEC. . (a) Notwithstanding any other provision of law, the Secretary of a military department may enter into a contract for use of commercial or proprietary credit card services for augmenting or replacing any in-house account receivable system in use by a nonappropriated fund instrumentality under the jurisdiction of that Secretary if the Secretary determines that such contract is in the best interest of that department.

(b) No official of the Department of Defense outside a military department may, by regulation or otherwise, limit or control the exercise of authority under this section by the Secretary of that military department.

Mr. INOUYE. Mr. President, the managers have studied this amendment, and we find it acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2543) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. INOUYE. Mr. President, may I ask that the Senator from Alaska be recognized.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I thank the floor leader for allowing me to offer my amendment at this time, the distinguished senior Senator from Hawaii.

AMENDMENT NO. 2511

(Purpose: To prohibit the availability of any funds for North Korea unless certain conditions are met)

Mr. MURKOWSKI. Mr. President, I call up an amendment numbered 2511.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Alaska [Mr. MURKOWSKI], for himself and Mr. DOLE, proposes an amendment numbered 2511.

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

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

The amendment is as follows:

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

SEC. . PROHIBITION ON ASSISTANCE FOR NORTH KOREA.

(a) PROHIBITION.—No funds appropriated under this Act or any other Act may be made available to the Democratic People's Republic of Korea until the President certifies and reports to Congress that the Democratic People's Republic of Korea—

(1) does not possess nuclear weapons;

(2) has halted its nuclear weapons program; and

(3) is not exporting weapons-grade plutonium.

(b) NATIONAL SECURITY WAIVER.—The President may waive the prohibition in this section if he determines and certifies in writing to the Congress that to do is vital to the national security interest of the United States, and notifies the appropriate Committee of Congress 15 days in advance in accordance with the regular notification procedures of such Committees. Such notification shall include the nature, purpose and amount of the proposed assistance.

AMENDMENT NO. 2511, AS MODIFIED

Mr. MURKOWSKI. Mr. President, I ask unanimous consent to send a modification to the desk at this time.

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

Without objection, the amendment is modified.

So the amendment (No. 2511) was modified, as follows:

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

(a) PROHIBITION.—No funds appropriated under this Act may be made available to the Democratic People's Republic of Korea until the President certifies and reports to Congress that the Democratic People's Republic of Korea—

(1) does not possess nuclear weapons;

(2) has halted its nuclear weapons program; and

(3) is not exporting weapons-grade plutonium.

(b) NATIONAL SECURITY WAIVER.—The President may waive the prohibition in this section if he determines and certifies in writing to the Congress that to do is vital to the national security interest of the United States, and notifies the appropriate Committee of Congress 15 days in advance in accordance with the regular notification procedures of such Committees. Such notification

shall include the nature, purpose and amount of the proposed assistance.

Mr. MURKOWSKI. I thank the Chair.

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

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

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

I am here today to offer this amendment again, with slight modifications, and to ask the managers to fight for this bill at conference.

The amendment, offered on behalf of Senator DOLE and myself, says that this body will not provide any aid to North Korea until the President certifies that three conditions have been met:

First, that North Korea does not possess nuclear weapons. If North Korea possesses a nuclear weapon already, the weapons must be destroyed.

Second, that North Korea has halted its nuclear weapons program. This includes full compliance with the terms of the Nuclear Proliferation Treaty and the January 30, 1992, full scope safeguards agreement between the IAEA and North Korea.

Third, that North Korea is not exporting weapons-grade plutonium to other countries on missiles or otherwise.

The amendment also contains a provision allowing the President to waive the provisions of the amendment if he finds that is vital to the national security interest of the United States, and notifies Congress accordingly.

I remind my colleagues of the history of this regime in contemplating whether such assurances are necessary before giving the North Koreans aid.

This was the regime which launched the invasion of South Korea in 1950 resulting in the deaths of 3 million of their countrymen and more than 33,000 American troops; a regime whose agents detonated a bomb in Rangoon killing 16 South Korean officials; a regime which sanctioned the bombing of a Korean Airlines flight killing 115 passengers and crew; and a regime whose military hacked American personnel to death in the DMZ.

Kim Il-song leaves a very unpredictable legacy, and he leaves it to a very unpredictable son. I have not met with anyone in the U.S. intelligence community who has first-hand information about Kim Chong-Il. There are reports that it was Kim Chong-Il who actually orchestrated the Korean Airlines bombing.

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

Now, more than ever, the United States must demand that North Korea come clean on past nuclear activities and follow through on past commitments to allow IAEA inspectors complete access to nuclear facilities, both suspected and declared.

As this amendment makes clear, it is up to the Administration, as the party directly negotiating with the North Koreans, to send a clear and strong message that the United States is prepared to offer incentives for North Korea, but on our terms.

Unfortunately, up to now, our strategy with North Korea has been less than consistent. Everyone who has negotiated deals in the Asia Pacific understand a key point that I think the U.S. negotiators have missed—Asians understand strength and consistency. Our policy has lacked both.

For more than 2 years Kim Il-song has dictated and our negotiators have conceded.

North Korea extracted concessions from the United States:

United Stated agreed to high-level talks; United States suspended joint military exercises team spirit; United States delayed sending Patriot missiles requested by General; The North Koreans got another year to work on their nuclear capability; and the North Koreans moved fuel rods into the cooling pond without IAEA monitoring procedures in place.

What did the United States get, nothing. The IAEA is still unable to verify whether nuclear activity is taking place. Two suspected nuclear sites remain off limits. And North Korea is a month or so away from being able to reprocess the spent fuel rods into weapons grade plutonium for perhaps four to six more bombs.

It is more than 2 years since North Korea signed the Nuclear Non-Proliferation Treaty Safeguards agreement that requires regular inspections of its nuclear facilities.

It is more than 1 year since North Korea threatened to pull out of the NPT because IAEA was demanding access to the two undeclared nuclear sites and we are no further along in halting their nuclear weapons program.

Mr. President, I have charts, but in view of the fact both sides have looked at the merits of the amendment, I will defer from going through the charts.

However, I think it is important to recognize that since North Korea threatened to pull out of the IAEA in June, five significant events have occurred:

First, the United States declared it would seek U.N. sanctions against North Korea;

Second, Jimmy Carter visited Kim Il-song,

Third, United States agreed to resume high-level negotiations with North Korea on July 8, but then postponed the talks because of the death of Kim Il-song;

Fourth North and South agreed to hold a summit scheduled for July 25 to 27, but now postponed; and

Fifth, the United States and North Korea resumed high-level negotiations in Geneva on August 8 which are ongoing.

Mr. President, Dr. Davis, the assistant secretary for political/military affairs at the State Department testified before the Foreign Relations Committee in March of this year that she was not concerned about this loss of time because North Koreans told us their program was frozen. Mr. President, I am concerned.

By allowing North Korea to continue their drive toward nuclear capability we face a more ominous enemy than we did just last year.

If the new North Korea regime is ready to put aside its drive for nuclear arms and to move toward the family of nations, then I believe the United States should rightfully welcome such a move and offer rewards. However, I strongly believe that North Korea must offer the concessions, and not the other way around.

For too long, we let Kim Il-song dictate the terms of the negotiations, while he gained valuable time to push the suspected nuclear program ahead. From the track record, it was hard to tell which country was a tiny, isolated, terrorist regime violating international agreements and which country was a superpower that was pulling the weight for the international community. This must change.

This amendment sets goalposts for the new leadership in North Korea and signals the United States Administration that this body is ready to provide carrots to North Korea only after explicit guarantees about their nuclear weapons program are met.

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

What types of concessions might the administration be considering? It has been widely reported that North Korea is demanding light-water-based nuclear reactors [LWR's] to replace the outmoded graphite-moderated reactors that they currently possess. I do not doubt that the United States negotiators view this technology upgrade as a significant carrot to offer North Korea.

My concern is that the United States will give this carrot away without gaining tangible concessions from North Korea on its nuclear program. I am also concerned that the long-term nature of this project has not been sufficiently thought through by our negotiators. I refer my colleagues to a Washington Post op ed by Victor Gilinsky, a former member of the Nuclear Regulatory Commission, entitled "No Quick Fix on Korea", which I included in the RECORD on August 8. I believe that Mr. Gilinsky exposes some of the fallacies in believing that LWRs will solve the nuclear issue. As Mr. Gilinsky observes:

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

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

It is appropriate to note that on November 7, 1993, President Clinton stated: "North Korea cannot be allowed to develop a nuclear weapon."

I agree. And this is exactly what this amendment is about. The President must certify that North Korea does not possess a nuclear weapon at such time as we consider giving them any type of United States aid or assistance.

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

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

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

And what should the American people and Congress expect from the Clinton administration during these negotiations? We should expect that the administration will use its leverage as the sole superpower to refrain from rewarding North Korea with taxpayer dollars until the President can certify that the nuclear threat on the Korean peninsula is eliminated. Economic concessions should be made only for good deeds, not just good words.

Unfortunately, the administration's opposition to my amendment leads me to believe that the administration is betting, once again, that rewards given now will lead to good behavior in the future. Every other time the administration has made such a bet, it has lost. This time, North Korean concessions should come first.

I think Congress would be irresponsible to write the President a blank check for any other approach.

Mr. President, I ask unanimous consent that an article appearing in today's issue of the Washington Times, entitled, "Don't Bribe North Korea," be printed in the RECORD.

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

[From the Washington Times, Aug. 11, 1994]

DON'T BRIBE NORTH KOREA

(By Frank H. Murkowski)

The United States late last week resumed high-level negotiations with North Korea, seeking to encourage the North to abandon its nuclear intentions. While I support the administration's decision to talk, I'm afraid that I may not agree with part of what the administration may be saying.

Comments by North Korean and American officials indicate that the United States may be moving to offer economic concessions to push the North to abandon its nuclear intentions. I believe that economic concessions for anything short of true nuclear concessions would be a mistake, but unfortunately, some in Congress apparently favor writing the president a blank check for this approach.

In response to administration pressure, House and Senate conferees for the Foreign Operations Appropriation bill dropped my amendment, which had been unanimously approved (95–0) by the Senate on July 15. The amendment stated that North Korea would receive no United States foreign assistance until the president certified to Congress that the following three conditions had been met:

North Korea does not possess nuclear weapons. If North Korea possesses a nuclear weapon already, then the weapon must be destroyed.

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

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

The administration's opposition to my amendment can only fuel speculation by critics of the president's foreign policy that U.S. officials are prepared to reward North Korea with economic concessions for something far short of the conditions outlined by my amendment. This would be a mistake.

The United States must present North Korea with clear alternatives: Either drop its nuclear intentions and gain the economic and diplomatic benefits of membership in the community of nations, or continue down its current perceived nuclear path and face the consequences of heightened economic and diplomatic isolation.

Rewarding North Korea for empty words and promises brings us no closer to a resolution of the nuclear issue. For example, the United States agreed to resume high-level negotiations with North Korea after former leader Kim Il-sung "promised" not to reprocess the spent fuel rods at its Yongbyon reactor during these talks. But this was an empty promise—the North Koreans could not move these rods for two months in any event because they are "hot" with radioactive material.

Now, administration officials indicate that negotiators are considering North Korea's request for lightwater nuclear reactors. This project would involve a significant commitment of U.S. technology, financial assistance and time. Such a perk might be appropriate at some stage in the negotiations, but I would caution that North Korea should first make tangible concessions. Granting a technological perk to a country that is in violation of international nuclear standards tells the other rulebreakers (Iran, Iraq, Libya) that the rulemakers are prepared to reward intransigence.

The world wants the nuclear impasse created by North Korea's refusal to abide by the terms and conditions of the Nuclear Non-Proliferation Treaty to end. But it should end on our terms.

Kim Jong-il has a historic opportunity to end the impasse and to begin a new era for his people. He can start by announcing that North Korea is prepared to come clean on its past and present nuclear activities. While Kim Il-sung may have felt that he would lose face by revealing hidden activities, the new leader need not be bound by the deeds of his father.

Allowing International Atomic Energy Agency inspectors full and unhindered access to suspected and declared nuclear sites would distinguish this regime from the rogue tactics of the past. This approach was taken in 1991 by South Africa's former president, F.W. DeKlerk, when his country opened up its program to reveal past nuclear transgressions. The United States should expect no less from North Korea.

And what should the American people and the U.S. Congress expect from the Clinton administration during this new round of negotiations? We should expect the administration to use its leverage as the sole superpower to refrain from "rewarding" North Korea with taxpayer dollars until the president can certify to the American people and Congress that the nuclear threat is eliminated.

Mr. MURKOWSKI. Mr. President, I would be happy to respond to any questions by the floor leaders on the merits of my amendment.

Mr. INOUYE. Mr. President, I wish to commend my friend from Alaska for his diligence and leadership in this area. With the modification, we are able to send a strong and clear message to the dictatorial regime on the Korean peninsula.

On behalf of the managers, I am pleased to accept the amendment. And may I, with the acceptance, assure my friend from Alaska that we will do our best to see that it remains in the bill during conference.

Mr. MURKOWSKI. I am most appreciative. I thank my good friend from Hawaii. I do look forward to his assurance that he will do the very best he can in conference on this matter.

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

The amendment (No. 2511), as modified, was agreed to.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2509

Mr. INOUYE. Mr. President, I ask that the pending amendment be set aside and wish to call up amendment No. 2509, an amendment by Senator CHAFEE.

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

The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. CHAFEE, proposes an amendment numbered 2509.

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

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment is as follows:

From the Defense Environmental Restoration Account, $1 million for environmental restoration of the Derecktor Shipyard, Newport, Rhode Island, owned by the U.S. Department of the Navy.

Mr. INOUYE. Mr. President, I send to the desk a modification of the amendment on behalf of Senator CHAFEE.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment (No. 2509), as modified, is as follows:

On page 9, line 13, before the period, insert: ": *Provided further*, That of the funds appropriated under this heading, not less than $1,000,000 shall be made available only for environmental hazard response and remediation activities at facilities owned by the Department of the Navy at the Derecktor Shipyard, Newport, Rhode Island".

Mr. CHAFEE. Mr. President, the managers of the bill have informed me that they are both supportive of my amendment.

The amendment I offer today in the Senate would make $1 million in funding available for cleanup of environmental contamination at the Derecktor Shipyard in Newport, RI. The Derecktor site is seriously contaminated with PCB's and other hazardous substances. The Navy has indicated to me that it will not fund cleanup of the site until an administrative process to include the shipyard within an existing Superfund site is complete. Well, Mr. President, in my view, the cleanup cannot wait until the shipyard is put on the proper list. The time for cleanup is now, and I am pleased to be able to help start the process.

I thank the managers of the bill for working with me to develop this worthwhile amendment.

Mr. INOUYE. Mr. President, with the modification, the managers are pleased to accept the modified amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment (No. 2509), as modified, was agreed.

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

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2512

(Purpose: Regarding Aviation Continuation Pay)

Mr. INOUYE. Mr. President, I ask that the pending amendment be set aside and I call up amendment No. 2512, an amendment by Senator HATCH.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. HATCH, proposes an amendment numbered 2512.

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

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment is as follows:

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

"SEC. . Notwithstanding any other provision of law, the Department of Defense shall pay the appropriate amount of Aviation Continuation Pay authorized by 37 U.S.C. Sec. 301(b) to the survivors of persons who have signed reenlistment contracts but whose service connected death predates the effective date of such reenlistment contract by less than 14 days."

Mr. INOUYE. Mr. President, I send a modification to the desk.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment (No. 2512), as modified, is as follows:

SEC. . Notwithstanding any other provision of law, within the funds made available by the Act, the Department of Defense shall pay the appropriate amount of Aviation Continuation Pay authorized by 37 U.S.C. Sec. 301(b) to the survivors of persons who have signed reenlistment contracts on or after January 1, 1994, but whose service connected death predates the effective date of such reenlistment contract by less than 14 days.

Mr. HATCH. Mr. President, I am deeply moved on this day to pay tribute to Capt. John R. Kindred, a U.S. Air Force pilot, who died in the line of duty in a midair collision on May 6, 1994, over the Yellow Sea, west of South Korea. Captain Kindred, of course, is only one of our brave military men and women who have given their lives in service to our country.

However, my amendment was prompted by an unusual circumstance in the case of Captain Kindred. Captain Kindred had just reenlisted in the U.S. Air Force to serve another 7 years when his untimely death occurred. Although he had signed an agreement to serve under the Aviation Continuation Pay Program, he was not protected by this contract when he died 13 days short of the effective date of his contract. He was in an interim status of completing his old enlistment and beginning his new enlistment period when the collision occurred. Had he not chosen to reenlist, he would have been grounded and would not have been flying in preparation for possible conflict with North Korea on the tragic day of his death.

I have, therefore, offered an amendment to H.R. 4650, the Department of Defense appropriations bill, which will pay the appropriate amount of aviation continuation pay authorized by 37 United States Code section 301(b) to the surviving members of his immediate family, his wife, Lori K. Kindred, and their 2-year-old daughter, Bryndel Kindred.

I thank Senator INOUYE and Senator STEVENS for their support of this amendment.

Mr. INOUYE. With the modification, Mr. President, the managers find the modified amendment to be acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment (No. 2512), as modified, was agreed to.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2530

(Purpose: To include the military services more actively in defense technology reinvestment programs)

Mr. INOUYE. Mr. President, I ask the pending amendment be set aside, and I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. BINGAMAN, for himself, and Mr. PRYOR, proposes an amendment numbered 2530.

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

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

The amendment is as follows:

Strike section 8096 and insert in lieu thereof:

Amendment No. : None of the funds appropriated or otherwise made available by this Act may be used for a defense technology reinvestment project that is not selected pursuant to the applicable competitive selection and other procedures set forth in chapter 148 of title 10, United States Code: *Provided*, That notwithstanding any other provision of law, funds appropriated for defense reinvestment programs under the heading "Research, Development, Test and Evaluation, Defense-Wide" shall not be obligated until the Secretary of Defense has ensured that the Assistant Secretaries for Research, Development, and Acquisition of the separate Military Departments are full members of the Defense Technology Conversion Council: *Provided further*, That notwithstanding any other provision of law, of the funds appropriated for defense reinvestment programs under the heading "Research, Development, Test and Evaluation, Defense-Wide", $150,000,000 may only be obligated for projects selected as a result of a focused competition held in subject areas selected by the Assistant Secretaries for Research, Development, and Acquisition of the separate Military Departments in coordination with the Director of the Advanced Research Projects Agency: *Provided further*, That in addition to the restriction contained in the preceding provisos, the focused competitions shall be conducted in accordance with other unaffected statutory provisions of the Defense Conversion, Reinvestment, and Transition Assistance Amendments of 1993.

AMENDMENT NO. 2530, AS MODIFIED

Mr. INOUYE. Mr. President, I send to the desk a modification in behalf of Senator BINGAMAN.

The PRESIDING OFFICER. Without objection the amendment will be modified.

The amendment (No. 2530), as modified, is as follows:

In Sec. 8096, on page 113, line 4, strike ": *Provided*," and all the text that follows through "Amendments of 1993", on line 2, page 114, and insert in lieu thereof: ": *Provided*, That notwithstanding any other provision of law, funds appropriated for the Advanced Research Projects Agency defense reinvestment program element under the heading "Research, Development, Test and Evaluation, Defense-Wide" shall not be obligated until the Secretary of Defense has ensured that the Assistant Secretaries for Research, Development, and Acquisition of the separate Military Department are full members of the Defense Technology Conversion Council and are fully integrated into the process of selecting dual-use technology focus areas for such programs and evaluating proposals for such projects: Provided further, That notwithstanding any other provision of law, of the funds appropriated for defense reinvestment programs under the heading "Research, Development, Test and Evaluation, Defense-Wide", $150,000,000 may only be obligated for projects selected as a result of a competition held by the Advanced Research Projects Agency in focus areas selected exclusively by the Assistant Secretaries for Research, Development, and Acquisition of the separate Military Departments: *Provided further*, That in addition to the restriction contained in the preceding provisos, the competition in focus areas shall be conducted in accordance with other unaffected statutory provisions of the Defense Conversion, Reinvestment, and Transition Assistance Amendments of 1993."

Mr. BINGAMAN. Mr. President, on behalf of Senator PRYOR and myself, I am offering an amendment to clarify provisions in the bill with regard to involving the military departments more in the technology reinvestment program run by ARPA.

I first want to note that I agree with the thrust of the provision in the bill. It is vital that the dual-use approach to technology development be inculcated more deeply into the service acquisition systems. We will soon conclude a conference on S. 1587, the most far reaching acquisition reform bill in at least 20 years, and the heart of that bill is the commercial-military integration paradigm espoused by Secretary Perry at least since he was a member of the Packard Commission. DOD should move away from military specifications and toward greater use of commercial products wherever possible, particularly at the subtier industries such as electronics, materials, machine tools, manufacturing technology, communications, and computers. Secretary Perry has spoken eloquently about the opposition this paradigm shift is likely to face from those comfortable with the defense-unique or autarkic strategy DOD has followed too often in the past at great expense in its acquisition system.

So I commend the Senator from Hawaii for the strong support he has shown for the ARPA technology reinvestment program in this bill and for his support for better integrating the services into this program, which is really the flagship of Secretary Perry's and Deputy Secretary Deutch's new dual-use model.

Over the past few days our staffs have had very productive discussions as to how best to achieve the Senator from Hawaii's and our mutual goal in this area. The amendment before us would make the Service acquisition executives full members of the Defense Technology Conversion Council, along with the Director of ARPA and representatives of DOE, the Commerce Department, NASA and the National Science Foundation, and fully integrate them into the technology reinvestment program, including selecting focus areas for competitions and evaluating the proposals that come in as a result of those competitions. We feel that this will better achieve our goal than having an additional step at the end of the selection process involving the service acquisition executives as had been proposed.

The amendment also clarifies that while the service acquisition executives will select the focus areas for $150,000,000 of the funds in the technology reinvestment program element, ARPA will hold the competition for these focus areas and remain the leader of the overall effort.

I believe that this amendment is a step in the right direction compared to the provision currently in the bill. It will both better propagate this new way of doing business into the services and better protect the program from the sort of criticism it received in last night's debate that the program is insufficiently attentive to defense needs, criticism which I believe is wrong. If we have all three service acquisition executives fully involved as stakeholders in this program, as our amendment would do, it will be a better and stronger program.

I understand the amendment is acceptable to the Senator from Hawaii and urge its adoption.

Mr. INOUYE. Mr. President, with the modification the managers find the amendment to be acceptable.

Mr. PRYOR. Mr. President, I rise today to offer an amendment with Senator BINGAMAN that would include the military services more actively in our Federal Government's defense technology reinvestment programs.

This amendment would replace language previously included in this bill that would have required the military services to certify that each technology reinvestment program addresses a bona fide defense need. The language offered by Senator BINGAMAN and myself would remove this certification and replace it with language that places a representative from each military department on the Defense Technology Conversion Council—the guiding body of the Clinton administration's technology reinvestment project that, among other things, selects focus areas, evaluates proposals, and ensures that each program addresses a bona fide defense need.

Although I personally feel that the military departments are currently

well represented in the Technology Reinvestment Program [TRP], I acknowledge that the distinguished chairman, Senator INOUYE, and others in Congress wish to see a greater participation of the military departments in this important dual use initiative, to help ensure that each project addresses a true military need.

I would like to express my extreme displeasure with one portion of this bill, relative to the technology reinvestment project. The appropriators have included language that would allow the military departments to select focus areas for $150 million of the $625 million technology reinvestment project. Mr. President, this is a direct violation of the intent and spirit of the TRP. TRP encourages partnerships in a bold effort to integrate military and commercial technology initiatives. To set an example for these partnerships, the Federal Government has assembled five agencies, each working together to foster dual-use technologies and competitiveness. This bill requires the military departments to select focus areas on 40 percent of the TRP without any input or consultation from the other agencies involved in this important initiative. I strongly oppose this shortsighted proposal.

Mr. President, aside from my opposition to this provision, I feel compelled to acknowledge that, for the first time, all four congressional defense committees have provided funds for the Clinton administration's technology reinvestment project. I applaud Senator INOUYE for his leadership in appropriating $625 million for TRP in the Senate version of the fiscal year 1995 Defense Appropriations bill. I also applaud Senator INOUYE for upholding the integrity of our technology reinvestment programs by discouraging the deplorable practice of earmarking specific projects with funds that are designed to be awarded via a merit-based process. Finally, I thank the distinguished Senator for accepting our amendment.

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

The amendment (No. 2530), as modified, was agreed to.

AMENDMENT NO. 2532

Mr. INOUYE. Mr. President, I ask the pending amendment be set aside. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. WELLSTONE, proposes an amendment numbered 2532.

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

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

The amendment is as follows:

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

SEC. . The Senate finds:

a. In 1953, the U.S. Army conducted chemical and biological warfare tests in Minneapolis, MN, involving the spraying of zinc cadmium sulfide particles.

b. Members of the Senate have requested the Department of Defense to provide full disclosure of all documents pertaining to this and similar tests conducted nationwide.

c. The Department of Defense has thus far failed to provide even a time certain at which such documents will be made available.

SEC. . It is the sense of the Senate that the Department of Defense shall immediately provide, in writing, a schedule of production for the requested documents.

AMENDMENT NO. 2532, AS MODIFIED

Mr. INOUYE. Mr. President, I send to the desk a modification in behalf of Senator WELLSTONE.

The PRESIDING OFFICER. Without objection the amendment is modified.

The amendment (No. 2532), as modified, is as follows:

SEC. . It is the sense of the Senate that not later than 90 days after the enactment of this Act, the Department of Defense shall submit all documents pertaining to any and all Department of Defense chemical and biological warfare tests involving the use of zinc cadmium sulfide conducted anywhere in the United States.

Mr. WELLSTONE. Mr. President, in 1953 the U.S. Army conducted chemical and biological warfare experiments in Minneapolis that involved the spraying of a potentially dangerous compound called zinc cadmium sulfide over the city. On June 10, 1994, I sent a letter to Defense Secretary Perry asking for all documents relating to these experiments, and since then, I have learned that similar tests were carried out using different materials in various locations throughout Minnesota and most of the United States.

I offer this amendment not to make any judgments about the appropriateness of the experiments. I offer this amendment to ensure that the American people get the full disclosure they deserve. When the Army conducted its testing in Minneapolis and other cities, they made up a cover story so that the citizens wouldn't know what the tests really were. That was a long time ago and most of the people who directed those tests are probably no longer with the Department, but the American people still deserve to know what happened during the cold war. That is why I have requested documents and made those documents available to the public as I have received them.

As I have said, my first request for disclosure was a letter to Defense Secretary Perry dated June 10, 1994. The letter asked for all documents relating to zinc cadmium sulfide spraying in Minneapolis and throughout the United States.

On June 14, when I received a briefing from Army officials, I made it clear that I wanted full disclosure by the DOD of all documents involving zinc cadmium sulfide spraying in the United States, as well as involving any other chemical and biological warfare testing that occurred in Minnesota, even if zinc cadmium sulfide was not involved. The officials promised full disclosure and presented me with some very general documents, previously released in 1977. They also agreed to provide a timeline for the production of the rest of the documents.

Over the next month, DOD provided my office with a number of very specific documents, detailing spraying experiments in Minneapolis, St. Louis, and Winnipeg in 1953.

At a briefing July 15, DOD officials provided a health effects assessment of the Minneapolis spraying and promised to provide all documentation relevant to experiments in Minnesota and zinc cadmium sulfide spraying in the rest of the United States by August 15.

In a July 28 telephone discussion, we were informed that DOD would not be able to provide anything but the Minnesota-related documentation by the August 15 deadline, and that the U.S.-wide documentation would not be available until some unspecified time in the future. DOD was requested to write a letter explaining their failure to meet the deadline. The letter was to be provided by August 9. No such letter has been received.

DOD apparently still plans to provide the Minnesota-related documents by August 15, but I have no idea when I will see the rest of them, including those involving tests conducted in the rest of the country.

This is an issue of public accountability. For some reason the Department seems incapable or unwilling to give me a time certain for delivery of these documents. They made a commitment, and then failed to keep it, without even providing a reason.

This amendment assumes that the Department will keep its earlier commitment to make all Minnesota-specific documents available on August 15, 1994. The amendment sets a 90-day deadline for DOD to provide the rest.

Mr. INOUYE. Mr. President, as modified the managers find the amendment to be acceptable.

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

The amendment (No. 2532), as modified, was agreed to.

AMENDMENT NO. 2544

(Purpose: To limit funds to ensure the operation of Fort Chaffee, AR, in accordance with the report of the 1991 Base Realignment and Closure Commission)

Mr. INOUYE. Mr. President, I ask the pending amendment be set aside to consider amendment No. 2544, an amendment by Senator BUMPERS. I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The bill clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. BUMPERS, proposes an amendment numbered 2544.

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

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

The amendment is as follows:

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

"SEC. . None of the funds made available under this Act may be obligated or expended for the relocation or reduction of the functions specified in the 1991 Report to the President of the Defense Base Closure and Realignment Commission to be maintained at Fort Chaffee, Arkansas, including ndall civilian management, support personnel and operations associated with these functions that are in existence as of September 30, 1994."

AMENDMENT NO. 2544, AS MODIFIED

Mr. INOUYE. I send to the desk a modification to this amendment in Senator BUMPERS' behalf.

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

The amendment No. 2544, as modified, is as follows:

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

"SEC. . None of the funds made available under this Act may be obligated or expended for the relocation or reduction of the functions specified in the 1991 and 1993 Reports to the President of the Defense Base Closure and Realignment Commission to be maintained at Fort Chaffee, Arkansas, including all civilian management, support personnel and operations associated with these functions that are in existence as of September 30, 1994."

Mr. INOUYE. With such modification the managers find the amendment to be acceptable.

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

The amendment (No. 2544), as modified, was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

AMENDMENT NO. 2506

Mr. INOUYE. Mr. President, I ask the pending amendment be set aside and we consider amendment No. 2506, an amendment submitted by Senator DOMENICI. I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. DOMENICI, for himself and Mr. BINGAMAN, proposes an amendment numbered 2506.

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

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

The amendment is as follows:

At the appropriate place in the bill, insert:

SEC. . No funds appropriated by this Act may be obligated or expended during fiscal year 1995 for retiring, or preparing to retire, any B-52H, B-1B, or F-111 bomber aircraft.

Mr. DOMENICI. Mr. President, this amendment would prohibit the expenditure of Department of Defense funds to retire, or prepare to retire, B-52H, B-1B, or F-111 bomber aircraft in fiscal year 1995. The language in this bill can also be found in this year's Defense authorization bill.

The F-111 fighter bomber played a critical role in the Persian Gulf war in delivering precision-guided munitions deep behind enemy lines against high value targets. The F-111s at Cannon Air Force Base continue to demonstrate their prowess in exercises. Should they be called upon again to support our forces anywhere in the world they would be ready and they would make a tremendous contribution.

The August 8 edition of Defense News contains an article dealing with F-111 force structure. It begins with the statement, "Senior uniformed U.S. Air Force officials are opposing a plan to retire the F-111 long-range strike aircraft by 1996, citing a gap in combat capability."

Mr. President, the Air Force officers referenced in the Defense News article are right. Their comments echo the Bottom-Up Review which says that the F-111 is necessary to carry out the missions of the Department of Defense through fiscal year 1999. This amendment is a step in the right direction. I thank the managers for the consideration of this amendment.

Mr. INOUYE. This amendment has been authorized and accordingly the managers have no objection to its acceptance.

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

The amendment (No. 2506) was agreed to.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

Mr. INOUYE. Mr. President, I ask the pending matter be temporarily set aside and that the Chair recognize the Senator from Ohio [Mr. METZENBAUM].

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

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio is recognized.

UNANIMOUS CONSENT AGREEMENT

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the Senator from Ohio and the Senator from Utah be permitted to offer a bill at this time, which I send to the desk and ask that the bill be placed on the calendar.

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

Mr. METZENBAUM. I thank the Chair.

(The remarks of Mr. METZENBAUM and Mr. HATCH pertaining to the introduction of S. 2380 are located in today's RECORD under "Statements on Introduced Bills and Joint Resolutions.")

MEASURE READ FOR THE FIRST TIME—S. 2380

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the previous unanimous consent agreement relating to placing on the calendar S. 2380 be vitiated, and I now ask for its first reading.

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

The clerk will read the bill for the first time.

The assistant legislative clerk read as follows:

A bill (S. 2380) to encourage serious negotiations between major league baseball players and the owners of major league baseball in order to prevent a strike by the players or a lockout by the owners so that the fans will be able to enjoy the remainder of the baseball season, the playoffs, and the World Series.

Mr. METZENBAUM. Mr. President, I now ask for its second reading.

Mr. HATCH. Objection.

The PRESIDING OFFICER. Is there objection?

Mr. HATCH. I object.

The PRESIDING OFFICER. Objection is heard. The bill will be given its second reading the next legislative day.

Mr. PRESSLER. Mr. President, I ask unanimous consent to speak for 5 minutes as if in morning business.

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

HEALTH CARE REFORM

Mr. PRESSLER. Mr. President, all of us are very concerned about helping those Americans without health insurance. We want to ensure that they get insurance benefits. In my State a survey in one of our leading newspapers found that about 75 percent of our people were satisfied with the present

health insurance and health care system. This does not mean that people do not want any change. Rather, it means they only want us to fix that which is broken.

I lived in England many years ago as a student, and I found that there were people unhappy with the health care system there. There are people unhappy with the health care system in Canada, in Germany. There is no perfect way to deliver those kinds of services and have everybody happy.

The point is we have the best health care system in the world, and the one that produces the most new drugs and the most new medical procedures. I think we should move very cautiously before we change the basic type of health care system we have. That does not mean we do not need to improve things in certain areas.

Now, the President and the First Lady have done a good job of raising this subject. They deserve a great deal of credit. What happens in most of their seminars and meetings is that three or four people who have suffered from great health problems are showcased. We sympathize with those people who suffered. We would like to solve their problems. Everybody leaves the room and the meeting, and the implication is that everybody's problems would be solved if we just passed the Clinton health care plan or the Mitchell health care plan.

But that is not true. There is much misunderstanding about what is in these bills, and it is part of my purpose to try to increase the understanding.

For example, the health bill, according to the Washington Post, the Mitchell bill, the 1,410 page bill—and this is as reported in the Washington Post—"would create dozens of new Federal and State agencies. They would have untested authority to centralize, reorganize, monitor and enforce the way medical care is bought, sold and, to a lesser extent, practiced in this country."

In other words, we are setting up Government health insurance, and we should remember that, because that is exactly what it is.

I cite another article from the Philadelphia Inquirer. "Health bills increase taxes of middle class." According to the Philadelphia Inquirer, this is one of the largest tax increases aimed at the middle class in American history. "The bottom line," it says, "most people who now have generous health-insurance plans would end up paying more for reduced benefits, said Joseph Walshe, a benefits specialist with the Coopers & Lybrand accounting firm.

Families in the $50,000 annual income range may see their insurance costs rise by several hundred dollars per year, Walshe said; actual costs would vary depending on a host of individual circumstances.

Mr. President, I have long felt that my principal job here is to represent the middle class. Of course, we are concerned about the very rich and the very poor, and we want to take care of the very poor and help them. But most people that I represent are middle-class Americans. You do not get any medals, I guess, for representing the middle class or being in the middle class, but the point is this health care bill is a massive tax increase for the middle class.

The Philadelphia Inquirer article lists four major new taxes on the middle class. First of all, it would "impose a new tax on health insurance premiums—2 percent in the House bill and 1.75 percent in the Senate plan." Most middle-class Americans have their own health insurance premiums, so most middle-class Americans would be paying that new tax.

Second of all, the bill ends "current tax breaks for 'flexible spending accounts' in so-called cafeteria-style benefit option plans. This probably would affect more ordinary taxpayers than any other proposed tax change." That is another heavy tax on the middle class.

Third, there is "a 25 percent penalty tax on 'high cost' insurance plans that 'would be difficult to implement' and 'might be considered inequitable.'" That is another tax on the middle class.

Finally, there is an "extension of the Social Security tax on non-wage income to owners of 'S corporations,' a tax category of service businesses."

So the point I am trying to make here is that the middle class' taxes are going to be substantially increased in this bill, and that should be understood. The very rich will pay the same increase, but it will be incrementally much smaller. But to a family of four on an income of $40,000- to $50,000 a year, that is a heavy tax increase on a percentage basis. And we should not apologize about representing people who make $30,000- or $40,000 a year or $50,000 a year. They are American citizens. They deserve representation. They should be told what is in this bill. It is a major tax increase on middle-class Americans, those Americans who take care of themselves, those Americans who obey the laws, pay their taxes, and carry out the duties of citizenship in this country. I think that has been overlooked, where the incidence of this tax increase falls. These new taxes fall on the middle class.

I know there is very little sympathy in this Chamber from some of my friends for the middle class. To be very wealthy is very fashionable. To help the very poor is compassionate and you get awards and medals for it. But everybody forgets about the middle class, those people out here who are working, doing their jobs, who insure themselves, take care of themselves and their families, contribute to their communities. And this bill hits them hardest. It punishes the middle class. I think we should look at the new taxes that are in it and see if this is what we really want.

Also, we must take a very careful look at the dozens of new Federal and State agencies that are being created, because once these new agencies are created there will be 98,000 new Federal employees and we all know what happens when there are new Federal employees—it keeps growing and growing and growing. And again, the taxpayers of America must pay.

It has been said that our country is something like a wagon. There are only so many people pulling the wagon. Some people must ride in the wagon because they are handicapped or they are disadvantaged or they are poor. But more and more people are getting of the philosophy that they will ride in the wagon rather than pull the wagon. We are penalizing those people who pull the wagon—the backbone of our country. The way the taxes are built in this health care bill, the way the taxes will fall, they fall the hardest on the hardworking, honest, middle-class people of this country. And I make no apologies about standing up and speaking for them because I do not think they are spoken for enough.

Now, this bill is put forth that it is going to solve all the problems and that somehow it is free. There is a tendency here to promise all these things in 1998 and the year 2000 and 2002. The balanced budgets are being promised, and the President talks about the benefits and the other goodies. But we really do not have good CBO figures. How much is it going to cost? Yesterday, we had a resolution in the Senate saying we should have the CBO figures, real budget figures before we act on such a major piece of legislation.

The American middle-class taxpayer is being locked into a heavy load of taxes on a whole series of promises that are going to come into effect.

Now, none of these taxes will come into effect until after the next Presidential election. That is another phenomena of this bill. If the President and the people advocating this health care reform were sincere and they thought we needed it, they should make it effective today. People would know what the rate of taxation would be during the next Presidential election. They are not going to find out because it very carefully takes us beyond 1996. It takes us on to 1998. Indeed, the biggest taxes come into effect in 2002, the employer mandates. By that time, we will have had two Presidential elections.

So what this Congress is doing is putting a burden on future generations. It is promising people a whole bunch of things that are not going to be delivered until 2002, but meanwhile the taxes are creeping in. And it is doing it

without a budget estimate, which is just absolutely amazing. So that is not a good management way to do business.

I have frequently been a critic of Congress because of the way we do our business and how we are organized. But we should have a budget estimate before we go into something like this. If we are going to increase people's taxes, we should tell them how much and when. Those are some of the things that we must do.

Mr. President, I ask unanimous consent to place the article from the Washington Post about the dozens of new Federal and State agencies into the RECORD, and also from the Philadelphia Inquirer titled "Health bill increase taxes of middle class." This is from a very liberal paper that is writing that. I do not usually cite liberal papers, but when they write the truth I do.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Aug. 7, 1994]

HEALTH BILLS MAY HAVE NO SUBSTITUTE FOR BUREAUCRACY

(By Dana Priest)

President Clinton and members of Congress last week hailed the Senate Democratic leadership's health bill as a vast improvement over the bureaucracy-laden 1,462-page plan produced by the White House.

But the 1,410-page bill proposed by Senate Majority Leader George J. Mitchell (D-Maine) also would create dozens of new federal and state agencies. They would have untested authority to centralize, reorganize, monitor and enforce the way medical care is bought, sold and, to a lesser extent, practiced in this country.

New bureaucracy is unavoidable in legislation that sets out to tackle the job of reforming the health care system, which makes up one-seventh of the economy, policy analysts say.

"While it appears as more bureaucracy, it's actually less than the current system," said David Kendall, a health policy expert with the Progressive Policy institute, a conservative Democratic think tank. "Having one purchasing group buying insurance for 1 million people is a lot more efficient than having 10,000 employers do it."

Even so, the Mitchell bill substitutes government bureaucracy for private in some instances, challenging states and federal agencies to set up new agencies with complex responsibilities never before performed on the same scale by public or private enterprise.

The Mitchell bill would require states to enforce complex new insurance industry laws designed to prevent companies from discriminating against the old and sick.

It would obligate states to verify that health plans had the ability to care for patients in the way the law requires and were financially sound.

And it would force states to monitor the transfer of billions of dollars in insurance premiums paid by employers and individuals to private insurers.

States also would set up at least three new, multibillion-dollar government subsidy programs for low-income people. One would be for people temporarily unemployed. Another would be for low-income pregnant women and children. The third would be for hard-to-reach low-income groups like the homeless.

In addition, states would have to dismantle Medicaid, the current federal-state health insurance program for the poor, and give money to those same people to buy private insurance.

Moreover, the states would be asked to collect new data in each community on patient care, health spending and on the functioning and efficiency of health plans. The data would be used to compile a report card on each health plan that consumers would use to select a plan every year. it also would be used by each insurance company to set standard prices in each community.

"It's so much at one time," said Raymond C. Scheppach, executive director for the National Governors' Association. "You're trying to build a very different delivery system at the same time there's a new low-income program. and then you have to worry about waste, fraud and abuse because you're reshuffling so much money."

Mitchell's requirement that states collect insurance and health data, for example, also would be necessary to make sure no health plan collapsed financially. This could occur if a disproportionately large number of sick people enrolled in one particular plan.

To protect against this possibility, states would be required to do something called "risk adjustment," a task no one has carried out successfully anywhere on a large scale. It involves figuring how much more one particular health plan spent because it had more sick people than the average plan in a given community and then giving it money to make up the difference attributable to the disparity.

In Mitchell's bill, large companies allowed to keep their own health plans would be required to contribute toward the overall cost of health care for people in the community beyond their employees. Senate aides believe large companies would be required to pay less than a 1 percent payroll tax.

The Congressional Budget Office recently said, "The feasibility of developing and successfully implementing such a mechanism in the forseeable future is highly uncertain."

Proponents of the Democratic leadership bills argue the new bureaucracies are a necessary part of fixing the health care system and they have designed them in the least disruptive way.

"It requires a lot of administrative work, and we don't know whether they can be done, especially by the states," Mitchell said at a news conference last week. "That states have been the laboratories of democracy in health care . . . and the alternative to the states doing it are two: the federal government doing it or doing nothing."

Opponents say the bills are another example of government run-amok lawmaking. "With 17 new taxes and 20 new bureaucracies, the Mitchell plan is enormously irresponsible and expensive," said Sen. Don Nickles (R-Okla.).

Nickles 17 "new taxes" include increases in penalties for not complying with proposed new rules and changes in how the tax code treats some health benefits. It also includes some taxes Republicans have championed, such as taxing wealthy Medicare beneficiaries for part of the Medicare benefits they receive.

Scheppach of the governors' group said states would need a three- to five-years period of phase in the new system before being judged on whether the reforms reduced health spending and provided insurance to more people.

Under the Mitchell bill, employers in a state that did not reach 95 percent coverage by 2000 might then be required to pay 50 percent of their workers' health insurance. Employees would be required to pay the rest.

In the Mitchell bill, for example, small businesses that voluntarily pay workers' insurance would no longer have to search out health companies to insure their workers. The company simply would send the money to the health plan or Health Insurance Purchasing Cooperative that it employees choose.

The cooperatives, new nonprofit agencies monitored by the states, would be responsible for enrolling individuals, collecting and distributing premium payments to health plans and providing consumer information on plans' quality and costs. In regions where no nonprofit organization took on that task, states would be required to run a cooperative for consumers.

States also would have to offer employees in every community the chance to enroll in the federal employee health program. And if no such program existed in a given region, the federal Office of Personnel Management would have to set up and run one there.

People on all sides of the health care debate criticize the massive amount of red tape in the current system. Health experts say paperwork and overhead add 30 percent to the cost of insurance for small businesses. Consumers complain frequently about the paperwork and coverage battles with insurance companies, and standardizing the system requires new regulations. The question is whether the government can, and can be trusted to, oversee a health system in an efficient and cost-effective way. As everything else in health care reform, that will be a much-debated point. "To us, it's the Clinton alliances all over again," said Mary Nell Lehnhard, senior vice president of the Blue Cross Blue Shield Association, referring to the much-maligned insurance purchasing cooperatives in the original Clinton plan that were denounced by all sides.

In addition to the expanded role for the states, the federal government also would have new responsibilities under the Mitchell plan. It calls for a new National Health Care Cost and Coverage Commission, a seven-member presidentially appointed panel empowered to monitor and recommend ways to cover more people and reduce health spending. It mandates a National Health Benefits Board, also seven members, set up to decide the scope of medical services guaranteed in the standard benefit package each health plan must sell.

There is the National Council on Graduate Medical Education, which would reorganize medical education so 55 percent of the residency students were working in primary care by 2001.

And there is the National Quality Council, which would set quality standards and performance measurements for health plans. And then, there is the House bill drafted by Majority Leader Richard A. Gephardt (D-Mo.). It contains many elements of the Mitchell plan, plus others.

HEALTH BILLS HIKE TAXES OF MIDDLE CLASS

(By Robert A. Rankin)

WASHINGTON.—The two main health-reform bills moving through Congress contain several provisions that would raise the taxes of middle-class Americans as a tradeoff for providing universal insurance coverage.

Every income group would be affected by the most-publicized tax contained in both bills: a 45-cent-per pack increase in the cigarette tax, which would rise to 69 cents per pack by 1999.

But other less-noticed terms largely would hit the middle class. The bills would end current tax breaks for employee health insurance, add taxes on health-insurance premiums and, in the Senate version, slap a 3 percent income tax increase on many small-business owners.

The bottom line: Most people who now have generous health-insurance plans would end up paying more for reduced benefits, said Joseph Walshe, a benefits specialist with the Coopers & Lybrand accounting firm.

Families in the $50,000 annual-income range may see their insurance costs rise by several hundred dollars per year, Walshe said; actual costs would vary depending on a host of individual circumstances.

New taxes are never popular, but their proponents say these are necessary to provide universal health insurance to the 39 million Americans who lack coverage and to finance standard benefits for everyone.

The effect on individuals would vary considerably by region, by plan and by the demographic profile of clients sharing in group plans, said Bill Custer, research director for the Employee Benefit Research Institute, a nonpartisan, nonprofit study center.

In addition to raising the cigarette tax, the plans sponsored by House Democratic Leader Richard A. Gephardt of Missouri and Senate Democratic Leader George J. Mitchell of Maine would:

Impose a new tax on health-insurance premiums—2 percent in the House bill, 1.75 percent in the Senate plan. While insurers would pay the tax initially, "it's clear the effect of that tax is either going to be a reduction in benefits or simply passed along [to policyholders] as higher premiums," said Custer.

End current tax breaks for "flexible spending accounts" and so-called cafeteria-style benefit option plans.

This probably would affect more ordinary taxpayers than any other proposed tax change, said Clint Stretch of the Deloitte & Touche accounting firm. Reformers hope to make consumers more aware of the full costs of their health-care spending—in hope of encouraging more cost-efficient spending—but this change would pinch the middle class.

About 40 percent of corporate employees now take advantage of flexible accounts, through which they set aside pre-tax dollars to cover their insurance plan's annual deductible fee, and co-payments for medical services. About 8 percent use cafeteria-style option plans, which let employees use pre-tax dollars either for insurance or other expenses such as child care.

A family in the 28 percent tax bracket that sets aside $400 in a pre-tax "flex" account can cut its income tax by $112. Ending that break "is a tax increase, in effect," said Custer.

He warns that as employers lose their tax incentives to offer such health-care plans, they also may drop the rest of their "cafeteria" offerings on the ground that they are more administrative trouble than they are worth.

Gephardt's chief reform-financing tool is to impose a mandate on employers to pay 80 percent of their employees' health insurance. Economists call this an indirect tax; politicians call it dynamite because business groups oppose it so vehemently.

To avoid the political explosion from that proposal, Mitchell backed several other taxes, including:

A 25 percent penalty tax on "high-cost" insurance plans that "would be difficult to implement" and "might be considered inequitable," as determined by complex formulas. Like the small tax both bills would impose on premiums, insurers also would pass this 25 percent tax along to consumers one way or the other, analysts agree.

"A lot of plans will try to keep under the [25 percent] cap by skimping on benefits and other ways to keep costs down," said Custer. He said the pace of medical inflation was so hard to restrain that it eventually would push nearly all insurance plans into triggering Mitchell's 25 percent tax.

Extension of the Social Security tax on non-wage income to owners of "S Corporations," a tax category of service businesses.

"A lot of small-business owners are S Corps," said Pamela Pecarich, director of tax policy for Coopers & Lybrand. "For them this is going to be a big hit, because it's a 2.9 percent tax on their total income."

The biggest taxes in both bills, however, are the ones economists call "indirect." Like Gephardt's employer mandate, these are "taxes" because they involve the government confiscating private money for a public purpose.

Another indirect tax on both bills stems from their deep cuts in Medicare's projects payments to doctors and hospitals.

Medicare already pays doctors and hospitals less than their true costs for treating the elderly. Doctors and hospitals make up these losses by shifting the unpaid expenses to bills of the privately insured.

Mr. PRESSLER. Let me also indicate what I am for. Meaningful reform must include: malpractice reforms, insurance reforms—making insurance permanent and portable, preventing insurance companies from denying benefits to individuals with a pre-existing condition, antitrust reform, paperwork reduction, reduction of Federal regulation, medical savings accounts, tax fairness to the self-employed, and voluntary purchasing pools.

I yield the floor.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

The Senate continued with the consideration of the bill.

Mr. INOUYE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the first committee amendment.

AMENDMENT NO. 2534

(Purpose: To limit the use of funds for a joint program for the development of an advanced threat radar jammer with a foreign government, other than a major ally of the United States, or with an entity controlled by a foreign government, other than such an ally)

Mr. INOUYE. Mr. President, I ask that the amendment be set aside, and I ask that amendment No. 2534, an amendment by Senator FEINSTEIN, be considered.

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

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mrs. FEINSTEIN, for herself, Mr. SASSER, Mr. BINGAMAN, and Mr. ROTH, proposes an amendment numbered 2534.

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

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

The amendment is as follows:

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

SEC. . (a) None of the funds available to the Department of Defense during fiscal year 1995 may be used for negotiating or entering into any agreement with, nor for accepting funds from, a foreign government or an entity controlled by a foreign government for a joint program for the development of an advanced threat radar jammer for combat helicopters until 30 days after the Secretary of Defense, in consultation with the Secretary of State, the Secretary of the Army, and the Director of the Defense Security Assistance Agency, conducts a comprehensive review of the program and submits a report on the results of that review to the congressional defense committees.

(b) This section does not apply with respect to a major ally of the United States.

(c) In this section:

(1) The term "entity controlled by a foreign government" includes—

(A) any domestic or foreign organization or corporation that is effectively owned or controlled by a foreign government; and

(B) any individual acting on behalf of a foreign government, as determined by the Secretary of Defense. Such term does not include an organization or corporation that is owned, but is not controlled, either directly or indirectly, by a foreign government if the ownership of that organization or corporation by that foreign government was effective before October 23, 1992.

(2) The term "major ally of the United States" has the meaning given such term in section 2350a(i)(2) of title 10, United States Code.

Mr. INOUYE. Mr. President, the managers find this amendment to be acceptable.

Mrs. FEINSTEIN. Mr. President, I rise today to support my amendment that would require the Secretary of Defense to report to Congress on a very important issue that involves not only congressional oversight of a defense program, but also proliferation concerns and stability in the Middle East: a Department of Defense proposal to codevelop the Advanced Threat Radar Jammer [ATRJ] with the United Arab Emirates [UAE].

I understand that the U.S. Army and Defense Security Assistance Agency [DSAA] are prepared to offer the UAE a proposal to codevelop the ATRJ—the Army's next generation radar receiver and jamming system. Under this proposal, the UAE would provide funding for research and development of the ATRJ and then be allowed to purchase the sophisticated systems for installation on recently acquired AH-64 Apache helicopters.

I and many of my colleagues are concerned about this proposal for several reasons. First, this agreement would establish an arrangement wherein a foreign nation would fund a U.S. defense program in an apparent circumvention of the normal authorization and appropriations process, and

beyond the effective oversight of Congress. The Congress has repeatedly voiced its objections to executive branch efforts to solicit funds in support of U.S. foreign policy or defense initiatives that were not first made subject to the scrutiny of the legislative branch.

Second, I believe this agreement would undermine the President's own efforts to constrain weapons proliferation. It provides the UAE with a quantum improvement in its war fighting capability which could provoke other hostile nations to seek advanced systems to counter the new perceived UAE threat.

Third, this arrangement would violate a departmental policy, recently reaffirmed by the Deputy Secretary of Defense on March 15, 1994, which states that:

The Department of Defense remains committed to the policy of no foreign military sales or commitments for foreign sales of defense systems prior to the successful completion of OT&E [operational test and evaluation], and the specific approval of the Under Secretary of Defense. This policy remains in effect today.

Finally, I am deeply concerned that if this new weapons system were introduced into a volatile region and ever fell into the hands of a U.S. adversary, its state-of-the-art jamming capability could pose a serious threat to U.S. forces. When fully operational, this system will be capable of friend or foe identification, pulsed radar jamming, extreme radio frequency sensitivity and processing capability, as well as multiband situational awareness.

I see little justification for proceeding with an arrangement that is fraught with so many questionable funding practices and policy implications. While I and many of my colleagues believe that the United States shares an interest in the security of the UAE, the ATRJ would provide a level of jamming capability significantly greater than that possessed by many of our close NATO and major non-NATO allies. The possible threats to the UAE are no greater than those faced by other nations in the region, none of which have been asked to participate in the ATRJ program.

I have already contacted the Defense Department on this issue, expressing my concern over the codevelopment of the ATRJ with the UAE. Unfortunately, I found the response to my concerns to be inadequate.

Therefore, I have offered this amendment that directs the Department of Defense not proceed to with the codevelopment of the ATRJ with any foreign entity until the Department has fully consulted with Congress, and evaluated both legal and policy implications. The amendment exempts our NATO and major non-NATO allies.

Specifically, the report to be submitted by the Secretary of Defense should include the following:

First, the legal basis for seeking for the program funds that are neither authorized to be appropriated nor appropriated.

Second, the consistency of the program with the Department of Defense policy that no foreign military sale of a defense system, and no commitment to foreign military sale of a defense system, be made before operational test and evaluation of the system is successfully completed and the Under Secretary of Defense for Acquisition and Technology has specifically approved the system for sale to a foreign government.

Third, the mission requirement for an advanced threat radar jammer for combat helicopters.

Fourth, an assessment of each threat for which an advanced threat radar jammer would be developed, particularly with regard to each threat to a foreign country with which the United States would jointly develop an advanced threat radar jammer.

Fifth, the potential for sensitive electronic warfare technology to be made available to potential adversaries of the United States as a result of U.S. participation in the program.

Sixth, the availability of other nondevelopmental items and less sophisticated technologies for countering the emerging radar detection threats to U.S. combat helicopters and combat helicopters of U.S. allies.

Seventh, a capability assessment of similar technologies available from other foreign countries and the consequences of proliferation of such technology.

I urge my colleagues to support this commonsense amendment and I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California.

The amendment (No. 2534) was agreed to.

AMENDMENT NO. 2539

(Purpose: Limitations on military assistance for the Sandinista Popular Army of Nicaragua)

Mr. INOUYE. Mr. President, I ask that the pending amendment be set aside, and I ask for the immediate consideration of amendment No. 2539, an amendment by Senator HELMS.

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

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. HELMS, proposes an amendment numbered 2539.

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

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

The amendment is as follows:

At the appropriate place in the Committee amendment, insert the following:

SEC. . LIMITATION ON THE USE OF FUNDS FOR THE SANDINISTA POPULAR ARMY AND SECURITY FORCES OF NICARAGUA.

(a) IN GENERAL.—None of the funds appropriated under this Act may be obligated or expended for the armed forces or security forces of Nicaragua, and none of the funds appropriated by this Act may be obligated or expanded to pay the salaries of United States military personnel to provide assistance for the armed forces or security forces of Nicaragua, until the President determines and certifies to the Congress that—

(1) Nicaraguan military officers implicated for committing human rights violations, including those involved in the murders of Enrique Bermudez, Arges Sequeira, and Jean Paul Genie, have been removed or suspended from the military and judicial proceedings have commenced;

(2) officers of the Nicaraguan armed forces or security forces are not involved in the illicit trafficking of military equipment, including those seized by Colombian authorities on the San Andres Islands on July 24, 1994;

(3) civilian control over the military and security forces, including control over the budget and expenditures of such forces, has been clearly established; and

(4) there has been a full and independent investigation conducted relating to issues raised by the May 23, 1993 discovery of the Santa Rosa arms cache of the existence of a terrorist/kidnapping ring and any individuals identified by the investigation as being part of such ring are being prosecuted.

NO MILITARY AID TO THE SANDINISTA POPULAR ARMY

Mr. HELMS. Mr. President, one would assume that the dismal record of the Sandinista Popular Army would preclude the United States from providing them with military aid—at least until serious and genuine reform has occurred. I have learned, however, that there are some in the administration who advocate U.S. cooperation with the Sandinista Popular Army some time in the future, the theory being that the U.S. military can somehow reform the Sandinista Popular Army, which of course is the militia of the Sandinista Communist Party.

That mistake must not be allowed to happen and that's why the pending amendment is important.

This amendment prohibits assistance from Department of Defense funds to the Nicaraguan Armed Forces or security forces—unless certain conditions are met, relating to: First, human rights; second, illicit trafficking of weapons; third, civilian control over the military; and fourth, an investigation into allegations of a terrorist-kidnaping network operating in Nicaragua with the knowledge and approval of the Sandinista Popular Army.

Mr. President, the so-called Sandinista Popular Army, and those associated with it, have compiled a record of assassinations that should provoke cries of death squads. Take the case of Frank Ibarra, a former Sandinista army officer. He publicly claimed credit for the assassination of property rights advocate and leading Sandinista

critic Agres Sequeira. And the Sandinista Popular Army still shelters Frank Ibarra.

Then there is the tragic case of Jean Paul Genie, a 16-year-old who was killed by Gen. Humberto Ortega's bodyguards. The Sandinista military court, beholden to General Ortega, absolved his bodyguards of guilt. So, there's still no justice for Jean Paul Genie and his family.

Last year, I reported to the Senate that nearly 300 demobilized and disarmed former resistance members had been murdered by the Sandinistas since Mrs. Chamorro's election. At the time, only two civilians were in jail. And since then, more former resistance members have been murdered. Just 2 weeks ago, I met with our Ambassador to Nicaragua, John Maisto, and he told me that the Sandinista Popular Army and the Nicaraguan police continue to resist any accountability for their crimes.

Mr. President, there are other important issues in addition to human rights that this amendment addresses. For example, there has been no thorough and impartial investigation into terrorist activities in Nicaragua, as required by section 562 of the fiscal year 1994 Foreign Operations Appropriations Act. The Sandinista-controlled National Police have been conducting the so-called investigation, so Mrs. Chamorro has put the fox in charge of the henhouse. The investigation is so blatantly a farce that even the State Department isn't fooled. U.S. officials have admitted to me that no progress had been made on the investigation.

I have serious concerns about continuing Sandinista support for the few remaining Communist guerrilla movements. As recently as July 24 in the San Andres Islands, Colombian authorities seized weapons shipped from Nicaragua that were bound for the guerrillas in Colombia. There are indications that the Sandinista Popular Army was involved in this illicit arms transfer. On July 29, I asked Secretary Christopher to look into this situation, and I look forward to hearing what he finds. But, Congress should make it clear that the U.S. Government will not aid the Sandinista military as long as it supplies weapons to terrorists.

Mr. President, there is no civilian control over the military. General Ortega—the Al Capone of Nicaragua—is still head of the Sandinista Popular Army. Nothing has been done to put the National Police—still staffed with Sandinista personnel—under effective civilian control.

The United States should not even consider establishing official relations with, or providing military aid to the Sandinista Popular Army, until it accepts genuine civilian control, adjudicates those implicated in human rights abuses, and stops supporting terrorist and Communist guerrilla movements. And that is all that the pending amendment requires. Let us not legitimize Gen. Humberto Ortega and the Sandinista Popular Army.

Mr. INOUYE. Mr. President, the managers find this amendment to be acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from North Carolina.

The amendment (No. 2539) was agreed to.

AMENDMENT NO. 2508

(Purpose: To require congressional notification prior to the expenditure of certain Department of Defense funds)

Mr. INOUYE. Mr. President, I ask that the pending amendment be set aside, and that we consider amendment 2508, introduced by Senator HELMS.

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

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. HELMS, proposes an amendment numbered 2508.

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

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

The amendment is as follows:

At the appropriate place in the committee amendment, insert the following:

SEC. . None of the funds appropriated to the Department of Defense may be used to enter into any agreement or to pay any logistical or support costs, including air transportation, for foreign military participation in any multilateral military activity or in any United Nations sanctioned multilateral force unless the President provides notification 5 days in advance to the appropriate Committees of Congress.

Mr. INOUYE. The managers have considered the amendment.

May we withdraw it?

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

The amendment (No. 2508) was withdrawn.

AMENDMENT NO. 2540

(Purpose: To prohibit U.S. military participation in any multilateral military force which includes Nicaraguan military or security forces)

Mr. INOUYE. Mr. President, I call up amendment No. 2540, and ask that the pending amendment be set aside.

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

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. HELMS, proposes an amendment numbered 2540.

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

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

The amendment is as follows:

At the appropriate place in the committee amendment, insert the following:

SEC. . PROHIBITION ON U.S. MILITARY PARTICIPATION IN ANY MULTILATERAL MILITARY FORCE WHICH INCLUDES NICARAGUA ARMED FORCES.

None of the funds appropriated or otherwise made available by this Act may be provided for any U.S. military participation in any multilateral operation which also involves elements of the military or security forces of Nicaragua unless the President certifies and reports in writing to the Congress that—

(1) Nicaraguan military officers implicated in human rights abuses by the Tripartite Commission, the Inter-American Commission on Human Rights, the Nicaraguan Association for Human Rights, the Permanent Commission for Human Rights, or the judiciary in Nicaragua, have been removed or suspended from military service, as the case may be, and judicial/legal proceedings have commenced;

(2) officers of the Nicaraguan armed forces or security forces are not involved in the illicit sale, transport, or trafficking of weapons and military equipment, including those seized by Colombian authorities on the San Andres Islands on July 24, 1994;

(3) civilian control over the military and security forces by the democratically-elected President and Congress of Nicaragua, including control over the budget and expenditures of the military and security forces, has been clearly established and evidence that such control is respected by such forces; and

(4) fair and impartial civilian judicial proceedings have been completed against those involved in the murders of Enrique Bermudez, Arges Sequeira, and Jean Paul Genie.

Mr. INOUYE. In behalf of Senator HELMS, I withdraw his amendment.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

The amendment (No. 2540) was withdrawn.

AMENDMENT NOS. 2518 AND 2524

Mr. INOUYE. Mr. President, I believe the Senator from Connecticut wishes to be recognized. Mr. President, I believe that this is part of the unanimous-consent agreement that was reached last evening. We are now taking up amendment 2518 on Bosnia and 2524 also on Bosnia.

Mr. President, am I correct that the time on these two amendments will run concurrently for 2 hours?

The PRESIDING OFFICER. The Senator is correct.

Mr. INOUYE. Mr. President, I have been advised that the DOLE amendment on Bosnia is designated as amendment No. 2479.

The PRESIDING OFFICER. The Senator is correct.

Mr. LIEBERMAN addressed the Chair.

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

Mr. LIEBERMAN. I thank the Chair. I thank my distinguished colleague from Hawaii.

Mr. President, I yield myself 10 minutes from the time allocated.

The PRESIDING OFFICER. Without objection, the two amendments will be pending simultaneously under the order.

Mr. LIEBERMAN. I thank the Chair.

Mr. President, once again we gather in this Chamber to debate the question of lifting the arms embargo against the Government of Bosnia.

PRIVILEGE OF THE FLOOR

Mr. President, I ask unanimous consent that Debra Shelton of my staff be granted floor privileges for the duration of debate on this amendment.

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

Mr. LIEBERMAN. Mr. President, once again I am privileged to join with the Senate Republican leader in a remarkably diverse, encouragingly diverse, group of colleagues who support the ultimate unilateral lifting of the arms embargo against Bosnia. Those colleagues include Senators MCCAIN, MOYNIHAN, WELLSTONE, EXON, FEINGOLD, HATCH, DECONCINI, LUGAR, and HELMS.

Mr. President, this is not the first time we have debated this matter. It seems that in the previous debates in which we have come very close—in fact on the last occasion a tie vote—to lifting the arms embargo, a clear majority of Members of this Chamber has expressed the desire to lift what I consider to be the immoral, ineffective, insensible arms embargo against the people of Bosnia. But on each occasion there seems to be some reason, some excuse given for not doing it quite this time. I am encouraged, although I will not be confident until the vote is cast, that we are approaching that moment when the Senate of the United States will express its opposition to the arms embargo against Bosnia.

Mr. President, this embargo was imposed in 1991 by the Government of the United States against the former country of Yugoslavia as an attempt to keep arms out of that smoldering region—at that time it was smoldering, but it has since caught fire—as a way to avoid the conflict that we feared would result. The fact is, as we know, there was then aggression by Serbia against its neighbors, most viciously against the people of Bosnia, and specifically against the Moslem population of Bosnia. People were harmed not for military purposes but simply because of their identity, because of their status, because they were Moslems, pushing them out of their homes, putting them into concentration camps, subjecting them to murder, to systematic, systemic use of rape as an instrument of war. These were horrible acts of violence against a people.

The original hope and premise behind the arms embargo was not realized. War broke out. But we continued to maintain the arms embargo with its effect falling almost totally on the people of Bosnia, while the Bosnian-Serb soldiers have been supplied by the munitions factories in Serbia. They have been very well armed, and they have acted as the rest of the world has allowed them to act—without fear—because they had nothing to fear, over and over again, taking aggressive action, moving with tanks into a city only to meet opposition from light arms, light gunfire.

On each occasion when Senator DOLE and I and others have brought this amendment to the floor, there has always been some reason of statecraft, some reason of diplomacy that took us away from our moral and strategic responsibilities—which I think a majority of the Members of this Chamber feels—against the embargo to the tepid and inconclusive language of diplomacy.

Well, now in the most recent chapter, the so-called "contact group" comes up with a peace plan that, in fact, validates, acknowledges, and accepts the taking of land from the Bosnian Moslems by force, contrary to all the principles of international law and the premises of the United Nations; and the Bosnian Moslems have accepted the contact group's peace plan. But the Bosnian Serbs, as Members of this Chamber know well, consistently refuse to accept the plan and have found various excuses to put it off. They have thumbed their noses at the international community.

Mr. President, I fear that we are moving again toward a wider war in the Balkans. In this instance, as we ask the Senate once again to lift the arms embargo—unilaterally, if necessary—against the Bosnian Moslems, we are saying that it would not only not be in our strategic interest, but also in our interest in security in Europe, our interest in deterring those who would in the future seek to take land by force, and our interest in the moral principle of not standing by while genocide occurs. It is in those interests that we come, once again, to say that it is time for the United States to set down its marker—a strategic and moral marker—and say: If the nations of the world do not multilaterally lift this arms embargo, we will do so unilaterally, because as this wider war begins, which I fear will break out in the Balkans, do we really want to be following a policy that effectively denies the victims of aggression and genocide the arms to defend themselves and their families and their country? I say, in all that is good about America, the answer to that is, no, we do not want to be part of imposing that policy.

Mr. President, this amendment to unilaterally lift the arms embargo is an expression of the policy the Clinton administration outlined more than a year ago of lifting the embargo and striking from the air. It was not implemented. The European allies expressed their opposition.

There are two amendments before this Chamber: The one Senator DOLE and the bipartisan group and I have introduced, and another introduced by Senators NUNN, WARNER, and others. The other amendment expresses the language of the conference report on the DOD authorization bill. I am, frankly, disappointed with that language, resulting, as it does, from a process in which this Chamber tied, 50–50, on the question of an early lifting of the arms embargo unilaterally—and the House actually adopted a directive that this administration lift the arms embargo unilaterally by a margin of 66 votes.

As disappointed as I am, though, I must say that the language in the Nunn-Mitchell-Warner amendment, which expresses the DOD conference report language, at least moves toward lifting the embargo. It directs the President, and he acknowledges in a letter to Senator NUNN that he will go to the United Nations to seek a multilateral lifting of the embargo if the contact group's plan is not accepted by the Bosnian Serbs by the middle of October. And if that plan is not accepted, the Nunn-Mitchell-Warner amendment at least removes the hands of the United States from enforcing this embargo.

The embargo is not just a policy statement that bounces around the State Department or the United Nations. The arms embargo is an actual policy which military personnel of the United States are enforcing on ships in the Adriatic and on the access points on the ground into Bosnia. We are enforcing an ineffective, immoral policy. At least the Nunn-Mitchell-Warner amendment moves in that direction, but it does not go far enough.

This process has to end with a clear statement to the world of where America is, a clear statement of American leadership, and a clear statement to the Serbian aggressors that they are now on a limited string, and if they do not accept the peace plan of the contact group, and the arms embargo is not lifted by the United Nations, then the arms embargo will be unilaterally lifted by the United States of America on November 15 of this year.

So while I say that the Nunn-Mitchell-Warner amendment is a step forward from where we have been, it goes from a sense of the Senate in the previous Nunn-Mitchell-Warner amendment to a directive that clearly does not go far enough. I see the amendment, No. 2479, that I am privileged to cosponsor, as consistent with the other amendment. But more than consistent, it gives it the ultimate teeth, it puts in the moral content, it draws a final line in the Balkans for the Serbian aggressors.

A final point: We have been concerned about our allies—the British and French particularly—who are on the ground as part of United Nations

forces in Bosnia. Secretary Boutros-Ghali has recently said he thinks the U.N. forces probably should be removed, that it is a mission to be undertaken by the forces of the contact group. We have been told by Ambassador Redman, and others, that the allied forces need 60 to 90 days to get out. What is going to happen to the Bosnian Moslems during that period? When the U.N. forces pull out, the Bosnian Serbs have full access to weapons of aggression, and the Bosnian Moslems do not have the arms with which to defend themselves. This policy has to end somewhere. I hope it ends and that the beginning of the end is today.

Again, every time we have spoken to the leaders of Bosnia, they have said to us, "We are not asking for your American soldiers on the ground." This amendment not only does not call for American soldiers on the ground, it says specifically that nothing in it shall be interpreted as authorization for deployment of U.S. forces in the territory of Bosnia and Herzegovina for any purpose, including training, support, or delivery of military equipment.

No, the Bosnians do not want our soldiers there. They know this is their fight. They are spirited and courageous, and they want to defend their families and their land. But they do not have the weapons to do so.

This amendment will give them the wherewithal to fight the fight that I fear they will have to fight, and it will do so in a way that puts America, once again, clearly on the right side.

I thank the Chair, and I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER (Mr. DORGAN). The Senator from Kansas is recognized.

Mr. DOLE. I thank the distinguished Senator from Connecticut. We have had this debate a number of times, and I hope this may be the last time, but it may not be.

Today the Sarajevo airlift is again suspended, after two planes delivering humanitarian aid were hit by small-arms fire. There had been no flights into Sarajevo for 18 days prior to Tuesday's resumption of the airlift, and relief officials say that the city's food stocks are dangerously low—at only 30 percent of the city's food needs for the next two weeks.

This rapid deterioration of conditions in Sarajevo and throughout Bosnia and Herzegovina is the reality and the context in which we need to consider the amendments before us today.

That is what is happening today. The airlift has been suspended. They are short of food. So that is where we are today. It is not as if we are talking about something that may happen 6 months or 1 or 2 years from now—it is today.

Almost everyone in this body would say that they support lifting the arms embargo in Bosnia and Herzegovina, not just the supporters of this amendment but the supporters of the Nunn-Mitchell amendment as well.

Those who oppose our amendment, the amendment of myself, the Senator from Connecticut, and the Senator from Minnesota, we are pleased to say, and others who joined with us that support the Nunn-Mitchell amendment will probably say, the difference is on how the embargo is lifted. The difference is more likely to be whether it is lifted, not how, but whether it is going to be lifted.

We believe our amendment is fairly simple. We listened to some critics and tried to move in that direction, and maybe the criticism was valid. I am not suggesting it was not.

So the amendment is very simple. It sets a firm and definite deadline for terminating the U.S. embargo on Bosnia. The Government of Bosnia and Herzegovina will no longer be denied its inherent right to self-defense as of November 15, 1994—no ifs, ands, or buts. That is all the amendment says. The reason we chose the mid-November date is that some of our allies with troops in Bosnia have told United States officials they need up to 90 days to redeploy or withdraw. Plus, we heard that from our colleagues on both sides of the aisle in previous debates that we were not giving enough time. Plus, this gives the administration a lot of time to try to figure out some multilateral lifting of the arms embargo. But aside from the date, there are no conditions. The objective, like the language of our amendment, is straightforward: To allow the Bosnians to defend themselves against aggression come November 15, at the latest. That is it.

It does not seem like it is too much to ask to allow someone to defend themselves, particularly in light of what is happening there today.

Mr. President, the message this amendment sends to Bosnian Serbs is that time is running out. This message is not being sent by the United States and the so-called contact group. The message being sent to Bosnian Serbs by the contact group is: Take more time to accept our July 6 proposal because we are not ready to do anything more than talk.

It seems to me that the administration claims there is a lot of pressure on the Bosnian Serbs. Maybe I am missing something, but I do not see a lot of pressure on the Bosnian Serbs. I do not see the tough action that the contact group promised in its meeting 2 weeks ago.

At the same time, I want to commend the distinguished chairman of the Armed Services Committee, Senator NUNN, for recognizing the weaknesses of the administration's approach and for his efforts to move the administration toward setting a timeline for real action.

But I do not think the amendment goes far enough, and I have had a discussion personally with Senator NUNN, and I think he pretty much agrees with us, and I think at the same time he feels a certain obligation to the administration. I do not quarrel with that. It is not an effort to embarrass the administration. But, although it urges the President to go to the U.N. Security Council to lift the arms embargo, which I support, there are no guarantees that it is going to be lifted.

Again, I refer to the letter received by the chairman from the President, dated August 10, which talks about a reasonable time. I do not know how long the U.N. action takes. It seems to me it does not set any mandatory deadline.

According to the Nunn-Mitchell-Warner amendment, if the Bosnian Serbs do not accept the contact group proposal by October 15, the President should, and the President said he will. In fairness to the President, he says in this letter he will go to the U.N. Security Council to seek termination of the arms embargo on Bosnia. So that letter has been received, and the President states that it is his intention to propose a resolution in the U.N. Security Council by the end of October if the Bosnian Serbs have not accepted the July 6 peace plan.

Mr. President, we should ask ourselves why give the Bosnian Serbs 2 more months? They have already rejected the contact group proposal four times. They have ambushed and stopped U.N. convoys. They continue violating NATO exclusion zones, and they continue the reprehensible practice of ethnic cleansing. Why does not President Clinton go to the U.N. Security Council right now? In fact, we have urged that in the last two times we had this vote. That has been one of the provisions, that the President be urged to go to the U.N. Security Council in an effort to have a multilateral lifting of the arms embargo.

Now, according to the Nunn-Mitchell-Warner amendment, if such a Security Council resolution fails, or no later than November 15, a prohibition on Department of Defense funding for enforcing the U.N. arms embargo will go into effect, not the lifting, but we just want to enforce the embargo. It is limited to the Department of Defense. It does not include Customs personnel overseas or cover intelligence that is outside the Defense Department.

The Nunn-Mitchell amendment also includes a Presidential waiver for United States personnel serving in NATO headquarters.

At present, the U.N. embargo is being enforced by NATO forces, not by the United States independently. Therefore, if the waiver is invoked, it could undermine the intended effect of this provision, which is already weakened as a result of the funding restriction

being limited to the Pentagon. Let me give you an example. Theoretically, if the CIA picks up some intelligence on an arms shipment to the Bosnians, it could share it with NATO, and other NATO allies, such as the British and French who support the U.N. arms embargo on Bosnia—who could then respond by enforcing the embargo—without violating this provision. In short, this provision looks far more significant on paper than it would likely be in practice and thus is no substitute for lifting the arms embargo on the Bosnians.

The Nunn-Mitchell-Warner amendment also requires, in the event a United States resolution to lift the arms embargo fails in the U.N. Security Council, that the President submit a plan to Congress and consult with Congress on providing training to the Bosnians and lifting the embargo unilaterally.

The fact is that by the time October 15 rolls around, we are not going to be here. Congress will probably be in recess by then. There will be a lot of Members of the Senate and House running for reelection, the election in November. We do not think we are going to just stay here for that purpose, which means we will be waiting, if we do not come back until January—unless there is a special session, it means we can wait a full 2 years after President Clinton was sworn into office, and he came into office saying lift the arms embargo, have air strikes, a lot of things which I supported which are no longer probably viable, and we still would not have lifted the embargo.

It just seems to me we do not need any more plans, we do not need any more consultation. We need to do something. We are not talking about American troops; we are not talking about air strikes; we are not talking about endangering any NATO forces. We are talking about doing something, and that is lifting the arms embargo.

In January of this year—it is now mid-August—in January of this year Congress passed a nonbinding amendment urging the President to lift the arms embargo unilaterally. In May, the Senate passed S. 2042, which terminated the embargo. In June, the House passed the McCloskey-Gilman amendment to the defense authorization bill which would have immediately ended the U.S. arms embargo. And although the Dole-Lieberman amendment failed in July, it was on a tie vote.

So we have this debate time after time—January, May, June—and nobody has responded in the administration. So it seems to me that it is time to do what we should have done some time ago. I think the bottom line is the majority of Congress, Democrats and Republicans, support ending this illegal and unjust arms embargo on the Bosnians.

So it seems to me we prefer to listen to the French and British and the Russians. Certainly they are allies; we should listen to them. But in this case it seems to me that we ought to take the moral high ground, and we ought to be providing the leadership, and we still have one more opportunity to do it.

I think setting the definite date is very, very important. So, I think if we make the decision, if we stand up and provide the leadership, I think it adds a very positive impact on what might happen in NATO. Historically our leadership has been the source of NATO's strength. It is the lack of this leadership and willingness by this administration to go long with failed policies that damaged NATO's credibility.

I say there have been some improvements in the conference report. I know the Senator from Georgia and the Senator from Virginia were well-intentioned, but it seems to me that it is not going to happen. So the President's request for multilateral lifting of the arms embargo does not happen. Then the President consults with Congress, it is October, Congress is not in session, probably will not be in session until sometime around January 20, 1995. I do not know what happens in the meantime. So I guess the President could do it on his own, or he may consult with the leaders in the Congress even though we are not in session.

But I want to just make one final point. A vote in support of the pending amendment means that the U.S. arms embargo in Bosnia will end by mid-November. August, September, October, November.

It means that the President has plenty of time to go to the United Nations, but finally it means that we are committed to doing what is morally and legally right.

And there is a real chance, if our amendment is not adopted and the other amendment is adopted, we will be here next year debating this amendment. The only difference is, we will be in the third year of debate and thousands more Bosnians will have been driven from their homes and killed and our credibility and global leadership will be further eroded.

This is a bipartisan effort. It has been from the start. There is no effort—and I say this in all sincerity —to in any way embarrass the administration.

It just seems to me, notwithstanding the good efforts made by some in the Armed Services Committee, that they are not good enough and we should recognize once and for all what our obligations are.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point an editorial which appeared in this morning's Washington edition of the Los Angeles Times, dated August 10, 1994, which is entitled, "Why U.S. Should Lift Bosnian Embargo." And they have been slow in coming to this position, I might add.

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

[From the Los Angeles Times, August 1994]

WHY U.S. SHOULD LIFT BOSNIAN EMBARGO

The time has come for a unilateral U.S. lifting of the arms embargo on Bosnia-Herzegovina. The Clinton Administration has preserved the Serbs' arms advantage for two years, deferring to the wishes of the British and French and ignoring the stated preference of Congress. The result has been a sorry disappointment.

When the Bosnian Serbs defied a July 20 ultimatum for the acceptance of a peace plan, the five powers that had issued the ultimatum responded with only a minor tightening of economic sanctions on Serbia proper. Several other threats the five had made turned out to be empty.

Even leaky sanctions (Russia has ignored them) hurt in the long run, however, and Serbia has sought an end to the sanctions by suddenly stopping traffic with Serbian Bosnia and denouncing its recalcitrance. But in the Stalinist manner of old, President Slobodan Milosevic controls both policy and media. Yesterday's dogma is today's heresy and may be dogma again tomorrow.

The Serbian action that matters is the action being taken in Bosnia. Momcilo Krajisnik, speaker of the Bosnian Serb assembly, has declared that the Serbs will not settle for less than 64% of Bosnian territory—as against the 49% assigned them in the five-power plan. Consistent with this view, the Bosnian Serbs are continuing their notorious ethnic cleansing. Within the past few days, according to reports confirmed by the Red Cross, the Serbs have sent 100 Muslim men to a labor camp in the Bosnian northeast and expelled more than 300 Muslim women and children from a town in the area.

In the NATO heavy-weapons exclusion zones around Sarajevo and Corazde, the Serbs, undeterred by a pinprick NATO air attack, have escalated their attacks with virtual impunity. The U.N. commander, British Lt. Gen. Sir Michael Rose, declined to call for NATO retaliation in Gorazde on Monday even after Serb forces fired anti-aircraft rounds in the exclusion zone and repeatedly attacked his forces there.

Sarajevo is the soul and the symbol of ethnically mixed Bosnia. The lifting of the arms embargo should not mean an end to the NATO exclusion zone there. That zone should be enforced by vigorous retaliation against, among other targets, the Bosnian Serb capital, Pale. But given Rose's refusal to enforce the zone, his call for a broader demilitarization of Sarajevo rings hollow.

Elsewhere in the country, in any event, only the Bosnians themselves can deter further aggression; and they can only do so if they bring their forces into parity with those of the Serbs. The lifting of the arms embargo will take months to have any effect and can be reimposed if needed, but the moment for the change is now. Given the isolation of the Bosnian Serbs, the risk to the U.N. troops will never be smaller. And even that risk cannot be overwhelming in view of the reluctance of the United Nations to avail itself even of the NATO protection already available.

Mr. DOLE. Mr. President, it says:

The time has come for a unilateral U.S. lifting of the arms embargo on Bosnia and Herzegovina. The Clinton Administration has preserved the Serbs' arms advantage for 2 years, deferring to the wishes of the British

and the French and ignoring the stated preference of Congress. The result has been a sorry disappointment.

I will not read the entire editorial, but I think it makes a point that this is an opportunity for us to end this disadvantage the Serbs have had and it gives the Bosnians a chance to defend themselves. They are an independent nation. They are a member of United Nations. Under article 51 of the U.N. Charter, they have that right.

The PRESIDING OFFICER. Who yields time?

Mr. DOLE. I yield to the Senator from Minnesota as much time as he may consume.

The PRESIDING OFFICER. Senator WELLSTONE is recognized for as much time as he may consume.

Mr. WELLSTONE. I thank the Republican leader. I will be relatively brief.

Mr. President, I want to say first that I am pleased and proud to be an original cosponsor of this amendment. But I must say, I am sad that it has come to this point, Mr. President.

I also believe—and I said this to Senator NUNN a few minutes ago—that the Nunn-Warner-Mitchell amendment goes in the same policy direction as the Dole-Lieberman amendment, and I intend to support that initiative, as well. I believe that, when taken as a whole, they are complementary, not contradictory. Approving both today would provide an opportunity for the administration and our allies including U.N. forces in the region, to prepare for the unavoidable lifting of the embargo while setting a firm deadline for this action.

Mr. President, I want to talk a little bit about my own journey on this, because back on July 1, we had a very close vote on this issue—in fact a tie vote that was broken by Vice President GORE. And I want to give the Republican leader a tremendous amount of credit for his conviction and consistency on this issue.

Rarely have I agonized more over a vote than I have over this one. I had briefings from all sorts of different people in the U.S. Government who work in the region, including our Ambassador in Croatia, Peter Galbraith, for whom I have a tremendous amount of respect. I talked to the President, the Vice President, others in the State Department, I had as many briefings as I could about the situation—what kind of arms did the Muslims have now, what was the situation on the ground, what were the prospects for the contact group discussions, and the like.

Ultimately, I decided then the timing was such that the contact group's proposal should be given a chance. I believed that we ought not to make important and far-reaching policy decisions based on anything but the situation on the ground and our interests in peacefully resolving the conflict, and not simply on the fact that the defense bill happened to be on the Senate floor.

I was not optimistic, but I was hoping and praying—as I think many Americans and others were—that that proposal would be accepted by the Bosnian Serbs. But it is quite clear that that is not going to be the case.

But even in early July, Mr. President, I did not decide until the very end, when I received a letter from Strobe Talbott with a commitment from the administration that if the contact group's peace proposal was rejected, they would go to the United Nations and that if our allies balked and we could not get Security Council approval, then the administration would come and consult with the Congress on lifting the embargo unilaterally. Even back then, I felt that commitment from the administration was necessary to me in terms of securing my vote.

But now the Serbs have turned down the contact group plan, and we are seeing increased sniping in Sarajevo, and unprovoked attacks on U.N. forces in the region.

It just seems to me, Mr. President, that it is time for the U.S. Senate to convey a very strong message to the Bosnian Serbs.

For my own part, I support a clear deadline of November 15, 1994. I think it is the right thing to do. I also believe that we should step up our efforts to enforce safe havens. If necessary, we should take additional military action from the air against targets, in retaliation for any further provocations.

I do not want to see our troops directly involved on the ground. But, Mr. President, I think most of us are agreed, one way or another, the Muslims have a right to defend themselves.

I want to conclude with two points. The first is that: I hope and I pray that the Bosnian Serbs will accept the contact group's peace proposal, and if they do, lifting the embargo may not be necessary. There is nothing that I want to see happen more than Serb acceptance of this plan, followed by tough, strict enforcement of the agreement by NATO and the United Nations.

Mr. President, I think that if they do not, and if what we end up doing—and I believe we will, because I think we must—is to unilaterally or multilaterally end this arms embargo, I think may expand to an even more uncontrolled war and many more men, women, and children could die. In that case, the prospects for a peaceful short-term settlement are almost nil. I recognize that, but, Mr. President, this is what it has gotten down to for me. I am lucky to have a tremendous staff person in Colin McGinnis, with whom I work on these issues. We were talking before I came down here, discussing the options facing the parties right now. As we were talking to one another, and as I was analyzing it, I was thinking to myself, it might very well be that if the embargo is ended—and it should and it must be if there is no acceptance of the peace proposal by the Serbs—there may be more men, women and children in the long run that die that way than if it was not ended and we continue to have instead a kind of gradual slaughter, gradual genocide, because I fear that is the direction that we would be heading in. So you see, there are no good options in this situation.

But, Mr. President, I think the people in Bosnia, the Muslims themselves, have the right to decide. At this point, it seems to me that virtually all efforts have been made toward some kind of successful resolution; all efforts have been made toward getting the Serbs to accept the peace proposal. It does not look like the contact group's proposal is going to be accepted, even with the pressure from Milosevic, and the Russians. And I think if we are not going to intervene militarily—and I do not believe we should —on the ground, then the Muslims have the right to defend themselves.

So I am an original cosponsor now of the amendment similar to one that I have voted against before, because I think now the time has come for us to move in this direction. And because this Dole-Lieberman amendment gives our allies time to redeploy their forces before the embargo is unilaterally lifted.

I do believe that the Nunn-Warner-Mitchell amendment takes us in the same direction with the intermediary step of trying to get the United Nations to support us in lifting the embargo. If we can do it multilaterally, Mr. President, that is always my preference. But if we cannot—and I think November 15 gives this process plenty of time—then I think we must unilaterally end this embargo. In the interim, our allies will have time to redeploy their troops in order to protect them, and the package of consequences—tightening of sanctions, tougher enforcement of the safe havens, providing aid to regional powers to help them mitigate the effects of enforcing the sanctions—will have time to work, increasing pressure on the Serbs.

I pray that it will not be necessary, because I think it could have grave implications. But I am also clear-eyed about the abysmal Serb record on such agreements, and I am not very hopeful. I fear it will be necessary. I think we in the U.S. Senate have to be clear that we will support such a step.

I yield the floor.

Mr. MCCAIN addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. MCCAIN. Mr. President, I yield myself 10 minutes.

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

Mr. MCCAIN. Mr. President, we basically have a choice here between two

amendments. The fundamental difference between the two is that the Dole amendment will force the President to assume leadership in the Security Council that he has so far avoided. He will be forced to either gain the approval of the United Nations by November 15 or lift the embargo unilaterally. And this also gives our European allies plenty of time to withdraw their forces if they are concerned for their safety.

The Mitchell amendment encourages the President to seek a multilateral lifting of the embargo. If the President fails to gain Security Council approval, the Mitchell amendment would end U.S. participation in enforcing the embargo.

Mr. President, let me just say at the outset that there has been fighting going on in this very unhappy country, with a few pauses, for well over 500 years. I greatly fear that despite what we may or may not do, there will be a certain level of fighting that will continue for a long, long time.

Can the United States beneficially affect that situation? Of course we can. There is a fundamental right at issue here and it is whether a nation has the right to defend itself. We have been over a lot of this before, and we have gone in the debate in this body from a choice between lifting the embargo and doing nothing, which was the view of many, to when we are going to lift the embargo on people who in my view have the fundamental right to defend themselves.

It is not only my view that nations have the right to defend themselves, but that of the United Nations Charter which states unequivocally in article 51 that "nothing in the present Charter shall impair the inherent right of individual or collective self-defense if an armed attack occurs against a Member of the United Nations, until the Security Council has taken measures to maintain international peace and security," and article 2 of the United Nations Charter which says, "the inherent right to self-defense is a preeminent right of international law and may not be abridged by actions of the Security Council."

As I have stated before, the United Nations is in violation of its own charter. By imposing this punishment on Bosnia—which was never a country, by the way, when the arms embargo was put into being. The embargo was placed against then-Yugoslavia. This nation has committed no aggression against its neighbors. There is no comparison between this nation and Iraq and Libya, who are now under embargoes enacted by the United Nations Security Council.

What we have done to this tragic and unhappy country is to allow—in fact, we are now implicated in causing—an unequal battlefield scenario and equation to the point where 200,000 citizens of that country have been killed and more than 2 million displaced.

It is unfair. We should have lifted this embargo a long time ago. We listened to the siren song of a peaceful settlement now for 28 months. We have listened to this siren song and many have believed it when the fact is time after time after time the hopes for a peaceful settlement have been dashed.

I hope and pray that tomorrow there will be a peaceful settlement. But history tells us that the way, sometimes, peace is achieved is when there is a balance on the battlefield that makes it in the interests of neither warring party to continue the conflict further—or victory is gained by one party or another.

I just received information from the Action Council for Peace in the Balkans, of which Marshall Harris is the executive director. Let me just give a recent rundown of what has been going on in the last few days.

Mr. President, I ask unanimous consent that this entire chronicle of Serbian attacks be printed in the RECORD.

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

On July 30 in Geneva, Secretary Christopher and his "contact group" counterparts agreed to tighten economic sanctions against Serbia in the face of Bosnian Serb rejection of the group's plan.

Since then, the sanctions have not been tightened. In fact, this week, Secretary Christopher spoke of actually easing sanctions if Serbian President Milosevic actually cuts off his proxies in Bosnia.

Also since the Geneva meeting, the Bosnian Serbs have rejected the contact group's plan a third and a fourth time. This week they announced that they wanted 64% of Bosnian territory—not 49% as offered by the Contact Group. So much for the take-it-or-leave-it plan.

[Meanwhile,] on the ground, the Bosnian Serbs have: launched artillery attacks on Visoko and Breza from inside the Sarajevo weapons exclusion zone; resumed constant sniping at civilians in Sarajevo; resumed the shelling of Tuzla; and fired more than 300 shells into Olovo and Vares (in central Bosnia) in one day.

In addition, beyond the weapons thefts that prompted NATO's mini-strike against a World War II-vintage gun inside the Sarajevo exclusion zone, Bosnian Serb forces have committed the following atrocities or violations. This is only a partial list of violations of which we are aware:

August 1:

Serbian forces moved tanks, artillery, anti-aircraft guns, and mortars inside the Sarajevo exclusion zone.

Serbian snipers wounded two civilians riding in a tram.

Serbian troops launched attacks in Gorazde, Olovo, and Kalesija.

They launched tank attacks on Zavidovici and Maglaj.

They wounded five civilians in rifle grenade attacks in Dobrinja on the outskirts of Sarajevo.

They expelled more than 300 refugees from Banja Luka, Sanski Most, and other regions in northwest Bosnia. The refugees, mostly women, children, and elderly men, arrived in Travnik.

August 3:

Serbian forces renewed sniper attacks on three cities (Marindvor, Nedzarici, and Stup).

They killed one civilian and wounded three others in Tesanj.

They regrouped soldiers and supplies in Maglaj in central Bosnia.

They launched grenade, mortar, and howitzer attacks on Visoko.

They launched howitzer attacks on Breza and Kladanj.

They hit Zivinice with tank and mortar fire.

They hit Kalesija with artillery fire.

They launched infantry attacks on Gorazde.

August 4:

Serbian forces fired twelve artillery shells into Tuzla.

They fired 238 shells into Dastanko in central Bosnia. The Bosnian Army responded with 132 shells, according to the U.N.

They hit Gradacac in northern Bosnia with 532 shells.

August 5:

Serbian forces lobbed two 82 mm shells into Sarajevo.

August 6:

Serbian forces forced more than 300 Muslims from their homes in Bijeljina. The refugees have been arriving in Tuzla. According to the U.N., only 7,000–8,000 of Bijeljina's prewar Muslim population remains.

August 9:

Serbian forces used howitzers and mortars inside the Sarajevo exclusion zone to attack Visoko and Breza.

Mr. McCAIN. Mr. President, while I am at it, I ask unanimous consent Senator JEFFORDS be added as a cosponsor to the Dole-Lieberman amendment.

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

Mr. McCAIN. Mr. President, the plan is unjust and it is unworkable. It is unjust because it cedes 49 percent of Bosnian territory to the aggressors, thereby validating the aggression of the Bosnian Serbs. It is unworkable because it is unjust. Not one of our allies in Europe—not one—would agree to a settlement that required handing over half of its national territory. That Serb forces have seized 70 percent of the nation is a gross injustice. That negotiators have attempted to legitimize the bulk of those gains is a travesty. And despite the unjust nature of the peace proposal, the Bosnians accepted it. And guess who rejected it? The Serb forces who have now even been deserted by some of their greatest sponsors, including apparently President Milosevic. In the meantime Serb forces, as I mentioned, have renewed the siege of Sarajevo, ambushed a U.N. convoy and other acts which I have chronicled for the record.

The Bosnians have identified an end to the arms embargo as their highest priority. Many military experts say that will cause them to suffer more losses. I would think the Bosnians are in a better position to make that judgment than some military experts. The Bosnians state in very simple terms, "We are dying. At least let us die fighting."

The Bosnians only want defensive weapons and, clearly, unless they are allowed the ability to defend themselves, there will be a continued gradual bloodletting to the point where that nation, tiny now—a much smaller nation—disappears. I believe after 28 months of diplomacy, after 200,000 dead and 2 million refugees, the time has come to embark on a new course of action, and that is lifting the arms embargo.

Let me make it clear. The Dole amendment clearly prefers—clearly prefers—a lifting on the part of the United Nations of the embargo. We strongly prefer that to be done multilaterally. What the Dole amendment says is if we do not do it multilaterally, then unilaterally we must do so. I think we should wonder, Mr. President, what would have happened if in our struggle for independence the European nations had imposed an arms embargo on the then-revolutionaries, the United States? We were not even recognized as a country yet we received important, and in the view of many historians, vital assistance in our struggle for independence.

This is an independent and recognized nation and we should cease punishing them and allow them to defend themselves.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time? The Chair recognizes the majority leader, Senator MITCHELL.

Mr. NUNN. Mr. President, I believe the time is controlled by myself and the majority leader. Of those two, the majority leader will decide how much time he requires.

Mr. MITCHELL. Mr. President, the Senate is again debating whether to terminate the arms embargo that was imposed upon Bosnia and Herzegovina at the beginning of the conflict in the former Yugoslavia.

Every member of the Senate is deeply concerned with the tragic events in Bosnia and Herzegovina. All would like to see a peaceful settlement and an end to the fighting which has left thousands dead and millions of people displaced from their homes.

There is no disagreement about the goal of a peaceful resolution of the conflict. The disagreement is over the best way to achieve that goal, consistent with the national interests of the United States.

The question again before the Senate is whether the United States should now, on its own, simply terminate the arms embargo on Bosnia, as Senator DOLE and his colleagues propose, or whether the United States should first act in concert with our allies in NATO and the United Nations to seek a decision in the Security Council to end the arms embargo on Bosnia.

I do not believe this to be the time for the United States to act unilaterally, without regard to the views of our allies or the safety of their citizens and troops.

At this time there are several multilateral actions in which the United States is a participant with other nations to impose sanctions or take other collective actions, in many parts of the world.

There is an ongoing collective action to impose sanctions on Haiti. There continues to be the likelihood of collective action to impose sanctions on North Korea. Sanctions on Iraq continue. These are actions which are important to the United States as well as to other nations.

If the United States is now to unilaterally drop out of collective action whenever it chooses, then what is to prevent every other country from doing the same thing on collective actions in which we want them to participate but they do not agree with?

We must understand we cannot have it both ways. We cannot say there must be collective action when it suits us, but when we want to drop out at any time we can, because to do that will give other governments the incentive and the legitimacy to drop out of any actions which are disadvantageous to them. And that will be true of the sanctions on Haiti; that will be true of the sanctions on Iraq; it will be true of the sanctions on Serbia.

We have been told repeatedly by the governments of those nations, which are close to those situations in Iraq and Serbia, that they are hurting economically because of the sanctions which we insist be imposed. If we now unilaterally, without regard to anything our allies think or do or say, pull out of this, then we invite others to do the same on other sanctions.

The effective end of collective action through the use of sanctions is a consequence that I think should be avoided. And I urge those who are considering the Dole amendment to ponder very carefully the implications it has for future policy all around the world.

The end of the cold war and the resurgence of ethnic conflict and nationalism has created turmoil in many parts of the world. The United States is going to be asked over and over again to send American troops to solve problems in every part of the world. The United States is the world leader, but it cannot by itself solve every problem in the world. We are going to have to ask others to join with us in dealing with problems, especially those distant from our shores.

If we now say that we want to go it alone whenever we choose, what claim do we have on the cooperation of others when we do not want to go it alone? We can lead, and as a dominant military and economic power in the world, we must lead. We all know and recognize that there are going to be occasions when we will want and need help and support from other countries. If we are not going to get much help, if we say now that in this case we do not agree with collective action and so without any regard to the views of our allies we are just going to drop out, unilaterally end this collective embargo, never mind what the British think, never mind what the French think, never mind what our other allies who also have troops in Bosnia think—we do not like it so we are going to drop out, regardless of whether such action endangers the lives of thousands of our allies' troops and humanitarian workers who are there trying to enforce peace, trying to help the thousands of people who have been displaced by the war.

Mr. President, let us remember, over the course of this conflict, the British have had several thousand of their troops in Bosnia on the ground. The French have had even more thousands. So have many of our other allies. Dozens have been killed, hundreds have been wounded, all are in danger. The United States has had virtually no one there. The British and the French and our other allies have been willing to do what we have been unwilling to do; and that is to place their young men and women in the line of fire to take risks that have resulted in dozens of deaths and hundreds of casualties.

And yet here we are in this extraordinary circumstance telling them that we do not care what they think, we do not care what risk we impose upon their troops and their humanitarian workers—sent there when we would not—we are going to go ahead and do this alone.

I think it is a very unwise course, even as I understand and sympathize with the motives of those who have offered this amendment. They are horrified and frustrated by the events in Bosnia. They want action. I also am horrified. I also am frustrated. I also want action. But let us take action which is consistent with our national interests. Let us take action which will help us deal with similar situations in the future.

We should take action to cause the Bosnian Serbs to accept the most recent proposal for peace, and we should do so in concert with our allies. That is what the amendment does that has been offered by Senator NUNN in which I join and which I support.

Senator NUNN will describe it in more detail. Let me touch just briefly on the principal points of that amendment.

It states that the Congress supports the efforts of the contact group to bring about a peaceful settlement of the conflict in Bosnia and Herzegovina based upon their proposal of July 6, 1994, which has been agreed to by the Government's of Bosnia and Herzegovina and rejected by the Bosnian Serbs. It establishes a process to end the arms embargo if the Bosnian Serbs continue to reject the July 6 proposal.

The amendment specifies simultaneous complementary action on two tracks:

First, an international track which provides that if the Bosnian Serbs have not accepted the July 6 proposal within 10 days of the enactment of this act, or by October 15, 1994, the President, or his representative, should within 14 days formally introduce a resolution in the U.N. Security Council to terminate the arms embargo on Bosnia no later than December 1, 1994.

And second, a unilateral track which specifies that if the U.N. Security Council has not voted to lift the international arms embargo within 15 days after the President, or his representative, has introduced the above resolution or not later than November 15 of this year, and if by that date the Bosnian Serbs have not accepted the contact group's July 6 proposal, then no funds may be used for the arms embargo. And the President shall submit a plan to, and consult with, the Congress regarding unilaterally lifting the arms embargo and how the United States would provide training to the Bosnian armed forces outside the territory of that country.

Additionally, the amendment would provide that if the Bosnian Serbs attack U.N. declared safe areas, the President and his representative shall promptly introduce a resolution in the U.N. Security Council that authorizes a selective lifting of the arms embargo on the Government of Bosnia to provide defensive weapons to enable the Bosnian armed forces to defend the safe areas.

This amendment reflects the recent consensus reached by the House and Senate conferees on the Department of Defense authorization bill. The House bill included language similar to the Dole amendment authorizing unilateral U.S. termination of the arms embargo. The Senate bill included language authorizing the U.S. to seek multilateral termination of the arms embargo.

These different points of view were reconciled and agreed to by the conferees, and the essential change of that agreement is contained in the amendment being offered today by Senator NUNN, which I support.

The President has expressed his support and willingness to implement the provisions of this amendment. Thus, the language of the amendment reflects an agreement of the authorizing congressional conference committee and the administration on a proper course of action to follow in seeking a peaceful resolution to the fighting in Bosnia.

I hope my colleagues will join me in supporting this carefully worked out alternative amendment. It is consistent with the best interests of the United States. It will be most helpful to an ultimate peaceful resolution of the conflict that has raged for too long in that tragic country.

Mr. President, I also want to say that this constructive alternative, this reconciliation of the divergent views previously expressed by the House and Senate, is possible only because of the leadership and determination of Senator NUNN. He has clearly understood the important issues at stake, not just in Bosnia but for the United States and the rest of the world, and has fashioned a policy which I think makes sense for the United States and provides a specific and firm deadline for action with respect to the arms embargo. I think it makes a great deal of sense. I commend Senator NUNN for his leadership and his diligence in this area, and I urge my colleagues to support the Nunn amendment.

Mr. President, I thank my colleague for his courtesy and I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. NUNN. Mr. President, how much time does our side have remaining?

The PRESIDING OFFICER. The Senator from Georgia controls 47½ minutes.

Mr. NUNN. I thank the Chair, and I thank the majority leader for his kind comments and for his support of this amendment that we will be voting on, I understand, first. This amendment is being offered, Mr. President, on behalf of myself, the majority leader, Mr.MITCHELL, the Senator from Virginia, Mr. WARNER, the Senator from Kansas, Mrs. KASSEBAUM, and the Senator from Florida, Mr. GRAHAM.

Mr. President, I yield myself such time as I may require.

The PRESIDING OFFICER. The Senator from Georgia is recognized.

Mr. NUNN. Mr. President, first, I would like to thank Senator LIEBERMAN and Senator DOLE for their positive comments about the conference report. We did the best we could. We had a very difficult job. The Senate had a multilateral position. There were a lot of people who were involved in working out this conference report, the essence of which we will be voting on as the first amendment, the Nunn-Mitchell-Warner-Kassebaum-Graham amendment.

I would also like to thank Senator LIEBERMAN, in addition to his comments, for his work on this conference report. I know that he prefers a unilateral lifting, and that is what is reflected in the Dole-Lieberman amendment. I know that the view of Senator DOLE and Senator LIEBERMAN is absolutely sincere and they are working on it because they believe in it, and I respect that very much.

I differ with them, but I have great respect for their views. I think all of us, virtually all of us, would like to lift the embargo. The difference—an important difference—is whether we do it unilaterally or multilaterally.

In addition, on the conference report, Senator GRAHAM headed up the general provisions. This appropriation came under that. Senator GRAHAM from Florida did an enormous amount of work here. It could not have been done without him and without Senators LIEBERMAN, WARNER, THURMOND, and others.

On the House side, Congressman MCCLOSKEY, Congressman DELLUMS, the chairman of the committee, Congressman HOYER, who was not on the conference committee, and Congressman HAMILTON were all very involved in the deliberations.

Mr. President, I would like to review the action recently taken by the House-Senate conference on the fiscal 1995 defense bill regarding the arms embargo on Bosnia.

For those who may be interested in this debate, we in the Senate have a dual process. First, we have to pass an authorization bill on defense. Then we have to pass an appropriations bill. The authorization bill passed several weeks ago. We have been in conference. That conference report is completed. We announced the results today. That conference report, as soon as all the technical details are drawn up, will go to the President. Hopefully, he will sign that conference report.

In that conference report, which will soon go to the President, hopefully for his signature, we have the provision that we will be voting on today. In other words, that is being agreed to by the House conferees and the Senate conferees. And of course, the conference report has to be agreed to by the Senate and then by the House and then go to the President.

The bill we are on now, managed by the Senator from Hawaii and the Senator from Alaska, is an appropriations bill on defense. This bill has not yet been conferenced. Of course when it passes—and I know my colleagues hope it will pass this evening—this will go to conference. In all likelihood—I cannot speak for them; they would know better than I—in all likelihood this conference would be completed sometime in September.

So we are going to have in law the authorization bill several weeks, in all likelihood, before this appropriations bill could possibly go into law, and that is assuming the President signs it. I think, of course, that depends on what we do on this and other areas as I view it. I am not sure what he will do if the Dole-Lieberman amendment goes to him in the appropriations bill coming out of conference.

Mr. President, the issue before the conference was not whether the United States should lift the embargo but, rather, whether it should be done unilaterally or whether it should be done multilaterally.

I think most of us on the conference agree that the embargo that was imposed upon the former Yugoslavia 3

years ago, supported both by the Bush administration and the United Nations and by the Clinton administration since then in their votes—our Government has voted for that embargo over and over again, and I think it is important for us to understand that. It is widely agreed among the conferees that the overwhelming source of aggression in Bosnia has been the Bosnian Serbs and their sponsors in Belgrade, and the principal victims of that aggression have been the Bosnian Moslems. Of course, there are acts of violence on both sides, tragedy on both sides, but that is our perception of the overwhelming source of aggression.

It is also widely agreed that the arms embargo has provided an enormous military advantage to the perpetrators of the principal aggression, that is the Bosnian Serbs, and denied the victims of aggression, the principal victims, the Bosnian Government and the Moslem group, the means of effective self-defense.

There is further general agreement that the embargo on the Government of Bosnia should be lifted, preferably on a multilateral basis.

Finally, there seems to be a consensus here in the Congress, certainly in the Senate, among the conferees of the House and Senate against the deployment of United States ground forces to Bosnia for any purpose other than monitoring a peace agreement acceptable to all parties concerned. And even this kind of deployment, which, of course, will not occur unless there is a peace agreement, does not enjoy wide support in the Congress. The President has already said many times he will come to the Congress before he seeks any such deployment. That would be a matter of considerable debate here in Congress.

The primary area of disagreement in the conference was reflected in the House desire to lift the arms embargo quickly and unilaterally, whereas the Senate wished to pursue remaining possibilities for achieving a multilateral lifting before considering unilateral action as a last resort.

The resolution of this issue must take recent developments into consideration, among them the acceptance of the contact group's proposed peace settlement by the Government of Bosnia; its effective rejection by the Bosnian Serbs; and the contact group's failure so far to take effective action in the wake of the Bosnian Serbs' continued defiance.

The track the contact group is pursuing logically involves, first, an attempt to obtain Bosnian Serb acceptance of the group's peace plan.

Failing that, second, preparing for the United Nations forces orderly withdrawal from Bosnia, and also the humanitarian forces being able to get out of harm's way.

And finally, once that withdrawal is completed, obtaining a multilateral lifting of the arms embargo against Bosnia.

That is what the contact group has said they are embarked upon. To lift the embargo multilaterally or unilaterally before the United Nations forces are withdrawn or before the humanitarian workers have been able to be secured or that there are other means to protect them, could subject these forces as well as these brave humanitarian workers to Bosnian attacks and hostage taking.

Potentially, the most profound recent development, however, has been an apparent parting of company between Belgrade and its Bosnian Serb proxies. During the past 2 weeks, Serbian President Milosevic has publicly denounced the Bosnian Serb rejection of the contact group's peace proposal. He called Bosnian Serb leaders, quoting him, "war profiteers," and he called upon Bosnian Serbs to dump them. Belgrade subsequently announced it was suspending all political and military ties with Serbs and was closing Serbia's border with Bosnia to all but the movement of food, medicine and clothes.

Mr. President, as recently as this morning, there are strong indications from our independent sources that that is indeed being done.

Now, I would have to add to that very hastily, skeptics are right, I think, based on history to be very wary of any pronouncement coming out of Mr. Milosevic's Belgrade government. On the other hand, the history of international relations is littered with the bodies of proxies abandoned by patrons. History tells us that.

We know the Russians have exerted great pressure on Milosevic to disown his Bosnian Serb proteges. It is also clear that Milosevic desperately wants a termination of the present economic embargo of Serbia, and he wishes to certainly avoid further tightening of that embargo which could well be in store.

Mr. President, this development is a potential watershed in the Bosnian crisis, and I think we have not discussed it nearly enough here in the Senate. Since the war erupted in the former Yugoslavia back in 1982, we have operated on two assumptions: First, that the war-fighting capability and capacity of the Bosnian Serb forces is critically dependent on the delivery of military supplies from Serbia and, second, that Belgrade and the Bosnian Serbs share an identity of interests in Bosnia.

The first assumption is almost certainly valid but now could work in favor of intense pressure on Belgrade to disown its clients in Bosnia. But if Belgrade does so, then the second assumption may be invalid. Is Serbia indeed, if only for tactical reasons, in the process of politically abandoning its brethren in Bosnia? Is it prepared to shut off military assistance and control the energy supplies to Bosnian Serb forces in a manner subject to verification? My suggestion is that the United Nations take the Serbian President Milosevic up on his offer in terms of cutting off arms, and say to him, "Yes. You are doing that. We want to verify it. We want U.N. forces on the border at each entrance point from Serbia to Bosnia, and we want to make sure that you are indeed doing what you say."

That is what I believe we should do.

(Mr. PRYOR assumed the chair.)

Mr. NUNN. If this indeed is happening, and if it continues to happen in a military position, those Bosnian forces are likely to deteriorate with or without a lifting of the arms embargo on Bosnia. This in turn places a premium on avoidance by the United States and our NATO allies and the United Nations of actions that would drive Belgrade and the Bosnian Serbs back into each other's arms. In a situation in which the Bosnian Serbs have provoked even Belgrade to ostensibly at least abandon them, we should reexamine the policy of punishing Belgrade for the transgressions of the Bosnian Serbs but only if—this is a big "if"—Belgrade does in fact cut off the Bosnian Serbs and if they also permit verification of that cutoff by international inspectors at border crossings. That is the course that we should be pursuing diligently now.

Mr. President, I believe we are obligated to weigh carefully the likely consequences of moving straight to unilateral lifting of the arms embargo. The process by which we lift the embargo is just as important as the act itself. In fact, with our broad position around the world and for our relationship with our allies, it is even more important.

Those who today seek to set a firm date in all sincerity—I want to credit them for that—for lifting the arms embargo unilaterally should think very carefully about the implications of imposing this change in law and its effect on the Serbian Government.

Would a precipitous unilateral termination of the embargo widen the war? Would it drive the UNPROFOR forces out of Bosnia? Would it place its security at risk? Would it place our humanitarian workers in security risk? Would it place Bosnia's fate—and especially the fate of those besieged Moslem communities which the United Nations has declared to be safe areas—in greater jeopardy than they are today? Would it draw the United States into the Bosnian and Balkan quagmire? Would our allies withdraw and say to us, "OK. United States, you insisted on moving alone. Now we are getting out of here, and it is up to you not only to train and supply arms but to defend the Bosnians while they are getting heavy arms, and while they are being trained." Do we really want to take this on unilaterally?

Could the United States, if it abruptly terminated the embargo, avoid both the moral and material responsibility for the defense of the Bosnian Government and its supporters? Would it not be the height of cynicism simply to declare the embargo lifted, force the U.N. forces out, whose presence at the very least has been enabling humanitarian aid to reach tens of thousands, hundreds of thousands of them who otherwise probably would not live—and then walk away from those seeking to defend themselves against aggression and genocide?

In other words, if we lift this embargo and there is a very strong I am sure case for that—I am in favor of doing it multilaterally. But if we do it unilaterally, there are some people who would like to say that is all we are going to do, that now we are through with it. Mr. President, that cannot happen. That is the worst course of all.

If we are going to lift the embargo, we have to follow through. Otherwise, we are inviting disaster. We have to follow through by training. We have to follow through by arming, hopefully with defensive weapons that would not spread the war. If we do not, we are going to leave a vacuum there that would not only lead to tragedy for those we are presumably trying to help, but it would also invite other forces to come into that area with weapons that could greatly broaden the conflict. I will not name those other forces. But you can leave it to your imagination. It would be a very grave development.

Mr. President, I have looked very carefully at the Dole-Lieberman amendment. Along that line, the way I read the amendment, the entire amendment is on one page. So it is not very hard to read. It says:

> The President shall terminate the United States arms embargo on the Government of Bosnia and Herzegovina no later than November 15, 1994 so that Government may exercise its right of self-defense under Article 51 of the United Nations Charter.

It goes on to say what it actually does. The operative phrase of this is it basically repeals a July 15 policy published in the Federal Register of July 19 under the heading "Suspension of munitions export licenses to Yugoslavia, and any similar policy adopted and implied by the United States as of the date of receipt of request of paragraph 1," and so forth.

That is what this does. If you look at what it does here, what it actually repeals, it repeals this Federal Register that says:

> Summary notice is hereby given that all licenses and approvals to export or otherwise transfer defense articles and defense services to Yugoslavia pursuant to Section 38 of the Arms Export Control Act are suspended.

So what we would be doing is saying arms can be exported to Bosnia. That means our defense contractors could sell, or, if the money is not available and they are charitable, they could give arms to Bosnia. It says nothing about how they are going to get them there. How are they going to get them there if the British and French decide to continue to enforce the embargo? Are we going to let Lockheed, General Dynamics, Hughes, and others fly through the French and British embargo and deliver arms to Bosnia? It says nothing whatsoever about that.

There is no provision in here to deliver arms. There is no provision for training. There is not even a provision in here that says that we no longer would enforce the embargo. There are some people who would read that as meaning that there is nothing to prohibit the President in here from continuing to enforce the embargo with our military forces. In my own view, that would not be a very sensible reading of the intent behind this because certainly the intent is clear, and we would not participate in the embargo.

But, Mr. President, I would say that the worst case we can get into from an international point of view, and from our own security point of view, is to lift an embargo, and then say nothing and provide nothing about training or about overall arms being delivered.

The Yugoslavian army has not entered in this conflict in a direct way. We know they are supplying weapons. We know probably there are some of them participating. But they have a lot that they could do that they have not yet done. So we do not certainly want to trigger that.

Mr. President, I think at a minimum we would be obliged to provide the Bosnian Government forces substantial quantities of weapons as well as the training necessary for their effective employment. Unless we want to lift the embargo and invite the Iranians into Europe, or unless we want Turkey to take over that obligation, unless we want to inflame the basic passions that already exist there, then we have an obligation to go much further than the Dole-Lieberman amendment goes. Maybe the authors of this amendment intend to do that. We have an appropriations bill that is about to pass. And it does provide $50 million. But it is in anticipation of either a unilateral or multilateral lifting; $50 million in arms. But it requires that the President—I believe this is the foreign appropriations act. It provides that the President certify before permitting this aid, No. 1, the transfer of such articles that would assist that nation in self-defense and thereby promote the security and stability of the region; two, that the U.S. allies are prepared to join in such a military effort.

So the only appropriations bill I know about that has any money in it, if we pass this unilateral lifting, requires that kind of certification. The President cannot certify that the United States allies are prepared to join in a military assistance effort; just to the contrary, they oppose the lifting of the embargo.

So, Mr. President, this amendment is symbolism, and it is important symbolism. It is psychology, and it is important. It is going to send—if we pass this—some messages around. But the problem is that there is nothing to carry out the policy, unless you assume that our private defense contractors are going to sell arms to Bosnia, and unless you assume that those arms are going to be delivered by somebody through an embargo that is continuing to be enforced by NATO and by the United Nations.

Mr. President, for the United States, the Balkans are important, but they are not vital to our national security. But what is central to our security, and to Europe's security, is preventing the spread of this conflict. Of course, we as Americans are sympathetic to the humanitarian needs of the Bosnian people and the terrible atrocities and tragedies that have occurred there, and we are seeking—and should seek, and even intensify—to meet the needs where we can. But there is a vast difference between dropping relief supplies to civilians and taking on the conflict as our own. There is a vast difference in those two.

Another issue posed by an abrupt unilateral termination of the embargo is a likely reaction of the Bosnian Serbs. It will take time, at least several weeks, if not months, to deliver significant quantities of weapons to the Bosnian Government, and to train government forces in their proper employment. The government's lack of access to the sea means that deliveries would have to be made via interdictable roads, initially through Croatia, and by air to airfields within the range of Serbian artillery.

Who is going to deliver these weapons through a continued embargo by the United Nations and by our allies? Who is going to deliver the weapons? Where are they going to get the weapons? Are we going to have our defense contractors come in and say: "Boy, I am sure glad that embargo is over. We are now going to find ways to deliver weapons in the middle of that conflict"?

I doubt it. I doubt it very seriously. I think those who are going to vote for this unilateral move have the obligation to think through these questions. They may have thought of them, and there may be answers, but they are not apparent on the face of the amendment.

Mr. President, are we going to assume that Bosnian Serb forces will remain idle while we go about arming and training Bosnian Government forces? Would a lifting of the embargo provoke a Bosnian Serb aim at preempting the Bosnian Government's

military rearmament? The worst case is to have the Bosnian Serbs believe weapons are about to go in there because we voted in the U.S. Senate on lifting the embargo, and then have no weapons in there and have no training and have no way to get them in there, and not have any plan to get them in there. We would leave the people we are trying to help in worse shape than they are in now. We do that. We better think about it. This is not a sense-of-the-Senate resolution. If this comes up and we pass it, and it goes into conference and comes out, it could become law.

Would the Bosnian Serbs attack not only government forces but also the roads and airfields that are critical to the delivery of arms to government forces? Would they also attack the Moslem-safe areas which, with the departure of U.N. forces—and our allies told us if this happens, they are going to pull out—they would also pull out presumably the forward air controllers.

What are we going to do about targeting if we have to go in and bomb, if we do not have air controllers on the ground? How are we going to do that? Will our air power be effective without any forward air controls? Even with the assistance of forward air controls, the Bosnian Serb targets around those safe havens are very elusive, and we have done what I call a pin-prick attacking; we have not really done much damage in that. Those attacks are very difficult because it is so easy to put the weapons in the civilian populations, and then we have to decide whether we are going to go in there and knock out a church or a school that has mortars in it. What are we going to do about this? There is an obligation to think through these questions, a real obligation.

Mr. President, we would also have to be prepared for some of these same consequences if we multilaterally lift the arms embargo. But there is a huge difference. We and our allies will be acting in concert in taking collective steps preparing for withdrawing forces, deterring and reacting to any Bosnian Serb aggression. There is a huge difference between doing this unilaterally or multilaterally. We can do it unilaterally and we can take care of these questions, but only if we are willing to make a very large commitment of military forces and of training, and only if we are willing to follow the consequences of our action to their logical conclusion—and that means bombing. That means when you give out targets in Bosnia, you take it to Serbia. That is the logical consequence here, and people had better think through it.

In sum, Mr. President, a hasty unilateral lifting of the arms embargo on Bosnia will no doubt offer, for maybe a week or two, emotional satisfaction, produce a number of editorials that are favorable; but it could precipitate and intensify a conflict for which the Bosnian Government forces could find themselves militarily much worse off than today. It could also provoke a major crisis with at least two of our major European allies, as well as encourage other members of the United Nations to unilaterally themselves either ignore or violate current and prospective embargoes that we are in favor of and have pushed through the United Nations, and that we want to continue, like Libya, like Iraq, like Haiti, and like North Korea.

Mr. President, it is nice to be able to view through a telescope one small foreign policy question, even one that is as tragic as Bosnia. But it cannot be done with a country like America. We have to look at the whole scope and take into account other actions.

How many members of the Security Council, if we have to use an embargo on North Korea, are going to bring up what we do in terms of this embargo that we voted for over and over again? After much deliberation, the House-Senate conferees on the fiscal year 1995 defense authorization bill have determined what I believe to be a viable alternative to the original position of the two Chambers; I submit it is a viable alternative to the unilateral lift. Assuming a continued refusal of the Bosnian Serbs to accept the contact group's peace plan, I believe this alternative permits the Congress to support the contact group while at the same time pressuring our allies and the administration to lift the embargo multilaterally, rather than unilaterally.

This alternative rests on two tracks. The first, international; the second, unilateral. This is the amendment we will be voting on first. The international track calls for Congress to call on the President to seek, by the end of October, a U.N. Security Council termination of the arms embargo on the Bosnian Government. For over a year and a half, the administration has declared repeatedly it believes the arms embargo on Bosnia should be lifted multilaterally if possible. But while it has really talked to our allies individually on the matter, it has made no concerted effort within the Security Council to obtain a multilateral termination of this arms embargo on Bosnia.

President Clinton and his team have been kept informed of our deliberations on this issue, and the President indicated his willingness to take this effort to the U.N. Security Council by November 1, unless the Bosnian Serbs have come up with signature and agreement of the contact group's July 6 decision.

In a letter delivered yesterday, the President reaffirmed his commitment—he made it in writing—seeking a repeal of the embargo by the U.N. Security Council.

Mr. President, there is another track, in addition to the multilateral track, because we all know that the President, when he goes to the Security Council, around October 15 or November 1, he may get there and the Security Council may turn him down.

They may say we do not want anymore multilateral arms. What do we do then? We go much further in this resolution than we have gone before. If the U.N. Security Council refuses to lift the arms embargo on Bosnia and the Bosnian Serbs continue to reject the contact group peace proposal, funding for the participation in the United States forces in the arms embargo on Bosnia will be terminated no later than November 15.

Mr. President, the Senator from Kansas said we will be gone in October. Well, this is law. This will be law if it goes into effect, and this will be automatic on November 15 if these two conditions have not occurred.

What does that mean? It means our military forces no longer will be part of enforcing the embargo. We will no longer have Navy ships out enforcing the arms embargo. That is a very important step.

It is a unilateral step, but it is in no way in contravention of our national duties.

When we vote for an embargo at the U.N. Security Council, we do not sign up as the policemen. There are other members around the world of the Security Council and of the General Assembly who are honoring the embargo, but they are not enforcing it. As far as I know, the Russians are not enforcing the embargo. It is mainly the United States and our allies in NATO.

It is one thing to unilaterally violate an embargo and quite another thing to participate in its enforcement.

I personally, and I believe our conference agreed, find it unacceptable that American sailors and airmen are being deployed and engaged on behalf of an embargo that makes no moral or other distinction between the perpetrators and the victims of aggression and genocide.

Some believe we are legally obligated to observe the embargo as long as it remains in effect, although this view is debatable. But certainly, however, we are not obligated to provide ships and aircraft to enforce the embargo. There is a great difference between being a law-abiding citizen and joining the police force. We have joined the police force on this embargo that we have decried for the last 2 years both in Congress and from the White House.

What this amendment does it does not say we are going to unilaterally breach the embargo. There is a clear line. Here it says we are not longer going to enforce it. We do not know the effect of that. Our allies, the British and French, the NATO allies, can continue if they choose to enforce it without U.S. military forces.

I am not standing here saying it will end the embargo. It could, because it

could have a very significant psychological effect. It could push the parties toward moving together before November 15 in some cohesive fashion. There is no guarantee of that, and we have to be prepared for that.

Mr. President, the Congress would also direct the President to submit to the Congress within a specified period of time a plan to train the Bosnian Government forces for the purpose of enabling them to defend themselves and the Bosnian safe areas from Serbian attack. It is important to recognize that any Bosnian political entity, including the one proposed by the contact group, would have to be able to defend itself. But if the peace agreement goes into effect, if everybody signs up, that country, if it is ever going to be secure, it also has to have the right to defend itself.

If we are really concerned about what has occurred there, and I really and truly believe everybody in this body is, if we are really concerned about the victims, then we have to start planning how they are going to be trained and how they are going to be armed with or without a peace agreement and, of course, without one it is much more urgent.

Mr. President, a defenseless Bosnian entity would be a standing invitation to further bloodshed in former Yugoslavia. Only a Bosnian Government capable of defending itself can escape the lurches of those who seek a greater Serbia. I think our allies have to start understanding this. I believe it is essential that they start grasping this essential fact.

Mr. President, if Bosnia continues to be without defenses, without adequate defenses, and if we decide to unilaterally lift the embargo because of that and if we go no further on training, if we do not get any kind of agreement on what we are going to do to train them, it is an invitation to outside forces to come into that area of the world and make the situation much worse than it is now. This is a situation, tragic enough. The spread of this Bosnian war would move on the scale from humanitarian and important concerns to the scale of vital concerns at which point there could be a point we would have no choice but to commit military forces, which no one wants to do.

Mr. President, sooner or later we and the other countries will be called upon to help train and arm the Bosnian Government forces, even if there is a peace agreement. The issue is not whether but when and in what context, unilaterally or multilaterally, before a peace agreement or after.

The international community, the same international community that is supporting the contact group effort to achieve a workable peace in Bosnia is obligated to assure Bosnia's military viability after a peace agreement is reached.

It is my view that we should keep the international community involved. If we have to go the unilateral route, we are basically and in my opinion morally volunteering to take it on ourselves, not simply a declaration that lifts the embargo, but training an army because that is what they need. Lifting the embargo will have no meaning unless they are trained and have arms and can defend themselves. It will have no meaning.

Mr. President, in fact I would amend that by saying it could have just a reverse meaning. It could alarm the Bosnian Serbs. It could cause attack, and when the attack comes the Bosnia Government will look around and say, what did this lifting of the embargo mean? We do not have training. We do not have antitank weapons. We do not have mortars. Where is it going to come from? It is not going to continue outside of the amendment we are voting on here today. Where is it going to come from?

Finally, we would require the President to submit a plan and consult with the Congress regarding a unilateral lifting of the arms embargo. If this amendment passes, it is a difference in planning and executing than it is implementing. This does not unilaterally lift the arms embargo, this amendment by myself and the Senator Maine and others.

What the House-Senate conferees are proposing that is in our defense authorization bill is one last stab at obtaining a multilateral lifting of the arms embargo, and failing that, placing complete responsibility on the international community for its continued enforcement. This amendment says, we want to try to work with you, but if we cannot work with you, then it is up to you to enforce it. The other amendment says we are basically going to unilaterally declare where we are going, and then I assume we would have the courage of our convictions and hopefully in some other measure follow through with what is essential, which will be training and which will be military weapons.

This proposal, the Nunn-Mitchell proposal, would do this in a nonprecipitous manner. It would ratchet up the pressure on both the U.N. Security Council and the Bosnian Serbs. If, in the interim, Bosnian Serb forces attack safe areas that have been declared safe areas, the administration is urged in this amendment to go to the U.N. Security Council and seek authorization immediately for a selective lifting of the arms embargo to enable the Bosnian Government to defend these safe areas.

Mr. President, I think that should have already been done. Why should we limit ourselves only to bombing? Why not multilaterally, not unilaterally, given people are under attack in Sarajevo, a chance to defend themselves with defensive weapons, carefully selected and prepared for? That is what we ought to do multilaterally. At least it would present more options than simply trying to bomb difficult targets in populated areas.

Mr. President, I fully understand the frustration of those who seek to lift the embargo now and who are prepared to act alone. But I urge each of the Senators who will vote for the Dole-Lieberman amendment to think through the consequences and to ask yourself are you ready to follow the line of and the concept that is required here, if you are going to think through this proposition properly, because simply lifting the embargo without providing arms, without providing training, you are doing virtually nothing but saying that American defense contractors can now export to Bosnia. You provide no money to pay for it, provide no training. I think we have to go much farther, if we are going to embark on this course, and I think this course is not wise. But if Congress is determined to take such an action, it should only do so after a multilateral lifting of the embargo is clearly impossible. We have not yet been to the Security Council and asked them to lift the embargo. There have been private conversations but we have not put that proposition down. The President is now saying he is willing to do it, no later than November 1.

Mr. President, I also want to stress again that we have to provide sufficient time for U.N. forces and humanitarian workers to debark and the Bosnian Government forces to arm and train, and we have to do that whether we lift the embargo unilaterally or multilaterally.

Those who favor a unilateral lifting now have an obligation to recognize the corresponding obligation to prepare both the Bosnians and our allies for the consequences of this unilateral action. They also have an obligation to carefully review the effect a unilateral lifting will have on continued and prospective allied participation in sanctions on Libya, Iraq, Haiti, and North Korea.

If we break ranks with our allies on an embargo that we voted for under two administrations, Bush and Clinton, however unwisely, then other nations will forever cite our action as a precedent should they decide in the future that it is in their narrow interest to break ranks with us. The consequences of this will flow with our foreign policy for a long time.

Mr. President, I reserve the remainder of my time.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent to take up to 10 minutes of Senator DOLE's time. It is my understanding that Senator MCCAIN wanted 2 minutes.

Mr. MCCAIN. Of my own time.

The PRESIDING OFFICER. Is there objection?

Mr. DECONCINI. Reserving the right to object.

Mr. MCCAIN. Never mind, Mr. President.

Mr. DECONCINI. Mr. President, I do not intend to object to the unanimous consent request, but I would like to ask that I could follow the Senator from Texas after her 10 minutes and the Senator from Arizona after his 2 minutes.

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

The Senator from Texas is recognized.

Mrs. HUTCHISON. Mr. President, I ask unanimous consent that Senator MCCAIN be allowed to speak for 2 minutes, after which I would like to speak for up to 10 minutes from Senator DOLE's time.

Mr. MCCAIN. Mr. President, if it is all right with the Senator from Texas, I yield that 2 minutes to the senior Senator from Texas, and I will take no more of my time. In fact, I will yield back the remainder of my time.

Mr. DECONCINI. Mr. President, may I ask for clarification, if the unanimous consent has been approved?

The PRESIDING OFFICER. The Chair believes that the Senator from Arizona is yielding 2 minutes of his time to the Senator from Texas [Mr. GRAMM]. The junior Senator from Texas is to be recognized for a period of not to exceed 10 minutes on Senator DOLE's time. And then the senior Senator from Arizona would be recognized.

Mr. DECONCINI. For 8 minutes on Senator DOLE's time.

The PRESIDING OFFICER. Senator NUNN's time remaining is 7 minutes 53 seconds.

Mr. DECONCINI. Mr. President, I am sorry. I confused this and I did not mean to.

It is from Senator DOLE's time, up to 8 minutes.

I ask unanimous consent that that be included in the unanimous consent agreement.

Mr. MCCAIN. Mr. President, I would be glad to yield time to the Senator from Arizona. I believe I have 20 minutes. I would be glad to yield 8 minutes to the senior Senator from Arizona.

Mr. DECONCINI. There is no objection. I thank my colleague.

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

The Senator from Texas is recognized for 2 minutes.

THE CRIME BILL

Mr. GRAMM. Mr. President, I will try to be brief, because I know it is a very important debate that is going on here.

I remember the first speech that President Clinton made to a joint session of Congress. He talked in that speech about getting tough on criminals. And I led the standing ovation on that speech.

Then I got back to my office and discovered the President has cut funding for prisons and the DEA and FBI. Immediately, the President and the Attorney General started working to try to overturn minimum mandatory sentencing for drug felons. While the administration was talking about grabbing criminals by the throat and getting tough, they were working to overturn minimum mandatory sentencing.

And when we debated the crime bill and passed a tough crime bill in the Senate, the administration, working with Members of the House, adopted an incredible provision that repealed minimum mandatory sentencing for drug pushing retroactively, and that would let 10,000 drug felons currently in the Federal penitentiary back out on the streets.

When our bill was adopted and the House bill was adopted, the bill went to conference. And in a game that is now quite old, the House dropped our get-tough provision and adopted the House provision with its get-out-of-jail-free card that would let 10,000 drug felons back out on the streets. Then the bill went back to the House. And today, miraculously, the House of Representatives voted down the rule on the crime bill.

Now my office received 1,700 calls yesterday, all worried about the fact that Congress was not listening to the American people.

Well, Mr. President, I thought it was important to note today that on the crime issue, the House did listen to the American people and they said very clearly: Do not try to let 10,000 drug felons out of prison and call it a get-tough provision on crime.

I know the American people got the message. I hope the President did.

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

Under the previous order, the junior Senator from Texas is recognized.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

The Senate continued with the consideration of the bill.

Mrs. HUTCHISON. Mr. President, I just listened to speech of the distinguished Senator from Georgia. I want to say how very much I respect the chairman of the Armed Services Committee. I think that he has great concerns about what is happening in Bosnia, as all of us do.

I find that I agree with him a lot more than I disagree with him, but on this occasion I am taking a different position.

It is because, Mr. President, it seems to me that we have been returning to this debate for the entire year that I have served in this august body. Each time the Serbs make the headlines with a new atrocity or outrage, we resume the debate. We talk about allowing those who are willing to fight for their freedom to be able to have the means to fight for their freedom. And each time we conduct a debate, we find some excuse not to approve lifting the arms embargo on the Bosnians.

Last week, the Serbs rejected a peace plan once again. They stole armored vehicles and fired on a U.N. helicopter.

The only improvement in the Senate, however, is that now we are debating how we will go about lifting the arms embargo instead of should we lift the embargo. But by passing two different resolutions, we are not leading, Mr. President. We are continuing to stall.

I am concerned that the other amendment, while having much of the same response, is still not going to allow the lawful countries in the international community to give arms to the Bosnians, because the law-abiding countries are not, in my opinion, going to give arms just because it is not being enforced when the embargo is still there.

On June 23, I met with Vice President Ganic at the Senate Armed Services Committee. He made a poignant appeal to the Armed Services Committee. Vice President Ganic of Bosnia said apologetically to us, "I realize I am emotional about this issue."

I thought to myself, this man is apologizing for being emotional, while his country is under armed assault, their families are being brutalized and murdered. He was very poignant, real, when he was speaking for his people as the elected Vice President of their country.

Mr. President, the Bosnians should have our support, not our sympathy. We have a moral obligation to follow declared U.S. doctrine as enunciated by U.S. Presidents from John F. Kennedy to George Bush. That obligation is to lend our support to oppressed people who are willing to fight for freedom. It is not always our responsibility to fight for others, but we must be willing to support them. The issue is America's leadership and resolve.

Three years ago, the United States formed and led a coalition of diverse nations to a stunning victory in Operation Desert Storm. At that time, the United States was the unquestioned leader of the world. Are we now perceived as simply a member of the community of nations rather than its leader? The danger lies in the false sense of security that leadership in some way will evolve from consensus.

Nothing could be further from the truth. Consensus follows leadership. Leadership does not, nor will it ever, evolve from consensus. The coalition which met the challenge in the gulf war did not result from consensus. It came about because of American leadership, and that is what is lacking

today. It is up to us to provide that leadership because no other country can and no other country will.

The time for leadership should be—and this time it should be—time for us to lead. Not to fight, as it was in Desert Storm, but to lift the impediment for those who are fighting so they can defend themselves from the attacks of aggressors.

There is an old adage that it is preferable to die fighting on your feet than to live begging on your knees. It is clear that the Bosnians have made their choice and that is to fight on their feet, come what may.

Some argue that lifting the embargo gives us a responsibility to put American troops in the fight. I do not think that is the case. The Bosnians have not asked for our troops to fight for them on the ground. Dr. Ganic told us he hopes the U.N. troops will continue to do humanitarian missions in Bosnia. But, he said, even if they feel they must withdraw, Bosnia is willing to accept that fate. He simply pled with us to no longer combine big words with small deeds. He asked us to lift the arms embargo because they need arms to survive.

In closing, former State Department official Richard Perle, testifying before our Armed Services Committee, defined the stakes very well. He said:

> In considering, finally, whether to reverse the shameful policy of leaving Bosnia defenseless against a well-armed Serbian aggression, we face a decision in which the right and moral course is also the course least likely to lead to adverse consequences for the United States and its allies. That is because it has the prospect of leading to a peace the Bosnians themselves can defend, rather than a peace imposed on a vanquished country that cannot last and which the United States would then be obliged to defend.

I want to also read from a recent policy statement from the American Enterprise Institute for Public Policy Research, written by Albert Wohlstetter. He said:

> But it is not enough to resist forcefully all the bad arguments for continuing an embargo in U.N. Resolution 713, that never validly applied to Bosnia. Better to enforce the valid U.N. demands to stop the flood of arms, ammunitions and soldiers sent by Serbia, the genocide's source, to its proxies in Bosnia and Croatia. That flood, financed by drug deals, smuggling, and a network of pickpockets roaming Europe, flagrantly violates, among others, U.N. Resolutions 752, 757, 819, 820 and 838. The world's democracies and the U.N.'s bureaucrats turn a blind eye to these valid U.N. demands.

I do not like moving without our allies. That is not my first choice. Our distinguished chairman of the Armed Services Committee has repeatedly said that we should have our allies working together in concert, and I agree with him. But they have failed to move—time and time and time again. I believe and hope that if we take this action, which is a bold action, they would support our move. But the United States has acted unilaterally before and will do so again. That is what leadership is, sometimes.

We must lift the arms embargo. Vice President Ganic of Bosnia said it so well. "We are dying anyway," he said. "let us die fighting, fighting for our country."

Mr. President, I hope we hear their pleas. I hope we set a date certain for lifting the arms embargo. I am supporting the Dole resolution because it is the right thing to do. We have talked too long. The time to act has long since passed.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. DECONCINI. Mr. President, for more than 2 years I supported the lifting of the arms embargo in a unilateral manner if necessary. We have had debate time and time again, and I listened very attentively to the Senator from Georgia. As usual he points out in a very profound manner the responsibility of the United States as the embargo is lifted. If that be the case, I believe the United States would meet that responsibility.

I do not quite see it that way, however. The fact that you lift the arms embargo does not mean that you have to deploy troops there. The fact that you lift the arms embargo and this would cause some disruption with our allies, and some heartburn in our relationships with France and England, to me is not sufficient to keep us from doing what the Senator from Texas referred to as truly a moral obligation to do something to help these people.

There have been some efforts by our administration. President Clinton has talked to many people in the world, many people in the Congress, attempting to forge a multilateral effort to end this conflict. He has indicated that he himself would like to see the arms embargo lifted, but only if done on a multilateral basis.

The fact is we cannot lift it on a multilateral basis. The Senator from Maine and the Senator from Georgia now have proposed the best of all that we have had over the last 20-some months of efforts to lift the arms embargo, because they do set a date. Apparently the President now realizes that this train is moving and eventually it is going to come out of this Senate and House with a vote to unilaterally lift the arms embargo. He may be presented with no alternative but to veto it and I do not think he wants to do that. I think in his heart—and I do not know—in his mind he wants to see the Bosnian Muslims be able to defend themselves.

The reality is we have had a failed policy there, from the U.S. standpoint, but more so from the allies and the multilateral standpoint. We have not succeeded in bringing the Serbs, Bosnian Serbs to the table with any credibility, with any willingness to enter into a peace accord where they do not end up with 70 percent of someone else's country. And this accord that the contact group put together July 6 is no great accord. They end up with 49 percent of someone else's country. And that someone else is the Bosnia and Herzegovinans who want to defend themselves.

So we lift the embargo, and the question is asked by the distinguished Senator from Georgia, how are they going to get the arms in there? You know, people who want to fight for themselves, who want to die if they have to, to die with dignity, are going to fight, just like they are fighting right now with the embargo on. They are getting arms. And they have demonstrated on several occasions they can be pretty effective, even against the far greater armed force of the Bosnian Serbs.

So it gets back to where do we as a nation stand when a nation, an independent sovereign country, a member of the United Nations, part of the CSCE process, has now decided that they want to fight these invading forces? And we say because of an embargo that is imposed against the former Yugoslavia that no longer exists, that the people of Bosnia and Herzegovina cannot defend themselves. That does not make sense.

It does not make sense because it is not right on anybody's scale. And the fact is there is a moral obligation of the United States to do all we can to help these people fight and be able to defend themselves from the Bosnian Serbs.

Will they be able to do it? I do not know. It is interesting here, the debate that we have had on the Persian Gulf, for example. When the time came there was a big hue and cry—there are many who wanted to commit American troops there. They thought we should go after those invaders.

That is what we have here—we have invaders. There is no reason that we have to decide today or any time in the future that we have to deploy troops there.

But I do believe that we are committed under NATO to use air strikes and we should use them. It has been demonstrated time and time again when we are prepared to use those air strikes, there is a response from the Bosnian Serbs. General McPeak, the Chief of the Air Force, testified a little over a year ago before the Appropriations Committee, that airstrikes can be carried out with minimal risk, or very low risk of loss of U.S. pilots.

For us not to be willing to lift that embargo and to do what we have to do with air strikes, to me is walking away—walking away from a pending catastrophe.

I have been to Bosnia and Herzegovina four times, and Macedonia and other countries in the area. I have

talked to people who have been put through the genocide and murder process that the Bosnian Serbs, armed by the Serbian former Yugoslav Army have subjected them to. To sit there and talk to a person of my own age who lost his mother, his sister, and his brother through murder and rape, and to hear of other relatives who were forced out of their villages through the ethnic cleansing process of the Bosnian Serbians to me is enough to make you cry, and it did just that.

It made me feel like, "What do you want from the United States?" And I asked him that. When the President of Bosnia and Herzegovina was here, I asked him, "What do you want?" He said to me, "Let us die in dignity if we have to die; let us have arms." He said, "We are not asking for your soldiers. You do not even have to give us the arms. We'll get the arms, but we cannot get them in because of the embargo."

If we lift that embargo unilaterally—I cannot believe the allies there are going to stop arms from coming in to help the Bosnians. If the allies feel it is too dangerous, it is their right to get their troops out. They do not have to be there. But their being there has not brought stability to Bosnia and Herzegovina and an end to this genocidal conflict.

So I hope this body will have the courage to stand on principles, to stand with people who have been so deprived and so victimized that there is just nothing more we can do today except vote a clear message that the United States understands the severity of the problem and is prepared to lift this embargo.

If we do not do that, then the Senator from Georgia and the Senator from Maine have crafted, in my judgment, the best alternative. I must say, it is much better than we have had before because it does set a time, it does indicate that if the multilateral effort to get the United Nations to lift it does not happen, funds are cut off from our enforcement contribution. I compliment the Senator from Georgia for his ability to craft that and get that through the conference committee and apparently get the President and the administration to support it.

So we have two good alternatives. I just happen to come down on the side that lifting the embargo is not as dangerous as the Senator from Georgia might say. Sure, it is nice to have a big plan, and we had a big plan when we went to the Persian Gulf. And in Bosnia if we were talking about arming them, that is one thing. We are not talking about arming, we are just talking about lifting, removing the prohibition now of selling arms or transferring arms to Bosnia and Herzegovina. I hope this body has the courage to do that.

In any event, the only good thing I can find out of all this is that we are moving closer and closer to where many of us thought we should have been a long time ago, and that is to let the Bosnians die in dignity, if they must die; let them fight for their own country as anybody else in this body would want to do if we were in their shoes.

Mr. NUNN addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. Mr. President, I thank the Senator from Arizona for his kind and thoughtful remarks about our proposal, and I certainly understand his position on the overall issue.

I yield 6 minutes to the Senator from Rhode Island, the chairman of the Foreign Relations Committee.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, the distinguished minority leader has offered an amendment to this bill mandating the unilateral lifting of the arms embargo, an amendment that I will oppose.

This is an issue that knows no partisan boundaries, that cuts to the heart of issue related to U.S. influence and power abroad. There are serious and valid disagreements among us, and as public servants, we are called upon to exercise our best judgment on this very difficult issue. My own gut felling, my own conscience tells me that unilaterally lifting the arms embargo is the wrong thing to do.

Clearly, the situation in Bosnia is untenable, one we cannot support as we see the innocent civilian victims of the fighting, the vast majority of whom are Bosnian Moslems. Regrettably, the suffering of blameless civilians is far too common an occurrence in our world today. Untold misery is occurring in Rwanda, Kurdistan, Sudan, Haiti, and the Caucasus—to name just a few places.

As I have said previously, before we take any unilateral action in Bosnia—we need to answer the most serious question of all: Is it in our national interest? Where does our national interest lie. How deeply involved is our national interest in Bosnia? Regrettably, we still do not have clear answers.

My own view is we do not have an overriding national interest, but I realize that is not the view of many of my colleagues. As long as that remains the case, I would not support an action that could launch us headlong into a military quagmire.

On several occasions now, the Senate has conducted an honest and thorough examination of a difficult issue. I have listened to and participated in the previous debates on this matter, and I have previously acknowledged that I see merit in some of the arguments regarding a lifting of the embargo. My best judgment, though, tells me that unilateral action is the wrong course to take.

Today we are considering another approach. We have before us an amendment offered by the distinguished chairman of the Armed Services Committee, Mr. Nunn, which promotes a multilateral approach but which will likely lead to the nonenforcement of the embargo by the United States.

I commend the Senator from Georgia as well as the majority leader, Mr. MITCHELL, for their fine efforts to come up with compromise language. But this amendment goes quite far in urging the United States to go it alone, and for that reason, I am not completely comfortable with it. But I am more comfortable with it than I am with the Dole amendment. President Clinton has indicated that he will seek a multilateral lifting of the embargo. He did so with the full knowledge that if the Security Council does not agree to lift the embargo the language in the Nunn amendment, if adopted, would require the United States to halt enforcement of the embargo.

In my opinion, this takes us a bit down the road of unilateral action. However, I see this amendment as the lesser of two evils. Our President has made the judgment that he can live with the consequences of this amendment—that it fits in with what he is trying to accomplish on the diplomatic front. I, too, much prefer this approach to one which would mandate a unilateral lifting of the embargo. For that reason, I will support this amendment as a tactical matter—in the hopes that it will help prevent the adoption of a measure that directs the President to unilaterally lift the embargo.

One lesson that can be drawn from this debate, and previous ones, is that it is to our best advantage not to intervene with a unilateral action but to only do so in a multilateral way.

I yield the floor.

Mr. NUNN. Mr. President, I reserve the remainder of my time and suggest the absence of a quorum, and ask that the time be evenly divided.

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

The assistant legislative clerk proceeded to call the roll.

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

The PRESIDING OFFICER (Mrs. MURRAY). Without objection, it is so ordered.

Mr. NUNN. Madam President, how much time is remaining on each side, now that we have split this quorum call?

The PRESIDING OFFICER. The Senator from Georgia controls 2 minutes and 30 seconds, the Republican leader controls 16½ minutes.

Mr. NUNN. Madam President, I have some other speakers. If my time is being dissipated by this, I do not know what to do about it. Perhaps the Senator from Alaska could let the time run against his time, and at least let

me reserve—Madam President, I would ask that the remaining time on both sides be reserved. I ask unanimous consent that no further time be charged against either side on the Bosnian amendment.

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

Mr. NUNN. Madam President, I would also like to inform the desk that the leader has authorized me to use his 10 minutes on the Bosnia question, if there are other Senators who want to speak on this side.

Mr. INOUYE addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. I ask that the pending amendment be set aside.

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

AMENDMENT NO. 2520

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Madam President, I have an amendment at the desk, amendment 2520. I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from South Carolina [Mr. THURMOND] proposes an amendment numbered 2520.

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

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

The amendment is as follows:

At the end of Title VIII, General Provisions, add the following new section:

SEC. . Of the funds appropriated by title VIII of Public Law 102-396 (106 Stat. 1899) for defense reinvestment for economic growth, the unobligated balance of the funds made available by such title for military service members occupational conversion and training shall remain available until September 30, 1995.

Mr. THURMOND. Madam President, I ask unanimous consent that Senators MURKOWSKI and SIMPSON be added as cosponsors, in addition to Senator DECONCINI.

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

Mr. THURMOND. Madam President, this amendment would extend the obligation life of funds previously appropriated for the Service Members Occupational Conversion and Training Act [SMOCTA].

Madam President, the SMOCTA program was created by the fiscal year 1993 Defense Authorization Act to provide subsidies to employers who train recently separated service members for new careers in the private sector. The act authorized funds for the program, to be available for obligation for 3 years. The 1993 defense Appropriations Act identified $75 million for SMOCTA, as part of the $472 million appropriated for defense conversion programs. Unfortunately, the appropriation was made available for obligation for only 2 years. This amendment would correct the discrepancy between the authorization and the appropriation, making the funds available for the 3-year period. Over $40 million of the original appropriation has been obligated to date.

Madam President, although there were some initial bureaucratic delays in getting the program implemented, the program has been very successful. Over 4,500 employers have certified training programs, including national corporate chains. The program provides incentives to hire and train veterans. Over 35,000 veterans are certified for the program. Approximately 6,000 veterans are currently receiving job training, for a period of 12 to 18 months, at an average cost per veterans of $6,879.00.

The Departments of Defense, Labor, and Veterans Affairs have worked hard to establish this program, although there were some delays. However, it would be a mistake to let this program expire at this time. To not extend the life of the prior appropriation would send a message to our military members, caught in the downsizing, that we do not care about their futures. It would tell employers that the Federal Government cannot be trusted in partnership agreements. I do not believe this is the message the U.S. Senate wishes to send.

Madam President, without this amendment, SMOCTA funds will be abruptly cut off this coming September, at the end of the current fiscal year. My amendment will cure the conflict between the authorization and appropriation for this program, extending the period of availability for obligation of SMOCTA funds until September 30, 1995.

Mr. President, the SMOCTA program has strong support in the business community and the veterans community. My amendment is supported by the Veterans of Foreign Wars of the United States, the AMVETS, the American Legion, and the Vietnam Veterans of America. In addition it is supported by the Department of Labor, which administers the program.

I encourage my colleagues to join in supporting the amendment.

Mr. ROCKEFELLER. Mr. President, I rise in support of Senator THURMOND's amendment to make unobligated funds under SMOCTA available in fiscal year 1995.

The Service Members Occupational Conversion and Training Act [SMOCTA] was created by the fiscal year 1993 Defense Authorization Act to provide subsidies to employers who train recently separated service members for well-paying, stable jobs. The act authorized $75 million for the program, and provided that the money would be available for obligation for 3 years.

In the 1993 Defense Appropriations Act, $75 million for SMOCTA was identified as part of a $472 million defense conversion appropriation which was made available for obligation for 2 years. I have no reason to believe that the Appropriations Subcommittee intentionally rejected the authorizing committee's 3-year provision for SMOCTA funds.

The Department of Defense, Labor, and Veterans Affairs have worked very hard to get this important program up and running. To date, approximately 4,000 veterans have entered training, and many more have been certified as eligible.

The recent realization that SMOCTA funds could be abruptly cut off has caused much concern among veterans' advocates and the people who have worked to make this program a success. The prospect of having to turn away veterans and employers who have agreed to work together in this program is disconcerting to them and to me. We are concerned, not only about the veterans who will be let down, but also about the negative impact that the cutoff in funds may have on employers' willingness to participate in veterans' employment programs in the future.

While efforts are being made to obligate as much of the direct services money as possible before the end of this fiscal year, it appears now that this cannot be done. Obligation takes time because participants and training programs must be approved by VA. In addition, the 6 percent of the funds set aside for administration will be needed over the next year for continued monitoring, as required by law.

I want to make sure that veterans who have relied on SMOCTA are not let down, and that the people who serve them are not left without the support they anticipated. To this end, I urge my colleagues to support this amendment.

The PRESIDING OFFICER. Is there further debate?

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

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

The legislative clerk proceeded to call the roll.

Mr. SPECTER. 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. SPECTER. Madam President, I ask unanimous consent that the pending amendment be set aside so that I may speak on the Bosnia amendment.

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

Mr. SPECTER. Madam President, parliamentary inquiry. Has 10 minutes been set aside?

The PRESIDING OFFICER. Will the Senator from Pennsylvania indicate the time he wishes to speak?

Mr. SPECTER. Parliamentary inquiry: I believe I have 10 minutes set aside under my control.

I am advised by staff I am authorized to take 10 minutes of the time from leadership.

The PRESIDING OFFICER. The Senator may proceed.

AMENDMENTS NOS. 2518 AND 2524

Mr. SPECTER. Madam President, I might say parenthetically that I thought 10 minutes had been reserved under my control. But apparently the arrangement was not done. But I am advised I do have authority to take 10 minutes of leadership time.

Madam President, I have sought recognition to support the resolution to terminate the United States embargo of arms for the Government of Bosnia and Herzegovina no later than November 15, 1994, because I believe that is the appropriate foreign policy of the United States.

I have in the past supported other amendments advanced under the leadership of Senator DOLE because I think Bosnia and Herzegovina have a right to self-defense under the U.N. Charter.

The atrocities there are well-known. There have been major international efforts to stop the Bosnians and Serbs from proceeding with the slaughter. That stand has apparently been supported by Serbia. The United States, Great Britain, France, and other allies, joined by Russia, have tried to have a settlement there to stop the slaughter, and that has not worked.

This resolution has been before the Senate on several other occasions. There was a 50–50 vote. I believe that there are other Senators who are now willing to support this resolution so that we have a unilateral lifting of the arms embargo as a matter of basic fairness to Bosnia and Herzegovina.

I recognize the problem of the United States acting alone because that may weaken our position on unified action on other major matters around the world, such as, for example, North Korea. But I think this situation has gone on long enough. It is intolerable. We ought to move ahead, and the Senate ought to pass this resolution.

I have no doubt that this is not going to become the law of the land because, even if there is a narrow victory in favor of this resolution, it is subject to being vetoed by the President because the administration has stated its opposition to this resolution. There is no doubt that a two-thirds majority cannot be mustered to override the resolution.

So what we are really going to be doing here is making as forceful a statement as the Senate can that we do not accept the policy of President Clinton, that we do not accept the arms embargo, and we do wish to proceed to lift the arms embargo even though we are aware of the difficulties that presents in the international community.

What I think the effect will be of a forceful passage of this resolution is that it will put greater pressure on the administration to negotiate with the allies to have a multilateral lifting of the embargo, and will place pressure on the Bosnian Serbs. I think that ought to be accomplished.

Parenthetically, Madam President, I am concerned about the articulation of this resolution where it says "The President shall terminate the United States arms embargo," et cetera, from the point of view of the constitutional implications of the Congress ordering the President as to what the President should do.

This is not a ministerial act. This is a discretionary act. I think there is a constitutional question as to whether the Congress can issue this kind of order to the President.

Last week I took the position that the President did not have the authority to make war against Haiti without a congressional resolution in the context where there was ample time to get a congressional resolution. My view here is somewhat different with respect to the Presidential authority and congressional authority.

But I do believe that the practical impact of passing this resolution will be to impose greater pressure on President Clinton and on the allies to move ahead to get the arms embargo lifted.

My thinking is that there might be some more artful way to articulate this policy because, if you had the resolution passed and vetoed by the President and had the veto overridden, it would be a curious situation with the Congress ordering the President to do something in these terms.

But again, the practical effect is to put pressure to try to get a settlement to stop the bloodshed, and to give Bosnia and Herzegovina a chance to defend themselves.

Madam President, I yield the floor and any further time I yield.

The PRESIDING OFFICER. Who yields time?

Mr. INOUYE. Madam President, I ask unanimous consent that Senators BOXER, WOFFORD, and PELL be listed as cosponsors to the Bingaman-Pryor amendment No. 2530.

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

Mr. INOUYE. Madam President, I ask that the pending amendment be set aside.

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

AMENDMENT NO. 2531

(Purpose: To increase the amount made available for the Defense Contract Management Command by $36,500,000)

Mr. INOUYE. I ask that amendment number 2531, the Levin amendment, be considered.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. LEVIN, proposes an amendment numbered 2531.

Mr. INOUYE. Madam 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 11, line 10, before the period insert the following: ": *Provided further*, That, of the total amount appropriated under this title, $1,224,309,000 shall be available for the Defense Contract Management Command".

Mr. LEVIN. Madam President, last night I proposed an amendment that would restore to the Defense Contract Management Command [DCMC] the $36.5 million cut by the Appropriations Committee.

DCMC is the agency responsible for managing nearly all contracts for the Department of Defense. It also administers contracts for NASA as well as a number of civil agencies and even some foreign governments. It manages some $840 billion of Federal contracts—a staggering sum.

Contract management is an absolutely critical responsibility. DCMC is on the front line of DOD's relationship with our defense contractors and is our trip wire for any problems that may develop with contractor performance. In overseeing DOD contracts, DCMC returns $10 for every $1 spent through cost savings and avoidances resulting from contract negotiations, contractor process enhancements, and contractor systems reviews. These savings and cost avoidances are realized by the services which are then able to make the best possible use of their contract dollars.

Over the last 3 years, DCMC efforts have resulted in financial recoveries of $551 million—over one-half billion dollars. And DCMC has played a significant role in obtaining the debarment or suspension of some 364 unresponsible contractors.

DCMC currently has a staff of 17,500. That is down by over 30 percent from 1989. According to DCMC, these reductions were achieved through attrition, special pay incentives, and selective reductions in force. By the end of fiscal year 1995, DCMC estimates an additional 1,000 positions will be eliminated. Over the same period of time, however, there was, according to DCMC, a 12 percent increase in the obligated value of contracts, a 19 percent decrease in the number of contracts, and a 9 percent decrease in the unliquidated dollar balance. DCMC's reduction

in personnel has clearly outstripped the decrease in the workload.

An additional cut of $36.5 million could seriously weaken DCMC's ability to do its important job. According to the Department's own analysis, the proposed reduction will adversely impact DCMC's ability to invest in training, automation, and process improvements. It is these very investments that will enable DCMC to significantly improve its effectiveness in a future of continued downsizing.

My amendment would have restored the administration's full budget request for DCMC, but I am advised by the chairman of the Defense Appropriations Subcommittee that he will seek to restore funding in conference. I ask the Senator from Hawaii if that understanding is correct.

Mr. INOUYE. The Senator's understanding is correct. I am aware of the impact cuts to DCMC's operation may have on our ability to monitor the enormous volume of defense contracts. I assure the Senator from Michigan that I will work to restore funding for this agency in the conference with the House.

Mr. LEVIN. With those assurances, Madam President, I will then withdraw my amendment and express my appreciation to the floor manager for his support. Cutting DCMC's budget is cutting our ability to oversee the operation of $840 billion worth of defense contracts. In my view it is penny-wise and pound-foolish. It may look good today, but it will have costly consequences tomorrow and on into the future. I welcome the floor manager's support and offer my assistance in fighting for full funding for DCMC in the conference.

Mr. INOUYE. I thank the Senator from Michigan.

Mr. INOUYE. In behalf of Senator LEVIN, I withdraw the amendment.

The PRESIDING OFFICER. Without objection, the amendment is a withdrawn.

The amendment (No. 2531) was withdrawn.

AMENDMENT NO. 2537

(Purpose: To extend the terms of United States patent numbers 4,428,744 and 4,683,889 (relating to a photopheresis method))

Mr. INOUYE. Madam President, I ask unanimous consent that the pending amendment be set aside and that the Senate consider amendment No. 2537.

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

The clerk will report.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. DODD, proposes an amendment numbered 2537.

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

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

The amendment is as follows:

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

SEC. . The Secretary of Commerce, acting through the Commissioner of Patents, shall, upon expiration of United States patent numbers 4,428,744 and 4,683,889 (relating to a photopheresis method involving collection and exposure of extracorporeally circulating leukocyte-enriched blood to long-wave ultraviolet energy in the presence of a photoactive drug 8-methoxypsoralen), or as soon thereafter as practicable extend such patents for four and one-half years, with all the rights pertaining thereto.

Mr. INOUYE. In behalf of Senator DODD, I withdraw the amendment.

The PRESIDING OFFICER. Without objection, the amendment is withdrawn.

The amendment (No. 2537) was withdrawn.

Mr. INOUYE. Madam President, I ask unanimous consent that the pending amendment be set aside.

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

AMENDMENT NO. 2546

(Purpose: To limit the obligation of funds for the HUNTER unmanned aerial vehicle (UAV) system)

Mr. INOUYE. Madam President, I ask that we call up amendment number 2546, the DeConcini amendment.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. DECONCINI, proposes an amendment numbered 2546.

The amendment is as follows:

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

SEC. . (a) No funds may be obligated for a second low rate initial production of the HUNTER Unmanned Aerial Vehicle (UAV) system until the Secretary of Defense submits to the Committees on Armed Services and Appropriations of the Senate and the House of Representatives, the Select Committee on Intelligence of the Senate, and the Permanent Select Committee on Intelligence of the House of Representatives the Secretary's certification of the following:

(1) That the Logistics Support Analysis Report required by contract to be submitted to the Department of Defense has been received by the Department and is sufficient to fully support a determination to field the system.

(2) That 200 hours of flight time have been successfully logged on a Phase II UAV airframe for the system as part of "OPTEMPO" testing.

(b) The Secretary shall submit to the committees referred to in subsection (a), with the certification submitted pursuant to that subsection, a copy of the Logistics Support Analysis Report and the OPTEMPO testing reports relating to the HUNTER UAV system.

AMENDMENT NO. 2546, AS MODIFIED

Mr. INOUYE. I send to the desk a modification.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment (No. 2546), as modified, is as follows:

On page 142, between lines 5 and 6, insert the following new general provision and number appropriately:

SEC. . (a) None of the funds appropriated in this Act for a second low rate initial production (LRIP) contract or contract option for the Hunter unmanned aerial vehicle (UAV) system may be obligated until the Department of Defense certifies to the Congressional Defense Committees that—

(1) two Hunter UAV systems have been accepted by the government using the currently defined Acceptance Test Procedure;

(2) the operational tempo (OPTEMPO) phase of the risk reduction program has been successfully completed; and

(3) the flight test portion of the first article test (FAT) has been successfully completed;

(b) None of the funds appropriated in this Act may be obligated to procure more than four Hunter UAV systems until the Logistics Support Analysis (LSA) report has been submitted to the relevant Committees of Congress and the Department of Defense has certified to these Committees that the LSA is sufficient to fully support fielding of the Hunter UAV.

Mr. INOUYE. Madam President, as modified, the managers have no objection.

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

Mr. DECONCINI. Madam President, I want to thank the managers of the bill.

I want to thank the Chairman of the Defense Appropriations Subcommittee and his staff for working with me on my amendment, which is designed to help the Hunter UAV program. As many of you know, the Hunter system is a set of unmanned aerial vehicles designed for short-range reconnaissance, supporting tactical military operations. This billion-dollar capability is a significant one; ultimately 50 systems are planned for a total of 400 unmanned airplanes distributed among the Army, Navy, and Marines. I support the Hunter UAV program.

The Hunter UAV system has experienced several fundamental—but hopefully not fatal—problems during its development and procurement. The GAO has issued three critical reports in 3 years regarding the progress of the Hunter UAV program. The GAO continues to monitor the program today and has reinforced to me that their past concerns have in fact not been resolved, that they still include insufficient/unrealistic testing, extremely poor logistics support, engine design problems, and questionable program management.

For example:

The engines—originally intended for motorcycles—have been unreliable, requiring several modifications, some of which are still ongoing.

The fact that testing has fallen behind procurement compounds this problem, increasing the danger that faulty systems are being tendered to the Government.

Logistics support—critical to a successful fielding—has been behind schedule. Without logistics support a single,

minor problem with a part can incapacitate an entire system on the battlefield.

For example, a contractually required "Logistics Support Analysis Report" manual is 2 years behind schedule. The title does not do justice to the importance of this report—without it, soldiers in the field will not be prepared to perform routine maintenance and operational repairs because the right spare parts will not be available in the right quantities. Right now, I understand, there is not even a spare set of landing gear for the Hunter planes.

Several recent crashes have highlighted the program's growing pains. In at least one case the cause of the crash is not even known yet.

Over and above these substantive problems is a concern regarding what I perceive as DOD misleading the Congress on the health of the Hunter UAV program.

After Congressional staffs were assured this spring/early summer that the program was on track, that GAO's reported problems had been fixed, and that congressional concerns were outdated, the Hunter program, as submitted to Congress, was touched in markup.

However, in mid-July, staffs of the relevant congressional committees were briefed that the program had been sifnificantly restructured as a result of numerous ongoing problems. The DOD Joint Program Office, even after privately conceding many of the GAO's significant criticisms, continues to publicly claim that the program is in near-perfect health. In last week's issue of Defense News, DOD and contractor officials state that all problems with the programs have been corrected. We know this not to be true, based on DOD's own statements—and DOD's desire for a restructuring.

The Pentagon has not yet submitted changes to the FY 1995 Hunter UAV funding request. Our staffs have been briefed that approximately $65 million is needed to implement this restructuring and some $30 million of that is being borrowed from the Close Range UAV program, which my staff was initially told was not being affected.

DOD reported that the damage to a HUNTER UAV that crashed on June 19 while undergoing Government acceptance testing was minimum. In fact, the damage is so bad that a replacement vehicle has been ordered.

Before us is a request for a restructuring of the FY 1995 submitted HUNTER program to address its acknowledged deficiencies. As I understand it, the request is for $88 million to procure four low-rate systems.

This restructuring is generally well-advised: it provides more support for logistics and testing.

However, my amendment as modified by Senator INOUYE will ensure that the Department of Defense follows its own prescription for restructuring. Specifically, the Congress should fence the $88 million requested by the Department for procurement of the second low-rate initial production systems until three specific milestones have been met. These milestones have been defined by the Department of Defense as follows:

Milestone 1—requires that two HUNTER UAV systems be accepted by the Government using the currently defined acceptance test procedure;

Milestone 2—requires that the operational tempo [OPTEMPO] phase of the risk reduction program be successfully completed;

Milestone 3—requires that the flight test portion of the first article test [FAT] be successfully completed;

These milestones are designed to keep a watchful eye on both the system performance and the logistics support. Members may ask why we need this amendment. We need it because the Department has been reluctant to admit to any major problems with the program until a few weeks ago, and still only privately. Now that the program's problems are acknowledged, we must make sure that the Department's newfound concern does not dissipate in the next year. These milestones signal our resolve to keep the program on track—and ensure that the warfighter gets a product that works.

The Department has assured me that these milestones will be met in a timely fashion, perhaps as early as November. If that is so, the second low-rate production decision can be made in accordance with the Department's own schedule. Thus my amendment to fence $88 million should be considered to be an unobtrusive but important insurance policy for the taxpayer and the warfighter—if the system's problems haven't gone away, we won't permit business as usual until they are fixed.

The Hunter UAV system fills an important and substantial need for our Armed Forces. It is for this reason that we must make sure that what we pay for we count on to perform in combat. This amendment will ensure just that. Because it is based upon Department of Defense milestones and schedules, it should not impose any extra burden upon the DOD—unless there is something still seriously wrong with the program.

I appreciate the efforts of Chairman INOUYE in working with me to correct the problems with the HUNTER UAV program, make the program meet its goals so that it can perform its critical mission, and, at the same time, wisely steward taxpayer dollars. I thank the chairman and urge adoption of my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arizona.

The amendment (No. 2546), as modified, was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. STEVENS. If I might address the Senator from Arizona, Madam President, I asked the Senator from South Carolina to withhold action on his amendment until the Senator from Arizona could be here. I wonder if he realizes that was the pending amendment.

Mr. DECONCINI. No. I did not know that.

Mr. DOLE. Madam President, might I inquire of the Parliamentarian how much time remains under the agreement on the Bosnia amendment?

The PRESIDING OFFICER. The Republican leader controls 11 minutes 20 seconds. The Senator from Georgia controls 11 minutes 45 seconds.

Mr. DOLE. I do not think I will need all that time.

Let me indicate, as I did earlier this afternoon on this amendment, that we have had the debate several times in this Chamber. In nearly every case, every Senator stood up and indicated sympathy for the Bosnians, and for their plight in Sarajevo and everywhere else; and for all the people killed and made homeless, or driven from their homes. All we suggest in the Dole-Lieberman amendment is that if November 15 comes and nothing has been done by the United Nations, the arms embargo is lifted. That is all we ask. We are not asking about American troops, no air strikes, no American troops.

We are saying this is an independent nation, a member of the United Nations, and it has a right to self-defense under the U.N. Charter, article 51. And a group of us—Republicans and Democrats—believe they should have that right.

I listened carefully to the Senator from Arizona earlier. I think there is an understanding around here that this country has been asked to give up 49 percent of their territory, and we are supposed to sign on that—in fact, we have signed on to that as a Nation, the so-called contact group. Maybe that is the way to walk away from this. But history will not treat us very kindly or the international community very kindly.

I have given credit to the Senator from Georgia, [Mr. NUNN], and others on the Armed Services Committee. But under that arrangement, we would not know anything until about the middle of October, and we will not be here. We will not be able to consult with Congress. I do not think we will be here October 15. So it could be next January, January 1995 before this matter is debated again. I do not believe that is the intent of the Congress or this Senate. So I hope there will be broad support for our amendment and that the

other amendment will be defeated. I know some of my colleagues have had different views, but I hope that maybe now they are coming in our direction.

HOUSE ACTION ON THE CRIME BILL CONFERENCE REPORT

Mr. DOLE. Madam President, I will now comment on the House action on the rule regarding the crime conference report, which was defeated by about 15 votes, as I understand it. I listened to President Clinton say what a sad day it was and how badly he felt because 225 Members of the House—Democrats and Republicans—chose some procedural route to indicate their displeasure with the crime bill.

The President indicated that it was because of the National Rifle Association. I do not think that is the case. The bill that passed the Senate by 94 to 4, for the most part, is a good bill. But a strange thing happened—as sometimes happens—it got loaded up with a lot of pork, a lot of spending. There was not a minute of hearings on some of this spending that added up to billions and billions of dollars. That is what killed this bill.

I put in the RECORD just a few days ago a statement by Mr. DiIulio, a professor at Princeton, a Democrat, someone who supported the Brady bill, supported the ban on assault weapons, who said that this bill, instead of being a crime bill would create more crime. He also says in his statement—and I will refer to parts of it—there are not going to be 100,000 cops on the street, there are going to be 20,000 cops on the street. We will be lucky to have 2,000 cops on the street.

He said:

> The bill calls for 100,000 new cops. But when you read the relevant titles, you discover that really means about 20,000 fully-funded positions.
>
> And when you further look at how this bill is to be administered, you come to recognize it is to be administered by the Office of Justice Programs, which is the alphabet soup of agencies left over from the days of the old Federal Law Enforcement Assistance Administration, which is to figure out some way of divvying up this money between 85 percent for more manpower and 15 percent for everything else having to do with policing, so much to jurisdictions under $150,000, so much under $150,000, and so on.
>
> And if you are stouthearted enough to look at this bill in light of the relevant academic literature, you know that it takes about 10 police officers to put the equivalent of one police officer on the street around the clock. This is factoring in everything from sick leave and disabilities to vacations and three shifts a day and desk work, and so on. So that 20,000 funded position becomes 2,000 around-the-clock cops. And 2,000 around-the-clock cops gets distributed over 200 jurisdictions for an average actual street enforcement strength increase of about 10 cops per city.

I really commend this four-page statement to everyone, regardless of politics. As I said, this person happens to be a Democrat. He said the Senate bill was not very kind.

He said:

> The Senate version of the crime bill that was drafted and put out back in November—November 19, 1993, to be exact, by a vote of 95 to 4—would, I think, have done something, though I'm not exactly sure how much, to stop revolving-door justice. But now, almost 9 months later, we have before us a crime bill that would actually, in my view, grease the revolving door, at the Federal level, at least, via such provisions as the so-called safety valve provision, which is essentially a provision that would permit certain categories of convicted drug defendants to be invited back to court, to be given a virtual retrial under a retroactive law.

In other words, about 5,000 prisoners are going to be released immediately, and he said it could go up to 16,000 that are back on the street. In paragraph after paragraph, he talks about all the bad points in this bill and all the money we put in this bill that has nothing to do with crime control, nothing to do with prevention, and he concludes that it is a terrible bill and ought to be defeated.

So I just suggest that if you have not read the statement I put in the RECORD a couple days ago—I am not going to do it again—but I would be happy to give copies.

I say this to the President: If we want a crime bill that fights crime, we ought to look at some of the provisions that were dumped out, some of the tough anticrime provisions. I think if that happens and we cut down a lot of the spending, then we might be able to pass this bill. Right now, it is full of pork. That is what killed this bill in the House, or killed the rule. I hope that the President will take a hard look at it. I wish the President would read this statement made by the Princeton Prof. John DiIulio, who supported the Brady bill and assault weapons ban, and says this bill might even create more crime.

Madam President, I yield back any time I may have.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

The Senate continued with the consideration of the bill.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida [Mr. GRAHAM], is recognized.

Mr. GRAHAM. Madam President, are we now on the amendment offered by the Senator from Georgia?

The PRESIDING OFFICER. We are on the Bosnia amendment.

Who yields time to the Senator?

Mr. NUNN. I yield the Senator from Florida 5 minutes.

Mr. GRAHAM. Madam President, it is ironic that as we have this debate today in August 1994, we are celebrating the 80th anniversary of the Guns of August, the commencement of World War I, with the assassination of Archduke Ferdinand in Sarajevo. That historical event underscores the complexity and almost the mystical character of these conflicts in the Balkans.

I believe it is important in that context for the United States, and particularly for this Congress, to have a clear idea of what it is we are trying to accomplish in that region and what we are trying to accomplish relative to the tragedy that is occurring in Bosnia and Herzegovina.

I would suggest that we have at least three major objectives. One of those objectives is to put maximum pressure on the Bosnian Serbs to accept the peace proposal which was placed before them on July 6 of this year.

It is certainly not a perfect plan, but it is the surest plan to achieve the goal of a cessation of the killing and the process of commencement of reconciliation.

Second, at least, we want to contain the war, to not allow this war to break out of Bosnia and inflame the entire Balkans.

And third, we need to preserve the solidarity of the western alliance, an alliance that for 45 years protected us against the Soviet Union and which now has the potential of assuring a stable peaceful future.

I believe the course of action which will best accomplish those objectives for the United States and a course of action which this Congress should participate in leading is that which has been outlined and detailed by Senator NUNN. It places a timeframe before the President to go to the United Nations and ask for a multilateral lifting of the arms embargo on Bosnia and the rest of the area which has been inflamed by this war.

Number two, it lifts U.S. enforcement of the arms embargo as it applies to Bosnia and Herzegovina. It recognizes that by lifting the arms embargo alone we have not accomplished the objective of assisting the Bosnian Moslems.

This provides for training of the Bosnian Moslems so that they will be able to effectively utilize equipment which they may receive. This also provides for interim steps if there are continued incursions in the safe areas. There will be those defensive weapons introduced which will allow for the Bosnians to assist in the sanctity of those safe areas. And it maintains the coalition by providing to primarily our European allies who have most of the combatants on the ground today a reasonable opportunity to exit without themselves becoming the object of hostage taking and violence directed at them.

I believe, Madam President, that those are important tactics for the United States if we are to accomplish those goals of maximum pressure on

the Bosnian Serbs, containing the war, and maintaining the coalition.

It is very appealing to say let us let the Moslems defend themselves, let us lift the embargo unilaterally, and let the war go forth.

I believe, Madam President, that there are some consequences to that, that are very adverse to our interest, the most significant of which is that the likelihood is that as soon as the Bosnian Serbs feel that, in fact, there is going to be a lifting of the embargo they will launch a massive violent and effective assault against the Bosnian Moslems and will likely end up controlling all of Bosnia by military victory.

Madam President, I believe that the time has come for us to put reason ahead of passion. Senator NUNN has suggested a reasonable approach that will effectively buy us an additional 30 to 45 days to see if we can accomplish our multiple objectives in Bosnia. If we cannot, I will join with those who are urging a unilateral lifting of the arms embargo as the last step available to us. I do not believe we are at that stage of the last step, and now is the time to take a reasoned step, and the Senator from Georgia has given us that path to reason.

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

Mr. NUNN. Madam President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. Madam President, I ask unanimous consent that the consideration of the Bosnia amendment be temporarily set aside.

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

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

The Senate continued with the consideration of the bill.

Mr. INOUYE. Madam President, I ask unanimous consent that the pending amendment be set aside.

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

AMENDMENT NO. 2495

(Purpose: To express the sense of the Senate concerning Lowry AFB)

Mr. INOUYE. Madam President, I call up Amendment No. 2495, the Brown-Campbell amendment.

The PRESIDING OFFICER. The clerk will report the amendment.

Mr. LOTT. Madam President, reserving the right to object, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LOTT. Madam President, what is the situation here, now? The pending amendment is set aside; is that correct?

Mr. INOUYE. Temporarily set aside, yes.

Mr. LOTT. Do we know when we might get back? I am just inquiring so I know when we will get a vote.

Mr. INOUYE. In 1 minute.

Mr. LOTT. Thank you, Madam President.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. BROWN, for himself and Mr. CAMPBELL, proposes an amendment numbered 2495.

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

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

The amendment is as follows:

At the appropriate place in the bill, add the following new section—

SEC. . SENSE OF THE SENATE CONCERNING LOWRY AFB.

It is the sense of the Senate that—

(a) in issuing any lease, permit or deed of conveyance for use to assist the homeless under the Stewart B. McKinney Assistance Act concerning Lowry Air Force Base, Colorado, the Secretary of Health and Human Services, representatives of the city of Denver, Colorado, representatives of the City of Aurora, Colorado and representatives of homeless providers whose applications have been approved by the Secretary of Health and Human Services should jointly determine that such use is reasonable under the redevelopment plan for Lowry Air Force Base, Colorado; and

(b) the Department of Defense and the Department of Health and Human Services, in coordination with the appropriate committees of Congress and appropriate state and local authorities, should develop a reform proposal to address the many difficulties created for local communities by existing laws relating to the loan, lease or conveyance for use of government property during the base closure process.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 2495) was agreed to.

Mr. HATCH. Madam President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2541

(Purpose: To provide protection against sexually violent predators)

Mr. INOUYE. Madam President, I ask that we consider Amendment No. 2541.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE], for Mr. DOLE, proposes an amendment numbered 2541.

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

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

The amendment is as follows:

Strike all after the enacting clause, and insert the following:

SECTION. 1. SHORT TITLE.

This Act may be cited as the "Megan Kanka Sexually Violent Predators Act".

SEC. 2. FINDINGS.

Congress finds that—

(1) there exists a small but extremely dangerous group of sexually violent persons who do not have a mental disease or defect;

(2) persons who are sexually violent predators generally have antisocial personality features that—

(A) are not amenable to mental illness treatment modalities in existence on the date of enactment of this Act; and

(B) render the persons likely to engage in sexually violent behavior;

(3) the likelihood that sexually violent predators will repeat acts of predatory sexual violence is high; and

(4) the prognosis for curing sexually violent predators is poor and the treatment needs of the population of the predators are very long-term.

SEC. 3. DEFINITIONS.

As used in this Act:

(1) MENTAL ABNORMALITY.—The term "mental abnormality" means a congenital or acquired condition of a person that affects the emotional or volitional capacity of the person in a manner that predisposes the person to the commission of criminal sexual acts to a degree that makes the person a menace to the health and safety of other persons.

(2) PREDATORY.—The term "predatory", with respect to an act, means an act directed towards a stranger, or a person with whom a relationship has been established or promoted, for the primary purpose of victimization.

(3) SEXUALLY VIOLENT OFFENSE.—The term "sexually violent offense" means an act that is a violation of title 18, United States Code or State criminal code that—

(A) involves the use or attempted or threatened use of physical force against the person or property of another person; and

(B) is determined beyond a reasonable doubt to be sexually motivated.

(4) SEXUALLY VIOLENT PREDATOR.—The term "sexually violent predator" means a person who has been convicted of a sexually violent offense and who suffers from a mental abnormality or personality disorder that makes the person likely to engage in predatory sexually violent offenses.

SEC. 4. ESTABLISHMENT OF PROGRAM.

(a) IN GENERAL.—

(1) STATE GUIDELINES.—In accordance with this section, the Attorney General shall establish guidelines for State programs to require a sexually violent predator to register a current address with a designated State law enforcement agency upon release from prison, being placed on parole, or being placed on supervised release. The Attorney General shall approve each State program that complies with the guidelines.

(2) STATE COMPLIANCE.—

(A) IMPLEMENTATION DATE.—A State that does not implement a program described in paragraph (1) by the date that is 3 years after the date of enactment of this Act, and maintain the implementation thereafter, shall be ineligible for funds in accordance with subparagraph (B).

(B) INELIGIBILITY FOR FUNDS.—

(i) IN GENERAL.—A State that does not implement the program as described in subparagraph (A) shall not receive 10 percent of the funds that would otherwise be allocated to the State under section 506 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3756).

(ii) REALLOCATION OF FUNDS.—Funds made available under clause (i) shall be reallocated, in accordance with such section, to

such States as implement the program as described in subparagraph (A).

(b) REGISTRATION REQUIREMENT UPON RELEASE, PAROLE, OR SUPERVISED RELEASE.—

(1) IN GENERAL.—An approved State program established in accordance with this section shall contain the requirements described in this section.

(2) DETERMINATION.—The determination that a person is a "sexually violent predator" and the determination that a person is no longer a "sexually violent predator" shall be made by the sentencing court after receiving a report by a board of experts on sexual offenses. Each State shall establish a board composed of experts in the field of the behavior and treatment of sexual offenders.

(3) NOTIFICATION.—If a person who is required to register under this section is anticipated to be released from prison, paroled, or placed on supervised release, a State prison officer shall, not later than 90 days before the anticipated date of the release or commencement of the parole—

(A) inform the person of the duty to register;

(B) inform the person that if the person changes residence address, the person shall give the new address to a designated State law enforcement agency in writing not later than 10 days after the change of address;

(C) obtain the name of the person, identifying factors, anticipated future residence, offense history, and documentation of any treatment received for the mental abnormality or personality disorder of the person; and

(D) require the person to read and sign a form stating that the duty of the person to register under this section has been explained.

(4) TRANSFER OF INFORMATION TO STATE AND THE FBI.—Not later than 3 days after the receipt of the information described in paragraph (3)(C), the officer shall forward the information to a designated State law enforcement agency. As soon as practicable after the receipt of the information by the State law enforcement agency, the agency shall—

(A) enter the information into the appropriate State law enforcement record system and notify the appropriate law enforcement agency that has jurisdiction over the area in which the person expects to reside; and

(B) transmit the information to the Identification Division of the Federal Bureau of Investigation.

(5) QUARTERLY VERIFICATION.—

(A) MAILING TO PERSON.—Not less than every 90 days after the date of the release or commencement of parole of a person required to register under this section, the designated State law enforcement agency shall mail a nonforwardable verification form to the last reported address of the person.

(B) RETURN OF VERIFICATION FORM.—

(i) IN GENERAL.—The person shall return, by mail, the verification form to the agency not later than 10 days after the receipt of the form. The verification form shall be signed by the person, and shall state that the person continues to reside at the address last reported to the designated State law enforcement agency.

(ii) FAILURE TO RETURN.—If the person fails to mail the verification form to the designated State law enforcement agency by the date that is 10 days after the receipt of the form by the person, the person shall be in violation of this section unless the person proves that the person has not changed the residence address of the person.

(6) NOTIFICATION OF LOCAL LAW ENFORCEMENT AGENCIES OF CHANGES IN ADDRESSES.—Any change of address by a person required to register under this section that is reported to the designated State law enforcement agency shall as soon as practicable be reported to the appropriate law enforcement agency that has jurisdiction over the area in which the person is residing.

(7) PENALTY.—A person required to register under a State program established pursuant to this section who knowingly fails to register and keep the registration current shall be subject to criminal penalties in the State. It is the sense of Congress that the penalties should include imprisonment for not less than 180 days.

(8) TERMINATION OF OBLIGATION TO REGISTER.—The obligation of a person to register under this section shall terminate on a determination made in accordance with the provision of paragraph (2) of this section that the person no longer suffers from a mental abnormality or personality disorder that would make the person likely to engage in a predatory sexually violent offense.

(c) COMMUNITY NOTIFICATION.—The designated State law enforcement agency shall release relevant information that is necessary to protect the public concerning a specific sexually violent predator required to register under this section.

(d) IMMUNITY FOR GOOD FAITH CONDUCT.—Law enforcement agencies, employees of law enforcement agencies, and State officials shall be immune from liability for any good faith conduct under this section.

Mr. INOUYE. Madam President, the managers have considered this amendment. We approve it.

The PRESIDING OFFICER. Is there further debate?

If not, the question is on agreeing to the amendment.

The amendment (No. 2541) was agreed to.

Mr. INOUYE. Madam President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2549

(Purpose: To prohibit fiscal year 1994 and fiscal year 1995 funds appropriated for the Joint Primary Aircraft Training System from being used for any other purpose)

Mr. INOUYE. Madam President, I ask that we consider amendment No. 2549.

The PRESIDING OFFICER. The clerk will report the amendment.

The legislative clerk read as follows:

The Senator from Hawaii [Mr. INOUYE] for Mr. DOLE, proposes an amendment numbered 2549.

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

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

The amendment is as follows:

At the appropriate place insert the following new section:

SEC. . PROHIBITION ON THE USE OF FUNDS.

(a) REQUIREMENT.—None of the funds appropriated for Fiscal Year 1994 or Fiscal Year 1995 for the Joint Primary Aircraft Training System shall be obligated or expended for any other purpose.

AMENDMENT NO. 2549, AS MODIFIED

Mr. INOUYE. Madam President, I send to the desk a modification.

The PRESIDING OFFICER. The amendment is so modified.

So the amendment (No. 2549), as modified, is as follows:

At the appropriate place, insert the following:

SEC. . (a) Of the funds appropriated under the heading "Research, Development, Test and Evaluation, Navy" in title IV of this Act, $3,900,000 shall be made available only for the Joint Primary Aircraft Training System (JPATS) program.

(b) Of the funds appropriated under the heading "Research, Development, Test and Evaluation, Air Force" in title IV of this Act, $37,057,000 shall be made available only for the JPATS program.

(c) Of the funds appropriated under the heading "Aircraft Procurement, Air Force" in title III of this Act, $78,265,000 shall be made available only for the JPATS program.

Mr. INOUYE. Madam President, the amendment as modified meets our requirements. We have no objection to the amendment.

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

So the amendment (No. 2549), as modified, was agreed to.

Mr. INOUYE. Madam President, I move to reconsider the vote.

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

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Nebraska.

AMENDMENT NO. 2479

Mr. NUNN. Madam President, I yield to the Senator from Nebraska 4 minutes.

Mr. EXON. I thank the Chair and I thank my friend from Georgia.

Madam President, we have been over and over and over this Bosnian thing so many times that I think the Senate is getting weary of it. But I certainly agree it is a vital issue.

Last Friday, the Senator from Nebraska came down to the floor when the amendment was offered once again in a different form by Senator DOLE and Senator LIEBERMAN, and we had a long discussion on it.

I cited at that time and will not take the time to recite it again today my concern. I was delighted that Senator DOLE and Senator LIEBERMAN had changed their amendment dramatically to have the effective date of lifting the embargo unilaterally on November 15, and I asked to be a cosponsor and I am a cosponsor.

Subsequent to that time, Senator NUNN, Senator GRAHAM, myself, and others, were in a very contentious conference with the House of Representatives on the Defense authorization bill.

This was a key part of the compromise to get this worked out with the House of Representatives. I happen to feel that the matter written basically in advance by the chairman of the Armed Services Committee is a proper way to go. I had suggested and

I had hoped that the Dole-Lieberman amendment, of which I am a cosponsor, would be temporarily laid aside until we come back in September, because the effective date of the Dole-Lieberman amendment is not until November 15.

I have met on several occasions with people involved in this, including the minister of Defense of Great Britain and the Minister of Defense of France, and others.

I happen to feel that what has been worked out and what is being offered today by the chairman of the Armed Services Committee is a correct way to go, the expeditious way to go, the reasonable way to go right now.

Therefore, I hope that the Senate will support the amendment offered by the chairman of the Armed Services Committee, and because of the timing of the amendment, I would think that we would defeat the Dole-Lieberman amendment and revisit that if necessary in September.

I reserve the remainder of my time, and I yield the floor.

The PRESIDING OFFICER. The Senator from Utah.

Mr. HATCH. Madam President, I would like for make a couple of statements on the crime bill which was defeated in the House. I will not take long.

The PRESIDING OFFICER. Who yields time?

The Senator from Utah needs consent. The time is controlled.

Mr. HATCH. Madam President, I ask unanimous consent that I be given 5 minutes to make a statement on the crime bill.

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

THE CRIME BILL

Mr. HATCH. Madam President, Congress' historic opportunity to pass a bipartisan, tough anticrime bill is still alive, in my opinion. The House wisely defeated the proposed rule on the Democrats' conference report to the crime bill. Notwithstanding personal lobbying by the President and arm twisting by partisans, the House realized that the American people do not want a bill which wastes billions and billions of dollars on social spending boondoggles. The House courageously listened to law-abiding citizens who know it is time to get tough on criminals. More pork mean less crime.

This is a bill which would release as many as 10,000 to 16,000 Federal inmates early. That is not a tough bill. That is not a smart bill.

It was a bill which spent precious crime-fighting resources on pork-barrel spending. It is not tough, and it sure is not smart.

It is a bill which increases the deficit by $13 billion. And that is not tough and it sure is not smart.

It is time for the administration to work with Republicans in a bipartisan effort to pass a crime bill for all Americans.

One year ago, the Congress defeated the administration's so-called economic stimulus package. The Congress saw it for what it was—a multibillion dollar social spending package just laced with pork.

Having failed with the economic stimulus label, the administration slapped an anticrime label on these programs, and they stuck them in the crime bill and hid them there.

Madam President, I ask unanimous consent that a side-by-side comparison of the economic stimulus package and the crime bill's social spending boondoggles be printed in the RECORD.

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

CRIME BILL—GRANDSON OF STIMULUS

Crime bill conference report	Stimulus package (February 1993)
Approximately half of the spending in this Crime Bill is reserved for fiscal years 1999 and 2000 where no spending caps exist to ensure deficit neutrality.	Approximately half of the spending in this "emergency" legislation would not have been spent in the first year and was outside of spending caps established by law.
Bill is subject to a Section 306 (60 vote) point of order under the Budget Act because it deals with matters under the jurisdiction of the Budget Committee.	Bill was subject to a Section 306 (60 vote) point of order under the Budget Act because it dealt with matters under the jurisdiction of the Budget Committee.
$900 million Youth Employment and Skills Crime Prevention, on grants for job training, apprenticeships, occupational skills, and job experience targeted at youth in high crime, high unemployment areas.	$1 billion for summer youth employment.
$300 million for the National Community Economic Partnership, providing lines of credit through the Department of HHS to non-profit "community development corporations" for distressed communities.	$2.536 billion for Community Economic Development Grants.
$1.8 billion for the Local Partnership Act providing revenue sharing grants to localities for education, drug abuse treatment, and job training programs.	$500 million for summer school and pre-school program, $500 million for Head Start, $32 million for Community Service Employment for Older Americans, $200 million for AIDS: Ryan White Act, $15 million National Commission on Community Service.
$895 million for the Model Intensive Grant Program providing grants to fund up to 15 model programs in high crime areas. Funds can be spent on almost anything that can be justified as "crime related" including: drug treatment, deterioration or lack of public facilities, and public transportation.	$845 EPA revolving funds/construction grants, $736 million Mass Transit, $270 million in discretionary Dept. of Transportation grants, $423 million Supportive Housing, $6 million very low income housing repairs, $141 million SBA loans.

Note.—Senate Budget Committee Minority Staff Preliminary Analysis, August 3, 1994.

Mr. HATCH. Madam President, I commend my colleagues in the House for their leadership in sending a signal to the administration that Americans want a tough crime bill, not a soft-headed one.

I yield the floor.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The Chair would note the Senator from Georgia controls 4 minutes.

Who yields time?

Mr. NUNN. Madam President, I am prepared to yield back the remainder of my time and go to a vote on the Bosnian amendments. There will be two of them, I understand.

But while we have Senators on the floor, I ask for the yeas and nays on the Nunn-Mitchell amendment, and as well, I am sure, on the Dole-Lieberman amendment.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. KERRY. Mr. President, we once again face a difficult decision on the best way to help end the tragic loss of life and human suffering in Bosnia. This disastrous war has killed 200,000 Bosnians and driven 2 million from their homes. The world has witnessed events in Bosnia that we had assumed could not occur again, especially not in Europe. Ethnic cleansing, forced relocations, and concentration camps recall the horrors of another time. Unfortunately, this war has brought back all of the old demons and unleashed new despicable tools of terror as well.

There are no innocents in this conflict, but clearly the Bosnian Serbs, backed by their patrons in Serbia, must bear the lion's share of responsibility for the ongoing suffering. It is the Bosnian Serbs who continually have violated cease-fires, ignored "safe havens" and exhibited complete intransigence at the negotiating table. With utter defiance for the international community, the Bosnian Serbs have shelled civilians and attacked U.N. peacekeepers.

We must find a way to end this virtually unopposed reign of terror and reverse the collective failure of the international community to bring an end to a conflict that could spread to who knows where, perhaps Kosovo and Albania, Macedonia and Bulgaria, Greece and Turkey. The instability in the former Yugoslavia has disrupted regional trade, has revived mutual suspicions of territorial ambition, and threatens to overflow and engulf the entire region, including important American allies.

The world community has grappled with the breakup of Yugoslavia since the summer of 1991 and has searched for a resolution to the bloody war in Bosnia for 28 months. The United States, other nations, international organizations, and ad hoc groups have

searched in vain for a diplomatic solution to stop the senseless slaughter and interminable suffering. The United Nations, the European Community, NATO, the combined UN–EC International Conference on the Former Yugoslavia, the CSCE, the Western European Union, and most recently the "contact group" of France, Russia, Britain, Germany, and the United States all have tried and failed to stop the violence and bring real peace to the Balkans.

The Senate has repeatedly endorsed the idea of lifting the arms embargo on the Bosnian Government as a way of creating a level playing field. I have supported this position with some reservations, but I have not supported taking that action unilaterally and without regard to international repercussions. We have discussed many times the problems with acting unilaterally—the need to maintain international cooperation in other embargoes; the danger to UNPROFOR troops, including some troops provided by our NATO allies; the fear of pushing the Russians into open support for the Serbs; and concerns about long-term damage to general international cooperation. The continued intransigence of the Bosnian Serbs, coupled with the ineffectiveness of international efforts to deal with the crisis, has shifted the balance away from these concerns and toward swift action.

I am hopeful that events have reached a critical stage, providing the President with the ability to exercise American leadership to achieve a multilateral lifting of the embargo. If that is still not possible, our actions to this end should serve as adequate notice to the world community of American intention to take this step unilaterally, if there is no other way to do so.

When the Bosnian Serbs rejected the contact group's proposed partition of Bosnia, they crossed the Rubicon and even their patrons in Belgrade have now turned against them. Yet they continue their defiance of the international community. Their actions in reimposing a siege on Sarajevo, attacking a U.N. convoy, and seizing impounded weapons should be enough to eliminate any doubt about their intention to continue the violence.

Now is the time for action. In addition to the positive steps taken by Milesovic to cut ties with the Bosnian Serbs, the Russian Government has shown an increasing willingness to take a tough line, and the Bosnia Moslem-Croat coalition has strengthened its military position. If the Bosnian Serbs refuse to accept the peace plan presented by the contact group, then the world community should take whatever action is necessary to lift the embargo and allow the Bosnian Government the right to self-defense. If the President cannot secure international agreement in a very short time on lifting the embargo, then the United States has no choice but to act unilaterally.

The Senate wants the embargo lifted, the President wants the embargo lifted, and, most importantly, the Bosnian Government wants it lifted. Whatever action we take today, the end result will be the same. The embargo will be removed and the Bosnians finally will have a fair chance.

AMENDMENT NO. 2524

Mr. DODD. Mr. President, I rise to say a few words about the events taking place in the former Yugoslavia and the legislation that we are considering at the present time.

I'd like to begin by commending the distinguished minority leader, Senator DOLE, as well as my colleague from Connecticut, Senator LIEBERMAN, for insisting that this matter remain the focus of attention of the Senate. Their efforts have made it certain that the issue of Bosnia and the plight of the Bosnian people are given the treatment and the consideration they deserve.

Mr. President, the amendment that has been proposed by Senator DOLE and Senator LIEBERMAN raises important and difficult questions that warrant the careful consideration of every Member of this body. In all candor, each time we have debated this issue, I have found myself closer and closer to agreeing to what their amendment seeks to do.

In fact, I would argue that the Nunn-Mitchell amendment currently pending before the Senate will in fact lead to the same goal that Dole-Lieberman seek; namely, loosening the strangle hold that has prevented the Bosnia Government from defending itself. Perhaps, the only real difference between the two amendments before us today is the timetable and modalities for accomplishing that goal. Furthermore, President Clinton has endorsed the approach set forth in the Nunn-Mitchell proposal.

Would we all feel momentarily better if we could say today that we were unilaterally lifting the arms embargo against the Bosnian Moslems, rather than having to wait while the Clinton administration takes additional steps—painfully slow and time-consuming steps, to work with the international community to gain support for the multinational lifting of the arms embargo against the Bosnian Government? Absolutely.

I, like others, have watched as the Bosnian Moslems have been forced from their homes and subjected to murder, rape, and unspeakable horrors. I, like others, have watched as the Bosnian Moslems have become the victims of a cruel and deliberate policy of aggression and ethnic genocide. I, like others, have watched the Bosnia Serbs as they have blatantly violated the U.N. mandated safe-havens, illegally removed arms from U.N. protection, and shot at U.N. peacekeeping forces. And I, like others, was deeply disappointed when the Bosnia Serbs recently rejected the international plan of the so-called contact group to restore peace to this war-torn region.

I share with the sponsors of the Dole-Lieberman amendment their growing frustration with the inability of the international community to bring an end to the war and bring an end to suffering of the Bosnian people.

And I am whole heartedly convinced that the arms embargo on the Bosnian Moslems, though well-intentioned when the U.N. Security Council imposed it nearly 3 years ago, was ill-conceived from the beginning and has only worsened and prolonged this dreadful conflict—and that the time has come for the embargo to be lifted.

To be candid, Mr. President, it is very easy to see the appeal of the amendment by the distinguished minority leader. After all, this amendment merely gives effect to a sentiment that many of us have certainly felt: Just lift the embargo; do it right now; and don't worry about what the rest of the world thinks.

However, upon reflection, I concur with President Clinton in the potential dangers of not trying one last time to attain international consensus. He stated in his letter to Senator NUNN that—

> (L)ifting the embargo unilaterally would have serious implications going well beyond the conflict in Bosnia itself. It could end the current negotiating process which is bringing new pressure to bear on the Bosnian Serbs. Our relations with our Western European allies would be seriously strained and the cohesiveness of NATO threatened. Our efforts to build a mature and cooperative relationship with Russia would be damaged.

Despite our frustrations, I believe that most of us would agree that the potential for international cooperation and coordination is far greater today than it has been in many, many years. The United States deserves a great deal of credit for that fact. We should think very long and very hard before taking any action that could undo the very meaningful international cooperation that is still at work.

Make no mistake, Mr. President, lifting the embargo unilaterally will not strengthen that international cooperation. It could, in fact, be a major setback to such efforts. And that is not in anyone's interest, least of all the people of Bosnia.

Mr. President, regardless of what anyone in this Chamber thinks about the Nunn-Mitchell amendment or the Dole-Lieberman amendment currently before us, there can be no disagreement over one fact: What is happening in Bosnia today is an unthinkable tragedy. Thousands of innocent civilians have been killed and countless more have been tortured, raped, or brutally uprooted from their homes. The aggression and the genocide in Bosnia must be stopped.

But the question before us today is not whether we approve of genocide or even whether we approve of all the actions that have been taken in Bosnia by the United Nations and by our partners in the international community. The question before us is whether we can do more to help Bosnia by working in cooperation with the international community, or by going it alone.

As much as in my heart I would like to be able to support the unilaterally lifting of the embargo, I continue to believe that the Nunn-Mitchell amendment is the right approach. It gives the Clinton administration our support as it endeavors one last time to lead the international community toward a policy that is the only morally right thing to do; namely, lifting the arms embargo against the Bosnian Moslems. If he should fail in that effort, then the time will be at hand for the United States to lift the embargo unilaterally, and I am confident that the President will take that course of action.

Mr. STEVENS. Madam President, I am prepared to yield back the remainder of time, if any remains on this side, on the Bosnian amendment.

Could we set a time for the vote on the Bosnian amendment? I think Members need notice to get back.

Is all time yielded back?

The PRESIDING OFFICER. The Chair would notify the Senator from Georgia that we did get consent to consider the yeas and nays for both amendments. The yeas and nays are pending.

The Chair now asks: Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. NUNN. Madam President, I yield back the remainder of my time on the Bosnian amendment.

Mr. STEVENS. Is all time yielded back?

The PRESIDING OFFICER. All time is yielded back.

Mr. STEVENS. Parliamentary inquiry. Which amendment will we vote on first?

VOTE ON AMENDMENT NO. 2524

The PRESIDING OFFICER. The question now occurs on agreeing to the Nunn-Mitchell amendment No. 2524.

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

The VICE PRESIDENT. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 56, nays 44, as follows:

[Rollcall vote No. 279 Leg.]

YEAS—56

Akaka	Bryan	Daschle
Baucus	Bumpers	Dodd
Bingaman	Campbell	Dorgan
Bond	Chafee	Exon
Boren	Coats	Feinstein
Boxer	Conrad	Ford
Breaux	Coverdell	Glenn
Graham	Lieberman	Riegle
Harkin	Lugar	Robb
Heflin	Mathews	Rockefeller
Hollings	Metzenbaum	Sarbanes
Hutchison	Mikulski	Sasser
Inouye	Mitchell	Simon
Johnston	Moseley-Braun	Stevens
Kassebaum	Murray	Thurmond
Kennedy	Nunn	Warner
Kerrey	Pell	Wellstone
Kerry	Pryor	Wofford
Levin	Reid	

NAYS—44

Bennett	Faircloth	Mack
Biden	Feingold	McCain
Bradley	Gorton	McConnell
Brown	Gramm	Moynihan
Burns	Grassley	Murkowski
Byrd	Gregg	Nickles
Cochran	Hatch	Packwood
Cohen	Hatfield	Pressler
Craig	Helms	Roth
D'Amato	Jeffords	Shelby
Danforth	Kempthorne	Simpson
DeConcini	Kohl	Smith
Dole	Lautenberg	Specter
Domenici	Leahy	Wallop
Durenberger	Lott	

So the amendment (No. 2524) was agreed to.

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

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

The motion to lay on the table was agreed to.

VOTE ON AMENDMENT NO. 2479

The VICE PRESIDENT. The question now occurs on agreeing to amendment No. 2479 offered by the Republican leader.

The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

The result was announced—yeas 58, nays 42, as follows:

[Rollcall Vote No. 280 Leg.]

YEAS—58

Bennett	Gramm	Moynihan
Biden	Grassley	Murkowski
Bond	Hatch	Nickles
Boxer	Helms	Packwood
Bradley	Hutchison	Pressler
Brown	Jeffords	Riegle
Bryan	Kempthorne	Robb
Coats	Kerry	Roth
Cochran	Kohl	Shelby
Cohen	Lautenberg	Simon
Coverdell	Leahy	Simpson
Craig	Levin	Smith
D'Amato	Lieberman	Specter
DeConcini	Lott	Stevens
Dole	Lugar	Thurmond
Domenici	Mack	Wallop
Durenberger	McCain	Wellstone
Faircloth	McConnell	Wofford
Feingold	Metzenbaum	
Gorton	Moseley-Braun	

NAYS—42

Akaka	Dorgan	Kennedy
Baucus	Exon	Kerrey
Bingaman	Feinstein	Mathews
Boren	Ford	Mikulski
Breaux	Glenn	Mitchell
Bumpers	Graham	Murray
Burns	Gregg	Nunn
Byrd	Harkin	Pell
Campbell	Hatfield	Pryor
Chafee	Heflin	Reid
Conrad	Hollings	Rockefeller
Danforth	Inouye	Sarbanes
Daschle	Johnston	Sasser
Dodd	Kassebaum	Warner

So the amendment (No. 2479) was agreed to.

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

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

The motion to lay on the table was agreed to.

Mr. STEVENS. Madam President, is the pending amendment the Thurmond amendment, Thurmond-DeConcini amendment?

The PRESIDING OFFICER (Mrs. FEINSTEIN). The Senator is correct.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. THURMOND. Madam President, I yield to the distinguished Senator from Arizona.

Mr. DECONCINI. Madam President, I thank my colleague, the Senator from South Carolina.

Madam President, the Thurmond-DeConcini amendment to the Defense appropriations bill would cure a conflict in law which would deny defense conversion moneys already appropriated in prior years for the Department of Labor, Office of Veterans' Employment and Training—VETS. Unless current law is changed, an important employment program for Persian Gulf era veterans discharged as a part of the defense personnel down-sizing effort will prematurely end.

The Service Members' Occupational Conversion and Training Act—SMOCTA—authorized a veteran job training program for 3 years under subtitle G of the Defense Authorization Act of 1992, Public Law 102-484. However, the Defense appropriations bill for fiscal year 1993, Public Law 102-396, required obligation of all moneys made available under the bill for defense conversion within 2 years before September 30, 1994.

While SMOCTA was initially authorized as a 3-year program, the appropriations act only made funds available for 2 years. Unless the Congress and the President act immediately to correct this error, SMOCTA and the veterans it serves so effectively will be stripped of over $22.5 million of the $75 million already appropriated for this specific purpose.

Madam President, CBO scoring rules require the projected unexpended balance of SMOCTA to be considered as new budget authority for fiscal year 1995. Prior to the subcommittee consideration of the bill, CBO estimated that $22.5 million in budget authority, and $10.3 million in outlays, would be required to continue the program into fiscal year 1995.

Madam President, I was the sponsor of the original Senate-passed veteran job training legislation, S. 2515, the Veterans Employment and Training Act of 1992, that ultimately was enacted into law as SMOCTA. S. 2515 was cosponsored by the distinguished manager of this bill, Senator INOUYE, then-VA Committee Chairman Cranston, as

well as Majority Leader MITCHELL, and Senators GRAHAM, AKAKA, FORD, and BURDICK.

SMOCTA is an improved version of the Emergency Vietnam Veterans Job Training Act of 1983, later known as the Veterans Job Training Act. This act provides immediate incentives to employers to hire and train veterans in fields leading to stable, long-term employment.

SMOCTA authorized a 3-year employment and training program. Employers who hire and train veterans under this act will be eligible for payments of up to $7,500 per year to defray the costs of training. Veterans participating in an approved job training program, including apprenticeship programs, may also receive reimbursement for some work-related expenses such as special clothing, tools, bus or car fare, and child care.

Madam President, I am extremely interested in completing the program as designed and evaluating its performance prior to its reauthorization. But, that is not my only motivation to be here today. Madam President, I am here to say to men and women who put themselves on the line in the Persian Gulf war, "America appreciates you." I want to say to these brave men and women that the Congress is not kicking you out of your careers in the military without a parachute.

Madam President, I am frankly tired of a seemingly ungrateful Defense Department dumping its responsibilities for the welfare of servicemen and servicewomen the day they are discharged. Madam President, too many of the people we are letting go out of the military do not have skills one can reasonably describe as transferable. These men and women are well-disciplined workers, and only need a small boost to get them through the door to new jobs.

The Departments of Defense, Labor, and Veterans Affairs took far too long to get an interagency agreement negotiated in order to implement the program. While SMOCTA was enacted in October 1992, no veterans saw any benefit from the bill until September 1993.

Despite this slow start, SMOCTA is well underway today and has attracted significant veteran and employer interest. Since last September, over 5,902 veterans have secured training and employment. As of July 29, 1994, the Department of Labor, Office of the Assistant Secretary for Veterans' Employment and Training, reports that $40,367,765 had been obligated at an average cost of $6,879 per veteran.

During the first 2 years of the program, bureaucratic tussles and poor marketing limited the amount of funds obligated under SMOCTA. Those problems do not exist today. In the past 2 months alone, the number of national contracts has tripled, and it is anticipated that at least 25 of the Fortune 500 will be actively participating by mid-August. This represents a potential for 50,000 new private sector jobs over the next 2 years.

The program is universally supported by the veterans' community and private business. Walgreen Co., with over 2,600 stores nationwide, is actively seeking store managers to open several hundred new stores and augment staff at current locations. Walgreen supports SMOCTA and sees it as a means to hire solid employees with the training they need. Beverly Enterprises of Fort Smith, AR, estimates it will add another 30,000 employees to its current work force of 93,000. Beverly is so interested in the program, it is printing SMOCTA program materials for distribution in all of its hiring locations.

Madam President, the following companies, whose employment as a group exceeds 2.1 million individuals, also have expressed great interest in SMOCTA or have already signed agreements for national contracts for SMOCTA employment programs: Revco, Rite Aid, Mead Group, American Stores, Manor Care, Columbia HCA, the Limited Group, Bell South, Chase Manhattan, UPS, Marriott, Ameritech, Kimberly Clark, Hyatt, Nationwide Wausau, American Home Products, Proctor & Gamble, Harris Corp., Carlson Co., Baxter, Asea Brown Boveri, and the city of Miami, FL.

Madam President, SMOCTA works to put vets to work now. Apple pie just doesn't sell and other employment programs are not getting veterans through the door. Employers want skills and SMOCTA gets the employers attention. In 1992, the Senate unanimously passed S. 2515, the Veterans Employment and Training Act. VETA became SMOCTA after conference with the House on the Defense Authorization Act of 1992. I say to my colleagues, SMOCTA needs your help again. This is an opportunity to make a real difference to those Americans who have put themselves in harms way for us. Please do not let our Persian Gulf veterans down. Support the Thurmond-DeConcini amendment.

Madam President, I want to thank the distinguished Senator from South Carolina for his staunch effort, and his staff and my staff for putting this together.

I understand we are going to make a modification here in a little bit. I truly hope that the managers of this bill will ensure us that in conference this funding of $22.5 million will be made available.

Mr. STEVENS. Madam President, will the Senator mind if I make a statement on this?

Mr. DECONCINI. Of course not.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. STEVENS. Madam President, I want to state to the Senate that I fully support the matter raised by the distinguished ranking member of the Armed Services Committee.

We considered this matter in our subcommittee markup at the urging of the senior Senator from Arizona. I commend him for his efforts in this regard.

At that time, Senator INOUYE and I pledged our support to identify sufficient funds in our conference to fulfill the authorization for the Service Members Occupational Conversion and Training Act.

I commend the Senator from South Carolina for his perseverance, and the Senator from Arizona for his support. I want to renew my pledge that we will work with them in conference to try to achieve their objectives.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

AMENDMENT NO. 2520, AS MODIFIED

Mr. THURMOND. Madam President, I appreciate the remarks of my colleagues regarding funding for the SMOCTA program. I understand the concerns expressed by the managers of the bill. I know they have a difficult task in funding the requirements for our national security.

Madam President, it is my understanding that although the amendment seeks to extend previously appropriated funds, it would be scored against current year budget authority. It is also my understanding that this would cause the Defense appropriation bill to exceed the committee's budget allocation, thus subjecting the amendment to a budget point of order. Therefore, I would ask unanimous consent to modify the amendment, and send a modification to the desk.

The PRESIDING OFFICER. Is there objection? Without objection, the amendment is so modified.

The amendment (No. 2520), as modified, is as follows:

At the end of Title VIII, GENERAL PROVISIONS, add the following new section:

SEC. . It is the Sense of the Senate that of the funds appropriated by title VIII of Public Law 102-396 (106 Stat. 1899) for defense reinvestment for economic growth, the unobligated balance of the funds made available by such title for military service members occupational conversion and training shall remain available until September 30, 1995.

Mr. THURMOND. Madam President, this modification expresses the sense of the Senate that previously appropriated funds for the SMOCTA program should be extended 1 year, consistent with the authorization. This will expressly provide the conference with the will of the Senate with regard to this matter.

I appreciate the assurances of the managers of the bill that they will work in conference to resolve this issue. I thank the managers for their leadership on this matter.

Mr. INOUYE. Madam President, I join my colleague from Alaska in commending the senior member of the Armed Services Committee.

We are most pleased to accept the modified amendment.

Mr. STEVENS. I concur in that. We accept the amendment.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment of the Senator from South Carolina.

The amendment (No. 2520), as modified, was agreed to.

Mr. STEVENS. Madam President, I move to reconsider the vote by which the amendment, as modified, was agreed to.

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

The motion to lay on the table was agreed to.

Mr. STEVENS. Madam President, I ask unanimous consent that Senator DECONCINI be added as a cosponsor of amendment number 2500 which was adopted yesterday.

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

SALE OF USED MACHINE TOOLS

Mr. STEVENS. Madam President, if I may, I want to raise a matter that does not directly affect my State but is a growing national problem. It is one of personal significance to me because of my family background, having been raised by a tool and die maker who was part of the tool and die industry.

I want to express my concern over recent actions taken by the Department of Defense to sell its inventory of used machine tools.

Over the past several weeks, the Department has sold more than 1,000 machine tools at auction; another 1,000 will be sold before the end of August. Thousands and thousands more are scheduled to be sold in the coming months.

I am extremely troubled about these sales—primarily for two reasons. First, the United States has a domestic machine tool industry that is being undermined and severely weakened by the dumping of these tools into the market. Second, these machines could pose significant health risks because of PCB's and other harmful contaminants they may contain.

I was prepared to offer an amendment to this bill requiring the DOD to immediately halt sales of these machine tools in its inventory until these concerns are addressed. I have reconsidered that position and shall not offer that amendment today.

But, I urge the Department to slow down with its auctions. Officials at the Commerce Department are on notice to this problem and have described to the DOD the significant adverse impact its inventory sales will have on the domestic machine tool industry—yet the DOD refuses to act. Moreover, the Environmental Protection Agency has been asked to examine the potential environmental and health consequences that could result from contaminated machines. In my opinion, the DOD would be wise to heed the concerns raised by both Commerce and the EPA.

In conclusion, the Department should stop, or at least slow down, these sales until it has evaluated the damage that these continued sales could have upon a critical American industry and upon public health.

LHD-7 AMPHIBIOUS ASSAULT SHIP

Mr. COCHRAN. Madam President, last year the Director of Central Intelligence, James Woolsey, said, "We have slain a large dragon, but we now live in a jungle filled with a bewildering variety of poisonous snakes * * *." The American military is currently engaged all over the world, from Rwanda to Korea and in many other places that are not in the news every day. We have certainly learned that the conclusion of the cold war has not ended the dangers we and our allies face daily around world.

Our military has responded to the challenges of downsizing, reducing its budget, and reducing its fixed overseas presence while taking on an increasing number of missions, some of which include a "* * * bewildering variety of poisonous snakes * * *." Along with many of my colleagues, I am greatly concerned that our defense budget has been cut too much and, consequently, readiness will suffer. Despite these challenges, the military is doing the best it can with limited resources.

A prime example of making do with limited resources is the increasing use of Marine Corps amphibious ready groups, or ARG's. ARG's, which are centered on big deck amphibious assault ships, are called upon almost every time there is a crisis somewhere. Right now, for example, there are two amphibious ready groups in the vicinity of Haiti. In fact, a recent *Wall Street Journal* article, "Marines Re-Emerge in Post-Cold War Military To Put Out Several of the World's Small Fires," points out that the amphibious assault ship U.S.S. *Inchon* returned from 6 months at sea off of Bosnia and Somalia only to steam out of Norfolk 14 days later for Haiti. Marine Pfc. Daniel Gaita is quoted in the article as saying, "In 1994, I've spent 20 days in the United States."

I ask unanimous consent the article be printed in the RECORD at the conclusion of my remarks.

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

(See Exhibit One)

Mr. COCHRAN. A Marine Corps operational tempo that requires an amphibious ready group to go to sea 14 days after returning from a 6-month deployment is too high. Given the instability around the world, it is likely that the demand for amphibious ready groups will continue. The answer to the problem of an unsustainable schedule of operations is to procure another amphibious assault ship, LHD-7.

The purchase of LHD-7 will enable the Navy to form a 12th amphibious ready group. Witnesses appearing before the Defense Appropriations Subcommittee voiced strong support for this ship. Secretary of Defense Perry discussed the increased need for sea-based forward presence as the number of our overseas bases decline; General Shalikashvilli emphasized the need for 12 carrier battle groups and 12 amphibious ready groups to execute the forward presence mission; Secretary of the Navy Dalton stressed the desirability of having this ship and the Navy's plans to request it in its 5-year plan; and General Mundy, Commandant of the Marine Corps, made clear the military requirement for this amphibious assault ship and the necessity of procuring it in order to attain the Navy's stated goal of 12 amphibious ready groups. Quite clearly, when faced with a problem, our military and civilian leadership look for the nearest amphibious ready group as their solution of choice.

An unsustainable tempo of operations, with its corrosive effect on morale, equipment, recruiting, and readiness, is not the only reason to procure LHD-7 right away. The Navy currently has a fixed-price option to purchase the ship. By taking advantage of this option, the Navy will save, by its own estimate, approximately $700 million. Purchasing LHD-7 5 years from now, as the Navy currently plans, will increase its cost by at least 50 percent. It makes little sense to follow a procurement path which unnecessarily increases the cost to the taxpayer.

I would like to thank Senators INOUYE and STEVENS for their strong support of LHD-7. They understand the capability LHD-7 represents, not only for forward presence but also when it is necessary to transition from forward presence to warfighting. I look forward to working with them in conference to fund this ship.

EXHIBIT 1

[From the Wall Street Journal, Tuesday, July 26, 1994]

MARINES RE-EMERGE IN POST-COLD WAR MILITARY TO PUT OUT SEVERAL OF THE WORLD'S SMALL FIRES

(By Thomas E. Ricks)

ABOARD THE USS INCHON.—With the passing of the Cold War, the U.S. Marines are happily finding a central role in the new world disorder.

Just listen to Sgt. Maj. James Rogers as he sips ice water in a sergeants' mess aboard this amphibious assault ship steaming near Haiti. The Marines he supervises aboard the Inchon were the last U.S. troops to leave Somalia last March. Then they sailed to the coast of Bosnia. Now they may be the first U.S. forces to go into Haiti if the Clinton administration decides to invade.

After years of being a Cold War sideshow to the other military services, the Marines are back. "We've got a lot of little fires to put out in the world," says Sgt. Rogers, a 25-year-veteran of the Corps. "If you look at the history books, it's nothing new. We sit on ships close to hot spots, and if the president deems it necessary, we go in."

Indeed, he notes, every new Marine even today learns in basic training about the exploits of Smedley Butler, Dan Daly and Herman "Hard Head" Hanneken, who all earned Medals of Honor in Haiti the last time the Marines fought there, from 1915 to 1934.

In the public mind the Marines may still be associated with World War II and "The Sands of Iwo Jima," But for most of its history, the Marine Corps has been the force that fights the nation's small wars "From the halls of Montezuma/To the shores of Tripoli," as the Corps' hymn puts it. In the 140 years preceding World War II, the Marines made 180 landings in 37 countries, including most near the waters where the Inchon is steaming today: Cuba, the Dominican Republic, Puerto Rico, Honduras, Nicaragua, Mexico and, of course, Haiti.

"Small wars represent the normal and frequent operations of the Marine Corps," concluded the Corps' "Small Wars Manual," a 1940 effort at distilling the lessons of all those interventions.

That wasn't true for much of the Cold War, when the Corps frequently found itself shunted aside. One president tried to abolish the Marines and another used them in Vietnam in a way they disliked. The Marines never had a significant role in the nuclear chess game that for four decades dominated the thinking of the Air Force and much of the Navy.

CENTER STAGE

But with the end of the Cold War, the other services lost a big chunk of their core missions, and the Marines secured center stage. "The Army is still trying to build the main battle tank of the future, while the Marines are worried about fighting in city streets," says Rand Corp. analyst Carl Builder, author of "The Masks of War," a comparative study of the U.S. armed services. "I like that. I think they're focused on the right problem."

It is a capability also appreciated by the Clinton administration. The Corps is the only service actually to increase in size from the Bush administration's "Base Force" plan, which would have cut the Marines to 159,000 troops. The Clinton "Bottom-Up Review" plan gives them 174,000 leathernecks.

Consuming about 5% of the Pentagon budget, the Marines are accustomed to living inexpensively. They also are equipped to be expeditionary in nature, while the far-heavier Army is built to be "forward deployed" in Europe and South Korea. In fact, the Corps' biggest worry is that its Marines are used so much that many may decide to leave the service. It is a real concern: Down on the hanger deck of the Inchon, Pfc. Daniel Gaita stares out to sea and comments, "In 1994, I've spent 20 days in the United States."

The Marines aboard the Inchon returned from six months at sea on June 23, only to be sent back out on July 7 as Haiti became a full-blown foreign-policy crisis. If that sort of fast deployment "becomes a habit, it could cripple the service, long-term," worries Lt. Col. Steve Tagg, commander of the helicopter wing aboard the Inchon.

But the Marines already are lobbying Congress to give them a bigger budget to ease that burden. Far more than the other services, the Marine Corps is accustomed to justifying its existence. That is a useful skill at a time when many Americans, especially the governing elites, know little and care less about the military. There are a dwindling number of veterans in Congress, and only one graduate of West Point. But as long as the Marines avoid the problems that have plagued them in the past—a scandal among the U.S. Embassy guards in Moscow and training abuses at Parris Island—their lobby on Capitol Hill is likely to remain influential.

'A VERY DEEP ANCHOR'

Essentially, the Marines have gone back to their traditional mission of being the world's premier force at fighting small, messy wars, a development that carries especial significance for the most tradition-conscious of the U.S. military services. "The Marine Corps feeds on its history," says James Webb, a former Navy secretary and a Marine veteran of Vietnam. "What other service celebrates its birthday as the biggest day of the year? That gives them a sense of continuity—and a very deep anchor."

This knowledge of the past makes the jobs the Marines now are taking on less of a shock. The Army is still rattled by its experience in Somalia, especially the loss of 18 Rangers in a Mogadishu firefight last Oct. 3. The Marines, by contrast, seem quite content with their time in Somalia, where they were first in and last out. They went in expecting a near-combat experience, and they weren't wrong. They used their light-armored vehicles effectively, surrounding warlords, compounds and negotiating the other guy's continued presence. The Army seemed to expect lighter work akin to United Nations-style traditional peacekeeping and only received armor after the October firefight—an omission that the "Small Wars Manual" warns against.

This comfort with low-intensity conflict extends down to the small-unit level, which actually does the fighting. At a time when most of the U.S. military still tends to think in Reagan-era terms of acting only when they posses overwhelming decisive force, the Marines are at ease with the idea of using "minimal force" as Staff Sgt. Vernon Clark put it.

SPECIALIST SNIPERS

"One of the things you want to accomplish is to get the locals behind you," he says, as his platoon from India Company of the 3rd Batallion of the 6th Marines crowds around him near a CH-53 Sea Stallion helicopter parked on the flight deck of the Inchon. If fired on by someone hiding in a Haitian mob, says Sgt. Clark, he will wait for specialist Marine snipers to retaliate. "You don't want to hose 20 people to get one guy," he explains.

Sgt. Clark hasn't heard of "Small Wars Manual," but there is a copy aboard ship, brought by Lt. Col. David Young, commander of the Marine infantry force on the Inchon.

Though a half-century old, the manual is practically a guide to how the U.S might intervene in Haiti: First invade and occupy principal cities. Then simultaneously extend control over the countryside and retrain or develop the local nonpartisan army and constabulary. Next, after stability is achieved, pull back from a broad occupation and turn over control to local authorities. But keep a presence in larger cities and remain available for emergency help. Finally, supervise elections and withdraw.

"It's the kind of thing we do well," the colonel says as he eats a tuna fish from a metal cup in the officers' mess. "All these guys here have a pretty good level of confidence from Mogadishu. They were shot at every day. Some of the aura has gone away. They know it's dirty, hard work with a lot of monotony, searching people, searching vehicles."

Mr. SPECTER. Will the distinguished Republican manager of the bill yield for a question.

Mr. STEVENS. The Senator yields for a question from the senior Senator from Pennsylvania.

Mr. SPECTER. I direct the Senator's attention to the item under Navy procurement for "Modification of EA-6B Aircraft" in the amount of $38.4 million. Does the Senator understand that the appropriation of this amount assumes that the Navy will exercise its options to begin production of the Band 9/10 jammer program?

Mr. STEVENS. The Senator is correct.

Mr. SPECTER. I thank the Senator.

Mr. DOMENICI. Madam President, I would like to seek the support of the distinguished subcommittee chairman and ranking member for an innovative program in the Department of Defense. The program is the Army Environmental Policy Institute [AEPI], which has focused on important environmental policy issues for the military since its founding several years ago.

Mr. INOUYE. I would be pleased to discuss the Army Environmental Policy Institute with the Senator from New Mexico.

Mr. DOMENICI. The distinguished chairman and ranking member are aware of my support for the work of the Army Environmental Policy Institute. I urged the subcommittee to consider funding to support two priority projects for the Institute. The first project would require $3 million and would address the technologies and policies relating to the demilitarization of conventional weapons and ammunition in the United States and abroad. The second study would require $750,000 to study the environmental consequences of the accident at the Tomsk nuclear reactor in the Russian Republic and involve the collection of data useful in developing an effective response to a comparable United States nuclear disaster. The University of New Mexico and the University of Alaska have talented researchers that would work on these initiatives.

Due to overall budget constraints, the subcommittee was unable to accommodate this additional funding.

Mr. INOUYE. The Senator from New Mexico is correct. The committee has supported the budget requests for the Institute in the current and prior fiscal years. For 2 years, we included special funding so that the Institute could carry out an important study on the effects of depleted uranium on the battlefield, recognizing this possible health hazard long before the Gulf War Syndrome emerged as a public concern. I hope the Army will be able to continue its support for the Institute.

Mr. STEVENS. I would also urge the Army to continue its support for the Institute. I am particularly interested in the proposed study of the Tomsk nuclear disaster since the toxic byproducts of this accident threaten the waters of the Arctic Circle, including those that border Alaska.

Mr. DOMENICI. I thank the distinguished chairman and ranking member for their attention to this important issue. I note that the Senate Armed Services Committee supported the Institute by authorizing an increase in base operating funds to a total of $4.7 million. I hope that my colleagues will give careful consideration during conference to the AEPI budget and the two priority projects that we have discussed.

AMENDMENT NO. 2521

(Purpose: To state the sense of the Senate concerning Japan fulfilling its commitments under the Host Nation Support Agreement it signed with the United States on January 14, 1991)

Mr. STEVENS. Madam President, I call up the amendment No. 2521 offered by the distinguished Senator from Delaware [Mr. ROTH].

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS], for Mr. ROTH, proposes an amendment numbered 2521.

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

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

The amendment is as follows:

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

SEC. . Sense of the Senate concerning Japan fulfilling its commitments under the Host Nation Support Agreement it signed with the United States on January 14, 1991

That, the U.S.-Japan Security Treaty continues to be a strong bond between our two countries, serving as a main pillar of the bilateral relationship;

That, the bilateral relationship is of vital importance to both countries and to the stability of the Asia Pacific region and the entire world;

That, Japan's willingness to share the costs of maintaining forces in Japan is an important contribution to strengthening our security partnership;

That, it has often been asserted that Japan's host nation support for American forces provides a model defense burden-sharing arrangement for our allies;

That, Japan and the United States signed a new Host Nation Support Agreement on January 14, 1991, providing for Japan to assume—over five years beginning in Japanese Fiscal Year 1991 and ending in FY 1995—virtually all yen-based costs of maintaining U.S. forces in Japan;

That, Japan voluntarily entered into that agreement more than a year before the expiration of the previous Host Nation Support Agreement which was not as generous;

That, the Government of Japan hailed the new agreement as "a step of great significance for the overall relationship between the two countries;"

That, Japan's Defense Agency appears to have decided to decrease expenses for bearing the cost of stationing U.S. forces in Japan in its FY 1995 budget request, thereby failing to fulfill its obligations under the 1991 Host Nation Support Agreement;

That, should Japan fail to fulfill those obligations, the bilateral relationship may suffer negative consequences, particularly as current problems on the Korean peninsula may pose a critical challenge to U.S.-Japan security ties: Now, therefore, be it

Resolved, That:

(1) It is in the interest of both Japan and the United States to fully comply with all the provisions of the Host Nation Support Agreement of 1991; and

(2) Should Japan take actions that prevent it from fulfilling any of its obligations under that Agreement, the bilateral relationship may suffer harmful consequences.

Mr. STEVENS. I ask unanimous consent that this amendment be cosponsored by the Senator from New Jersey [Mr. LAUTENBERG].

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

Mr. ROTH. Madam President, I rise today for myself and Mr. LAUTENBERG to offer a sense-of-the-Senate resolution regarding our burdensharing arrangements with Japan. As I believe Members of this body well understand, the United States-Japan relationship is vitally important to both our countries and to the entire world.

We have our differences over trade and economic issues—differences which are chronic, serious, and must be resolved. Yet on most other issues, particularly in the political and security realm, we share close and common interests.

Indeed, the United States-Japan Security Treaty is the bedrock upon which the bilateral relationship has been built. Our close security ties have provided the Asia-Pacific region with the stability requisite for the explosive economic growth the region has enjoyed. It has been an essential element in preventing the many territorial disputes and latent tensions in East Asia from escalating to dangerous levels. And given the problems we face on the Korean peninsula, it helps serve to bind our two countries together in confronting what is undoubtedly the world's most severe near-term security problem. Thus, I believe it essential that neither the United States nor Japan take actions that serve to undercut our close security relations.

Unfortunately, there are indications that Japan may embark on a path that could have the effect of loosening the ties that bind the critical bilateral security relationship. According to certain news reports, Japan's Defense Agency has decided to decrease its commitments to help bear the cost of stationing United States forces in Japan.

Should Japan actually follow this course, Tokyo will fail to fulfill its obligations under the Host Nation Support Agreement it signed with the United States on January 14, 1994. In that agreement Japan committed itself to assuming virtually all the yen-based costs of maintaining United States forces in Japan. Tokyo's commitment at that time was particularly commendable in that Japan had voluntarily entered into that agreement to replace a previous accord which was less generous to the United States, yet could have remained in force for well more than 1 year.

At the time, the Government of Japan issued a statement hailing the agreement because it "not only will contribute to the effective management of Japan-U.S. security arrangements, it should also be seen as a step of great significance for the overall relationship between the two countries."

It appears, however, that domestic politics in Japan may force Tokyo to renege on its pledges. The current coalition government is composed primarily of two long-time adversary parties, the Liberal Democrats and the Socialists. The greatest policy differences between the two always had to do with security matters.

In a series of stunning policy reversals to align himself with the LDP, however, Japan's Socialist Prime Minister abandoned most of his party's long-held positions on these matters. The Prime Minister stated within the last month that he would now recognize the constitutionality of Japan's Self-Defense Forces, uphold the United States-Japan Security Treaty, and abandon the party's previous call for unarmed neutrality. He also acknowledged the validity of Japan's national flag and national anthem, and recognized that official visits by Cabinet Ministers to Yasukuni Shrine, which enshrines Japanese war dead, including class-A war criminals, are constitutional.

Needless to say, not all Socialist party members have been comfortable with the Prime Minister's near wholesale abandonment of the key principles the party has held for 40 years. Perhaps more to the point, this latest coalition government could very well fall apart should the Socialists fail to back the Prime Minister's new positions during the Socialist party convention in early September. To provide the Prime Minister at least some political cover, the LDP yielded to the Socialists in one area—it agreed to hold down defense spending in Japan's fiscal year 1995 budget while boosting nonmilitary foreign aid.

The defense cuts will be severe enough that—according to one Defense agency official—United States forces in Japan will also need to share the pain. Mr. President, sharing the pain is one thing. Reneging on an agreement is quite another. If the 1991 Host Nation Support Agreement was the step of great significance for the bilateral relationship that Japan claimed it was, surely Tokyo's failure to fulfill its obligations under that agreement would do little to enhance United States-Japan relations.

I believe Japan should closely consider its position on this issue, and therefore urge my colleagues to adopt this resolution.

Mr. LAUTENBERG. Madam President, I am pleased to cosponsor Senator ROTH's amendment concerning Japan's compliance with the Host Nation Support Agreement of 1991.

This amendment states the sense of the Senate concerning Japan's apparent intent to decrease their fair share of the costs of stationing United States forces in Japan next year. I urge the managers of the bill to accept this amendment to the bill.

Madam President, this amendment is straightforward. It expresses the concern of the Senate about Japan's turnaround on its obligation for sharing the burden of its own security. Our agreement with the Japanese, signed in 1991, requires the host nation of U.S. military forces to pay for a significant portion of our overseas basing costs. As my colleagues are aware, this agreement resulted from strong congressional pressure.

Over the past 7 years, the Congress has taken decisive action in burdensharing. We have cut the cost to American taxpayers for basing U.S. forces overseas. We have ratified several new agreements with host nations. And, we have created several incentives for the administration to get tough and negotiate a better deal for the American taxpayers.

Madam President, while far from perfect, the Japanese agreement has been a good model for other host nation agreements. It offers a fair deal for the American taxpayer. Unlike our other agreements, our approach with Japan leaves the American taxpayer footing less of the Pacific defense burden. According to DOD, for example, in 1992 Japan paid 70 percent of the United States overseas basing costs and the United States paid for 30 percent of those costs. In fiscal year 1993, Japan paid for 72 percent of the overseas basing costs. Under the agreement, by 1996, Japan is supposed to pay all of those costs.

The Japanese can afford to pay for a large share of their national security. We've provided them with a protective security umbrella for several years while their economy has grown beyond all expectations. And we're still meeting our obligations—the Japanese have the strongest defense shield in the region in place, and ready. The United States has fully met its obligations to the Host Nation Support Agreement—even with the worldwide drawdown of U.S. military forces.

Madam President, the Japanese decrease in funding highlights the need for a strong, effective ambassador-at-large for burdensharing. My colleagues will recall that just 4 months ago, the administration attempted to downgrade that position within the State Department. The Congress, supported my efforts to retain the position as a full ambassador. We were right to stand firm—today our resolve will help the administration to be forceful in requiring the Japanese to meet their obligations.

Madam President, the Congress must continue to show its strong resolve in ensuring that Japan meets its obligations. If we don't take immediate action, they will interpret our inaction as disinterest. We should not send the wrong signal to Japan—we will never allow our wealthy allies to get a free ride at the expense of the American taxpayer. The United States simply cannot afford to pay a disproportionate share of Japan's national security. Our Nation has nearly a $400 billion deficit, and a $4 trillion national debt.

Without strong congressional action, the administration may not press Japan to meet their fair share of their defense burden. The Japanese model was negotiated only after years of pressure from the Congress. Still, we find ourselves having to press our longstanding ally to meet its obligations.

Even with this host nation agreement, the United States continues to pay enormous amounts of money to defend collective security interests in the Pacific. And we will still defend the nations, including Japan, in that region against threats to their security and ours as well. Given the ongoing tension with North Korea, Japan is not free of threats to its homeland. In exchange for our continued vigilance, we should expect and demand that Japan continue to meet its obligations to bear its fair share of our basing costs.

Madam President, this amendment will support the administration in negotiations with the Japanese. And it will show the American people the resolve of Congress to relieve them of a defense burden which they carried for many years. I urge my colleagues to support this amendment.

AMENDMENT NO. 2521, AS MODIFIED

Mr. STEVENS. Madam President, I send a modification to the desk and ask unanimous consent that it be adopted in lieu of the amendment that was just called up.

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

The amendment (No. 2521) as modified, is as follows:

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

SEC. . Sense of the Senate concerning Japan fulfilling its commitments under the Host Nation Support Agreement it signed with the United States on January 14, 1991

The Senate finds:

That, the U.S.-Japan Security Treaty continues to be a strong bond between our two countries, serving as a main pillar of the bilateral relationship;

That, the bilateral relationship is of vital importance to both countries and to the stability of the Asia Pacific region and the entire world;

That, Japan's willingness to share the costs of maintaining forces in Japan is an important contribution to strengthening our security partnership;

That, it has often been asserted that Japan's host nation support for American forces provides a model defense burden-sharing arrangement for our allies;

That, Japan and the United States signed a new Host Nation Support Agreement on January 14, 1991, providing for Japan to assume—over five years beginning in Japanese Fiscal Year 1991 and ending in FY 1995—virtually all yen-based costs of maintaining U.S. forces in Japan;

That, Japan voluntarily entered into that agreement more than a year before the expiration of the previous Host Nation Support Agreement which was not as generous;

That, the Government of Japan hailed the new agreement as "a step of great significance for the overall relationship between the two countries;"

That, Japan's Defense Agency appears to be considering a decrease in expenses for bearing the cost of stationing U.S. forces in Japan in its FY 1995 budget request, thereby failing to fulfill its obligations under the 1991 Host Nation Support Agreement;

That, should Japan fail to fulfill those obligations, the bilateral relationship may suffer negative consequences, particularly as current problems on the Korean peninsula pose a potentially critical challenge to U.S.-Japan security ties: Now, therefore, it is

The sense of the Senate that:

(1) It is in the interest of both Japan and the United States to fully comply with all the provisions of the Host Nation Support Agreement of 1991; and

(2) Should either nation wish to depart from fully complying with all the provisions of that agreement, it should engage in close consultations with its counterpart before taking any action:

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

The amendment (No. 2521), as modified, was agreed to.

Mr. INOUYE. Madam President, I move to reconsider the vote by which the amendment, as modified, was agreed to.

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

The motion to lay on the table was agreed to.

AMENDMENT NO. 2522

(Purpose: To cap the amount to either replace or renovate the Pentagon Reservation)

Mr. STEVENS. Madam President, I call up amendment 2522, and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Alaska [Mr. STEVENS] proposes an amendment numbered 2522.

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

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

The amendment is as follows:

At the appropriate place, add the following: "None of the funds appropriated in this Act may be transferred to or obligated from the Pentagon Reservation Maintenance Revolving Fund, if the total cost over the life

of the project for the replacement or renovation of the Pentagon Reservation shall exceed $1,009,000,000."

PENTAGON RENOVATION DOLLAR CAP

Mr. STEVENS. Madam President, I want to offer an amendment today to cap the total amount to either replace or renovate the Pentagon reservation.

My amendment places a dollar cap on this ongoing project at $1.218 billion. I remain concerned about this very expensive renovation project, especially since the price tag keeps rising.

In the March 1994 annual report to Congress on the status of the Pentagon renovation project, DOD reported estimated total construction costs of $1.009 billion. However, in late May, when they briefed the committee, DOD cited overall costs at $1.2 billion, price growth of almost $200 million, 19 percent in less than 3 months.

I feel we must constrain the process. There is always the temptation to improve or change the renovation plan in the midst of construction, which ends up costing the taxpayers more money. I suggest that we hold DOD accountable to bring this project in at cost.

There are many who criticize a billion dollar Pentagon renovation project in a time of shrinking defense dollars. However, the building is now 51 years old and needs work. Many of its corridors are lined with asbestos, it doesn't meet fire and safety requirements, the building leaks and the electrical system is severely overwhelmed. It must be brought into full compliance with the Americans With Disabilities Act.

We have placed a great emphasis in this bill on supporting readiness, combat effectiveness and quality of life for the military at the expense of other worthwhile military and domestic requirements. While I recognize the necessity of renovating the Pentagon, there are just too many other national priorities not to set some spending limits on this project.

I urge adoption of the amendment.

AMENDMENT NO. 2522, AS MODIFIED

Mr. STEVENS. I ask that the amendment be modified, and I send it to the desk.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The amendment (No. 2522), as modified, is as follows:

At the appropriate place, add the following:

"SEC. . None of the funds appropriated in this Act may be transferred to or obligated from the Pentagon Reservation Maintenance Revolving Fund, unless the Secretary of Defense certifies that the total cost for the planning design, construction and installation of equipment for the renovation of the Pentagon Reservation will not exceed $1,218,000,000."

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

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The amendment (No. 2522), as modified, was agreed to.

Mr. STEVENS. Madam President, I move to reconsider the vote by which the amendment, as modified, was agreed to.

The PRESIDING OFFICER. Without objection, the motion to lay on the table is agreed to.

Mr. STEVENS. Madam President, I ask unanimous consent that Senator HUTCHISON be listed as a cosponsor of the McCain amendment No. 2500.

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

Are there further amendments?

Mr. DOMENICI addressed the Chair.

The PRESIDENT OFFICER. Senator from New Mexico is recognized.

AMENDMENT NO. 2507

(Purpose: To maintain the viability of the Nunn-Lugar Cooperative Threat Reduction Program is Russia and Ukraine by expanding the sources available for transfer to the program)

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

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI] proposes an amendment numbered 2507.

Mr. DOMENICI. Madam 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 19, line 10, delete the period, and add the following new proviso: ": *Provided further*, That to the extent that Congress fails to approve the transfer of any part of $400,000,000 originally provided in section 9110(a) of the Department of Defense Appropriations Act, 1993, authority is provided for the Secretary of Defense to transfer funds made available in this Act, or for the President to transfer funds available for assistance to the Russian Federation in any other Appropriations Act, to this account for the Cooperative Threat Reduction "Nunn-Lugar" program: *Provided further*, That any transfer made by the Secretary of Defense under the foregoing proviso shall be subject to the limitations and the reporting requirements stipulated in section 8005 of this Act: *Provided further*, That the authority to make transfers pursuant to this provision is in addition to any other transfer authority of the President and the Secretary of Defense."

THE NUNN-LUGAR PROGRAM IS IN TROUBLE

Mr. DOMENICI. Madam President, I am going to withdraw this amendment, but first I want to make a point. Among the finest hours in my time in the U.S. Senate were when we voted in $1.2 billion over 1992–1994 for the Nunn-Lugar amendment cooperative threat reduction program. It was supposed to put money into projects that would dismantle Soviet nuclear and chemical weapon systems. I regret to inform the Senate that, as of right now, out of that $1.2 billion, which was first programmed about 4 years ago, $70 million has been spent to this point—not $700 million, but $70 million. Only $370 million has been obligated.

There have been all kinds of bureaucratic problems, which I understand, but also Congress has, to some extent, reneged on this program, because more than $500 million of that $1.2 billion never materialized.

This amendment would merely have given the President some additional flexibility to use other moneys that are destined for Russia and the Ukraine. It would have given him the latitude to use it, some of it, if he thought it was necessary and there were not sufficient funds, and dismantling could occur. The Senate agreed to a similar amendment on July 15 by a vote of 56 to 38.

Sooner or later, we better get serious about this program. I do not know what is wrong with it. But clearly something is going wrong up here between the authorization and the appropriation processes and across the river between the policy people and the implementing people. They are not getting the work done.

I did not want to see the President short of money because this is probably the single most important activity of the United States the former Soviet States. We are not doing very well at helping them dismantle nuclear weapons, as I will explain in a moment.

Madam President, this amendment would have given the President the flexibility he may soon need to keep alive the vital Nuclear Threat Reduction Program in Russia and Ukraine.

There is $400 million in new money in this bill for the Nunn-Lugar program. Of the $1.2 billion made available for this vital program in between 1992 and 1994 by this subcommittee, more than $500 million never materialized.

WHAT HAPPENED TO THE NUNN-LUGAR PROGRAM?

What happened to the Nunn-Lugar program? After all, Congress made available some $1.2 billion over the 1992 to 1994 period for the Nunn-Lugar threat reduction program. Only $70 million has been spent to date.

Well, this is what happened. The first $800 million of those funds were not direct, new appropriations. They were transfer authority from other defense department funds.

Today, the President and most of us realize that we need every dollar of our defense funds to pay for a deteriorating defense structure that faces deployment in Haiti, Bosnia, and Korea—A structure that will have to call up the reserves to fulfill its growing number of missions abroad.

As a result of the financial squeeze on defense, the defense appropriators have drawn the line. Last year, the transfer authority for the 1992 Nunn-Lugar $400 million was canceled. Only about $200 million had been used for Nunn-Lugar, so the program lost half of its 1992 funding. That's one of the things that happened.

Last year, the appropriators put very strict conditions on the transfer of Nunn-Lugar funds under the 1993 authority. Those conditions were retained in my amendment.

As a result, some $318 million in requests for essential Nunn-Lugar programs have been frozen since March 17, 1994, because there is no agreement among the relevant committees on where to find the money.

Madam President, it has taken over 2 years to get the Russians to the point where they are convinced that this threat reduction program is in their own interest. There was a lot of suspicion about our motives.

It has taken 2 years to negotiate the detailed agreements to begin safeguarding and destroying nuclear warheads and chemical weapons in Russia and Ukraine. Finally, the Nunn-Lugar program is ready to roll. Unfortunately it is broke until this bill is enacted.

We already have legal agreements to spend $1 billion to reduce the threat from excess nuclear and chemical stocks. Negotiations are approaching completion on the remaining $400 million in Ukraine, Russia, Kazakhistan, and Belarus. But, we don't have the resources in the defense budget to pay for all of these programs, unless we reduce readiness, pull back from the protection of Korea, or end participation in international peacekeeping. The managers made that point very eloquently in their opening statements.

PROBLEMS EXIST, BUT PROGRAM MUST GO FORWARD

The superb staff of the Appropriations Committee have worked with our Budget Committee staff to identify and correct deficiencies in implementation of the Nunn-Lugar program. The policy direction for this program in the Department of Defense suffers from some of the same problems that Senators MCCONNELL and LEAHY have identified in the Department of State.

Like several other appropriators, I am uncomfortable with the use of Nunn-Lugar funds for officer housing. That effort is already funded at more than $160 million in the foreign operations bill. It was unwise to borrow funds dedicated for nuclear reactor safety in Ukraine to make an advance payment on officer housing programs.

Another questionable effort by the Nunn-Lugar program is the establishment of a defense enterprise fund that appears to lack the independence and adequate capitalization that enabled the enterprise funds in central Europe to succeed. I am not sure that the Nunn-Lugar program should be funding enterprise funds.

These secondary efforts divert funds from the central purpose of the Nunn-Lugar program: that objective is to help Russia, Ukraine and the other nuclear states begin to safeguard, dismantle, and destroy weapons of mass destruction and their delivery systems. That is why the Nunn-Lugar program is as important to American security as it is to the security of the former Soviet Union.

In another month there will be a summit meeting between President Clinton and President Yeltsin. The mutual security and proliferation issues that are covered by the Nunn-Lugar program will dominate their agenda. My amendment would have given the President flexibility to determine his own priorities in America's program of assistance to Russia and Ukraine. That has been his policy, as I understood it.

Let me summarize. If sufficient funds from the current defense budget were no longer available for the Nunn-Lugar program, the President could have transferred Russian aid funds from the control of the Agency for International Development to the Nunn-Lugar Nuclear Threat Reduction Program in the Department of Defense.

This transfer authority in this amendment and the one approved by the Senate on July 15th was discretionary; the President would not have to use it, unless he is convinced that the Nunn-Lugar program will fail without the full $400 million first approved in 1993. The amount of any transfer would have been limited to the $318 million not yet transferred under the original 1993 authority.

Madam President, I am prepared to ask the Senate to again go on record in support of the vital Nunn-Lugar Threat Reduction Program, but both managers indicate a reluctance to carry this issue to conference. They have requested me to withdraw the amendment, and the administration withholds its support.

I withdraw the amendment.

The amendment (No. 2507) was withdrawn.

AMENDMENT NO. 2514

(Purpose: To require the Administration to budget for the cost of humanitarian, peacekeeping, peacemaking operations, and operations other than war in which Armed Forces of the United States are or will be participating, and for other purposes)

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS] for Mr. DOLE, proposes an amendment numbered 2514.

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

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

The amendment is as follows:

At the appropriate place insert the following new section:

SEC. . REQUIREMENT TO INCLUDE IN THE ADMINISTRATION'S DEFENSE BUDGET REQUEST FOR THE COMING FISCAL YEAR THE COST OF INVOLVEMENT BY ARMED FORCES OF THE UNITED STATES IN HUMANITARIAN, PEACEKEEPING, PEACEMAKING OPERATIONS, AND OPERATIONS OTHER THAN WAR.

(a) REQUIREMENT.—The President shall, when submitting to the Congress the budget for the United States Government for the coming fiscal year, include in the budget the cost of involvement and participation by the Armed Forces of the United States in ongoing or anticipated operations outside the United States as specified below—

(1) operations to provide humanitarian aid;

(2) peacekeeping operations;

(3) peacemaking operations;

(4) operations other than war;

(5) and any operation, other than normal troop movements, rotations, or exercises, in which U.S. military involvement during the fiscal year is anticipated.

(b) CLASSIFIED ANNEX.—If the President or the Secretary of Defense determine that disclosure of the information required in paragraph (a) of this section could reasonably be expected to damage the national security of the United States, the President shall provide the information in a classified annex.

Mr. STEVENS. Madam President, I ask unanimous consent to withdraw that amendment.

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

The amendment (No. 2514) was withdrawn.

Mr. INOUYE. Madam President, I ask unanimous consent that the remaining committee amendments be considered, en bloc, and agreed to.

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

So the committee amendments were agreed to, en bloc.

FLIPPING THE U.N. PEACEKEEPING COIN: U.S. PARTICIPATION IN MULTILATERAL OPERATIONS

Mr. PRESSLER. Since taking office, the Clinton administration has committed—all will—our resources and our troops to U.N. peacekeeping operations without clear guidelines and objectives meriting U.S. participation. Remember Somalia? Will Haiti or Rwanda be next? This cannot continue.

The current conflicts in Haiti and Rwanda are operations where random U.S. commitments must not continue. A coin-flipping decision process seems to determine U.S. participation in peacekeeping operations. Heads we support. Tails we oppose.

I am tired of Administration lip service regarding U.S. support for peacekeeping operations. I am tired of policies that say one thing and actions which practice something else. The next few weeks will be a testing time for the Clinton administration. Will the President stand firm and adhere to policies outlined both in the recently signed Foreign Relations Authorization Act and the recently endorsed administration decision directive on reforming multilateral peace operations?

Already, President Clinton has failed the first test of resolve. With regard to Rwanda, the administration breached the integrity of the Foreign Relations Authorization Act—an act the President signed into law less than 4 months ago.

Specifically, the new law (P.L. 103-236) requires the Permanent Representative to transmit the text of any resolutions and reports prepared by the United Nations pertaining to U.S. involvement, logistics/and or troops, in peacekeeping operations to Congress 3 working days after a resolution is adopted by the Security Council. Additionally, the President—except in emergency situations—must submit cost assessments to Congress at least 15 days before any obligation of U.S. funds or before any actions are taken under articles 42 and 43 of the U.N. Charter involving U.S. troops.

Furthermore, the law requires the President to report each operation's expected duration, mandate, command and control arrangements, overall cost, and the cost to the United States. In addition, the report must include a detailed description of the functions to be performed by any U.S. Armed Forces used in support of an operation, as well as U.S. troop number and cost estimates.

This Member of Congress received only vague details from the administration concerning peace keeping in Rwanda, and this came 4 days after the United States agreed to U.N. Resolution 918 which called for an expansion of the UNAMIR operation. There was no consultation with Congress. No emergency waiver from the President. No concrete details of any kind.

In light of heavy criticism launched against President Clinton and his foreign policy team, one would think the administration would exercise extreme care in adhering to the new reporting requirements outlined in the Foreign Relations Authorization Act. How can Congress support a multilateral peacekeeping operation unless Members are able to assess an operation's costs, objectives, goals, duration, and effect on our national interests? The answer is simple. We can't.

The administration must not disregard these new rules. Congress would not have included the reporting requirements in the Foreign Relations Authorization Act if Members did not intend on using the reports to make informed decisions about multilateral operations. Certainly, one can overlook the administration's lack of systematic compliance with regard to Rwanda. But where does that leave Congress? When do we stop overlooking and start expecting action from the Executive Branch?

In a similar vein, President Clinton recently signed and endorsed Presidential Decision Directive 25 [PDD 25] which outlines his administration's policy on reforming multilateral peace operations. PDD 25 addresses six reform areas including management and funding reforms as well as reforms guiding determinations of U.S. support in regional conflicts. The guidelines set forth in PDD 25, however, are insufficient to serve as policy.

While I have reviewed an unclassified copy of the Executive summary of PDD 25, the full text of the directive remains classified. Again, it is difficult for me, as a Member of Congress, to support fully the specific components of this directive since we simply do not know the details of this policy. It is extremely important that PDD 25 provide a clear directive for determining the extent to which the United States will support multilateral peacekeeping operations.

Although, for example, the administration claimed the criteria in PDD 25 were factored into the decision to support U.N. Resolution 918, how can this be verified by Congress? How can we verify the administration's criteria in its decision to send troops into Haiti? How can Congress travel the same road as the President if the troop authorization road map remains unavailable for evaluation?

At best, PDD 25 is a first step in the reform process. However, it by no means should be heralded as policy, given the ambiguous language, inadequate detail, and loose guidelines outlined in the Executive summary. The United States needs a firm and consistent policy to guide our involvement in conflicts abroad. We simply cannot spend U.S. dollars and risk American lives any longer without clear mandates and cost estimates.

The situations in Rwanda and Haiti present President Clinton the unique opportunity either to begin an intervention policy of caution and prudence or to continue proceeding along the same random foreign policy path. Continued pressure and insistence from President Clinton and Ambassador Albright are essential to ensure that multilateral operation and management reforms are taken seriously.

If the United Nations is to be an effective international body, U.S. support, funding, and leadership are necessary. The administration's coin-flipping foreign policy mentality should no longer guide our peacekeeping involvements. We owe it to U.S. taxpayers to ensure that our support for U.N. operations is not wasted.

DESTRUCTION OF NEUTRALIZED CHEMICAL WEAPONS

Mr. BROWN. The bill before us includes a provision prohibiting the study of the transportation of unitary chemical weapons for destruction purposes. As many have pointed out, the issue of destruction has been studied extensively. Although this provision does not appear to preclude the study of neutralized chemical weapons, the lawyers at the Defense Department have expressed their concern that this language may be construed to prevent such a study.

It is an important question, especially to the men and women of Pueblo, CO. The Pueblo Depot Activity located on the outskirts of Pueblo is one of those bases slated for realignment and for the destruction of its chemical weapons. But before we proceed with building a very expensive chemical weapons incinerator in Pueblo, it makes sense to thoroughly study other alternatives—especially the possibility of first neutralizing unitary chemical weapons and then transporting them for destruction at existing disposal facilities.

Instead of offering a clarifying amendment to ensure that the neutralization and subsequent transportation of the neutralized portions can be studied despite restrictions in the bill, I would like to ask the chairman of the Defense Appropriations Subcommittee to enter into a colloquy with me that clarifies the intent of exiting bill language.

Mr. INOUYE. As noted by the Senator from Colorado, there is a provision in the bill currently before the Senate restricting the study of transporting unitary chemical weapons for destruction. This provision was never intended to restrict the study of transporting neutralized chemical weapons for destruction. In my view, this provision in no way restricts such a study.

Mr. BROWN. I thank the distinguished chairman for his insights. It is clear to me that as it stands, the provision does not restrict the study of transporting neutralized chemical weapons. I yield the floor.

NATIONAL PRESTO ENVIRONMENTAL CLEAN UP

Mr. KOHL. I would like to engage the distinguished chairman of the Defense Appropriations Subcommittee in a colloquy on an issue he has worked on over the years, the environmental clean up of a site formerly used by the Army in Eau Claire, WI, now owned by National Presto Industries.

During World War II, the facility was owned and operated by the Army as a manufacturing site for the production of small arms ammunition and radar tubes. Subsequently the facility was activated during the Vietnam conflict, and National Presto, working on contract to the Army, manufactured 105mm projectile metal parts.

As a result of this production, the Eau Claire site is heavily contaminated with suspected carcinogens and is a Superfund site. In 1988, the Army and National Presto signed an agreement in which the Army agreed to cooperate in seeking whatever funds might be required to complete the full remediation of the Eau Claire site. Unfortunately, the Army has not honored that agreement.

Mr. INOUYE. I am familiar with the problem at the Eau Claire site and with

the 1988 agreement signed by the Army and National Presto. Also, I am aware that the Army has not sought funds for clean up activities.

Mr. KOHL. In acknowledging its responsibility to clean up the Eau Claire site, the Army and Congress made $12 million available between the years 1988 and 1993 for remediation efforts. Does the chairman agree that the Senate Appropriations Committee has tried to assist in meeting the requirement to restore the environmental damage at this site.

Mr. INOUYE. The Senator from Wisconsin is correct. In its fiscal year 1993 report accompanying the Defense appropriations bill, the Committee stated:

> The Committee is deeply disturbed by the failure of the Army to comply with the direction in last year's conference report to proceed with environmental restoration activities at the National Presto Industries facility at Eau Claire, WI. The Committee views the obstruction of the Army in this matter as in direct contravention of Congressional intent.

Mr. KOHL. I appreciate the chairman's willingness to take such a strong stand on this issue in the past. According to National Presto, $15 million would complete the clean up of this site and return it to productive use. The House fiscal year 1995 Defense appropriations bill includes $7 million for environmental remediation of the Presto site in its version of the bill. I am committed to seeing that the potential health and safety risks faced by my constituents are fully remedied at the earliest possible date. I urge my colleague to support this funding during the conference on the bill, and, as in the past, make it binding in bill language.

Mr. INOUYE. I commend the distinguished Senator's desire to see the cleanup of this site completed expeditiously. I will give his views every consideration during the conference with the House.

Mr. KOHL. I thank the Senator from Hawaii for his comments.

MILSTAR SATELLITE SYSTEM

Mr. LEAHY. Mr. President, yesterday I supported an amendment offered by Senator BUMPERS to terminate the MILSTAR satellite system. As an original cosponsor of this measure, I strongly feel that the Senate has an important opportunity to save billions of dollars without sacrificing national security.

Mr. President, the Bumpers amendment brings the Defense budget in line with reality. Why should the American taxpayer spend billions on a system that was designed specifically to fight a protracted nuclear war?

I know the Pentagon is having a rough time adapting to the realities of a post cold war. It is hard to put 45 years of East-West competition behind an institution as large as the Defense establishment. Slowly our defense leaders are focusing more on peacekeeping, joint operability, and the unique demands of the smaller conflicts that we are likely to face in the future.

The amendment offered by Senator BUMPERS offers a reality check for the MILSTAR program. Nobody in the Senate doubts that our military forces need secure digital communications. But the MILSTAR program the Pentagon is asking taxpayers to spend billions on over the next decade does much more than provide digital communications. The two satellites that my colleague from Arkansas proposes to cut weight too much and retain several of the costly capabilities designed for the cold war but that are no longer necessary.

Our national security no longer requires communications platforms with maneuverability to avoid hostile satellites. No longer do our communications need expensive shielding from nuclear blasts. What they do need, and what will not be lost by my colleague from Arkansas' amendment, is the ability to digitally communicate with U.S. forces around the world without being jammed.

This amendment deletes funding for two of the heavy satellites that were designed in the midst of the cold war. It takes half of the money saved and applies it toward the Pentagon's new MILSTAR satellites. The American taxpayer can save between $2.4 to $3.5 billion under this restructuring, and the military will have the capabilities that they need.

I thank my colleague and friend from Arkansas for again bringing to the attention of the Senate and the country a prudent way to save the taxpayers money without compromising the capabilities of the military. He consistently evaluates defense programs against the stark realities of national necessity. I urge the rest of the Senate to vote for this amendment.

KAISERSLAUTERN MILITARY COMMUNITY IN GERMANY

Mr. WOFFORD. Mr. President, I would respectfully ask the distinguished Chairman, Senator INOUYE, to clarify some essential points on section 8007. Before doing so, I would like to congratulate him and the Ranking Member, Senator STEVENS, for their leadership on this legislation.

Mr. President, section 8007 addresses opportunities for the United States coal industry as part of badly needed energy modernization at the Kaiserslautern Military Community in Germany, by far the largest concentration of American personnel overseas. The Senate committee adopted language identical to the House, a repeat of previous year provision language which emphasizes the cost-effective use of U.S. coal as part of such modernization projects.

I ask the Chairman of the Subcommittee, since it is not mentioned in either the House or Senate reports, if the Committee is aware that within the next several weeks it is anticipated that the Air Force will complete an agreement with the City of Kaiserslautern for a major new heating system to serve the U.S. installations.

Mr. INOUYE. The Committee is aware that this is the case.

Mr. WOFFORD. I must presume that the Chairman is likewise aware that U.S. coal will be the base load energy for an expanded municipal system which will serve U.S. facilities. It must be noted with due regard for the efforts of the Subcommittee on Defense Appropriations that is was only the legislative language adopted in the 1992 annual act which has made this possible.

Mr. INOUYE. I am aware of this fact.

Mr. WOFFORD. Section 8007 once again references energy modernization for the American facilities at Landstuhl and neighboring Ramstein Air Base, both of which are a part of the large Kaiserslautern Military Community. I must state, however, that progress on these project areas has been extremely slow.

Regarding an associated issue in section 8007, the pending completion of an agreement for modern heating service for U.S. facilities in the city of Kaiserslautern, when the cost effective data is available to the committees, would the Chairman be willing to address this data in conference as it pertains to any possible additional cost-effective agreements for the use of U.S. coal in the Kaiserslautern Military Community regarding Landstuhl and Ramstein Air Base?

Mr. INOUYE. If additional information indicates that the precedent set for new hearing services for DOD facilities in the city of Kaiserslautern and the use of U.S. coal in third-party projects on a cost-effective basis is confirmed as reasonable, then certainly a comprehensive review would be in order.

Mr. WOFFORD. I would like to bring to the further attention of the Committee that while the new report language stipulates that the intent of section 8007 concerning Landstuhl and Ramstein Air Base is for competition in energy procurement, that the Air Force, in fact, has already begun a sole source procurement for Ramstein Air Base.

I respectfully note that Air Force-Europe discussions for an energy agreement with the community of Ramstein-Meisenbach call for the installation of a natural gas base energy system throughout our most important air facility in Europe. The local municipality is simply decreeing what forms of energy will be used on the air base. What is more disturbing under the terms of the act is that the municipality has made it very clear that it

expects the Air Force to subsidize the purchase of a certain amount of U.S. coal for use at a non-military location in Germany.

May I suggest that these merging developments warrant an updated evaluation prior to the completion of conference.

Mr. INOUYE. I do agree that these matters should be further evaluated in light of emerging data.

Mr. WOFFORD. I thank the Senator from Hawaii.

NAVAL AVIATION

Mr. BOND. Mr. President, one of the provisions in this bill that gives me great concern is the funding for F/A-18 aircraft for the Navy. The administration requested $1.032 billion to purchase 24 F/A-18s in fiscal year 1995. These aircraft are critical to the Navy's aviation plan. Specifically, they are night strike fighters which will replace older aircraft which are slated for retirement in the near future. These aircraft are necessary to ensure that our carrier fleet can project sufficient power in the period until the newer version of the F/A-18—the E/F—is deployed in substantial numbers.

Not only do we need these aircraft in the fleet, but it is important to note that the cut is unlikely to save any money. The cut will increase the unit cost, and significantly jeopardize several foreign military sales. If any of those are lost, that would further drive up the cost to the Navy.

It is also worth noting that these 24 F/A-18s are the only fixed wing combat aircraft in the entire fiscal year 1995 DOD budget. That strikes me as a dangerously small number. To cut it further does not, in my opinion, make sense.

Last month, I wrote to Secretary Dalton regarding this issue, and I would like to read from his response. He writes.

A reduction in F/A-18C/D quantities not only increases the Navy's cost for the remaining aircraft, but also raises the cost for foreign military sales customers, thereby putting these transactions in jeopardy. The Senate reduction shows the Navy, Marine Corps, and Marine Corps Reserve F/A-18 modernization plan, forcing deployed airwings to prolong the use of older, less capable F/A-18 aircraft and thereby decreasing our warfighting capability.

I am fully aware that the Appropriations Committee was constrained in writing this bill by the fact that only 17 aircraft were authorized. However, I have shared this information with our colleagues on the defense authorization conference, and I remain hopeful that they will agree to authorize 24 aircraft.

I would ask the chairman and the ranking member if they would comment on this issue.

Mr. INOUYE. I would agree with the Senator from Missouri that the F/A-18C/Ds are very important to the Navy's ability to project power through our carrier fleet. It is important that we maintain capable aircraft on the carrier decks. This bill does that by fully funding the F/A-18E/F development program; and, in the near term, by funding as many F/A-18C/Ds as possible with the money provided. I share the Senator's concern about the small number of combat aircraft we are purchasing in this budget, and I assure him that I will work to see that the Navy gets all the F/A-18 aircraft it needs.

Mr. STEVENS. Mr. President, I share the view of the chairman. The Senator from Missouri has touched on an important issue. With the cancellation of the A/FX and the planned retirement of the A-6, the F/A-18 has become the centerpiece of the carrier aircraft force. We must ensure that the Navy has the modern versions of the F/A-18 in sufficient quantities to perform its mission.

Mr. BOND. I thank both of my colleagues, and I ask that the full text of the letter from Secretary Dalton be included in the RECORD.

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

DEPARTMENT OF THE NAVY
Washington, DC, August 8, 1994.

Hon. CHRISTOPHER (KIT) BOND
United States Senate, Washington, DC.

DEAR SENATOR BOND: Thank you for your letter of July 11, 1994 concerning the Senate Authorization Bill recommendation for procurement of 17 F/A-18C/D "Night Strike" fighters instead of the 24 requested in the FY 1995 President's Budget.

We share your concern and have appealed to the Defense Authorization Conferees, urging support for the House position for 24 F/A-18C/D Night Strike fighters. Based on similar Senate Appropriations Committee recommendations of 17 aircraft, we are also sending an appeal to the Defense Appropriations Conferees urging them to support the President's Budget request.

A reduction in F/A-18C/D quantities not only increases the Navy's cost for the remaining aircraft, but also raises the cost for foreign military sales customers, thereby putting these transactions in jeopardy. The Senate reduction slows the Navy, Marine Corps, and Marine Corps Reserve F/A-18 modernization plan, forcing deployed airwings to prolong the use of older, less capable F/A-18 aircraft and thereby decreasing our warfighting capability.

The request for 24 F/A-18C/Ds is based on the requirement for the most modern Hornets to serve the front-line operational squadrons. Modernization with the newest F/A-18's is essential to provide the Fleet with capabilities of the "Night Strike" F/A-18C/D's more powerful engines, upgraded radar, AIM-120 AMRAAM missiles, a Forward-Looking Infrared (FLIR) sensor with a laser for self targeting, multi-sensor integration and growth provisions for a positive identification system. Also, continued procurements of F/A-18C/D aircraft will provide an important industrial bridge to the follow-on F/A-18E/F production.

As always, if I can be of any further assistance, please let me know.

Sincerely,

JOHN H. DALTON,
Secretary of the Navy.

DOD APPROPRIATIONS BILL AND THE B-1 BOMBER

Mr. PRESSLER. Mr. President, I rise today to speak in support of the B-1 1 Bomber. I am pleased to report that the readiness exercise involving the B-1 bomber, currently taking place at Ellsworth Air Force Base in my home State of South Dakota, is progressing impressively. For those of my colleagues who do not know, this test was mandated by last year's Defense authorization bill. Many doubters believed the test would put the final nail in the B-1 coffin. Fortunately, they were wrong. In fact, 2 months into the test the B-1 is demonstrating a mission capable rate of nearly 85 percent—approximately 10 percent above the standard established by last year's Defense authorization bill.

Because of the success of the test currently being conducted, it is now clear that if the B-1 is provided the parts and logistical support it requires to perform its mission, it can do so with flying colors. However, with the exception of the ongoing test, the B-1 has never been provided adequate funding for spare parts or logistical support.

I am concerned about the Senate version of the fiscal year 1995 Defense appropriations bill. The language in the bill fully funds the request for bomber modification and modernization programs and then fences the funding for all new upgrades pending the completion of a cost and operational effectiveness assessment [COEA]. This fencing will disrupt the Conventional Munitions Upgrade Program [CMUP], which is the overall DOD plan for converting the B-1 to a conventional bomber, for at least a year. The B-1 industrial base will be disrupted during this time frame and a team of 300 dedicated engineers would have to be disbanded.

The committee language fencing fiscal year 1995 appropriations for all new starts would halt the following modifications: first, Cluster Bomb Units; second, Secure Communications Radio; third, Global Positioning System; fourth, Joint Direct Attack Munition [JDAM]; and fifth, Electronic Countermeasures Upgrade [ECM].

These programs are fundamental to converting the B-1 to a conventional bomber. I cannot understand why anyone would want to stop the conversion of the B-1 at this point in time.

A robust bomber force is required for the defense of the United States and for the projection of American power worldwide. The adequacy of our current and projected bomber force is a matter of significant concern to many Members of Congress. I voted in favor of funding a contingency production industrial base program for the B-2. If we are going to consider contingencies to protect the B-2 industrial base, we should, in that same spirit give equal consideration to protecting the B-1. In

the opinion of General Mike Loh, Commander of Air Force Air Combat Command, the funding restriction in the Senate Appropriations Committee language cripples the B-1 upgrade program. In order for the Air Force to perform wartime missions with a significantly reduced force the B-1 must be converted to conventional capability sooner rather than later.

Mr. President, I strongly object to the inclusion of section 8101 in the fiscal year 1995 DOD appropriation bill. I urge my colleagues to reconsider the inclusion of the fencing language in this bill and to level the playing field for all bombers. I urge all conferees to consider carefully action taken today by conferees to the Defense authorization bill: they approved an administration request for $154 million in procurement and $74 million in research to upgrade the B-1 for conventional missions. I urge conferees to the Defense appropriations conference to reject any restriction on conventional upgrades to the B-1 Bomber.

Mr. ROTH. Mr. President, I intend to vote against this appropriations bill. But, before I get into the details of my concerns, I think it is important to recognize and applaud the Appropriations Committee for including $380 million in the bill to give military retirees their well deserved annual cost of living adjustment next April, instead of next October. I remain hopeful that the President will rectify the cost of living inequity through 1999 in next year's budget submission.

Mr. President, I believe the treatment accorded the B-2 bomber typifies the failure of the Congress in tackling the national defense budget. Congress makes a great deal of noise about reducing the defense budget and focusing on core national security needs, but, when push comes to shove, very few Members want to make real cuts. Congress proudly announces to the public that we have cut the unneeded programs, while funding an additional $150 million to keep contractors working on the B-2 bomber, a program that is limited to 20 aircraft, all of which have already been funded. Meanwhile, the Congress is so committed to paying for military contractors to transition into the commercial marketplace that the appropriation bill shorts funds needed to defend against a very real ballistic missile threat in the Korean peninsula and elsewhere.

Mr. President, I am also concerned about a growing double standard in this body. Members of Congress give speeches demanding ever deeper cuts in the defense budget and then rush to the floor to protect weapon systems which are manufactured in their States. If Congress continues with this business as usual approach Congress will, in effect, have arrived at a bipartisan consensus not to make needed adjustments to our national defense budget. Such a position is indefensible at a time of escalating international tension.

Mr. President, 10 days ago, Senator GRASSLEY and I released a GAO report which found that the Defense Department Future Years Defense Plan is underfunded by more than $150 billion. I am concerned that the administration and the Congress continue to avoid the tough decisions that need to be made. Meanwhile, the Clinton administration has sent troops into Rwanda and the Balkans, and we are openly discussing the invasion of Haiti and a major injection of troops into Bosnia. All the while, we face a real danger of a major military conflict in the Korean peninsula. Yet, only $1 billion is included in the 5 Years Defense Plan to cover these costs. The bottom line here is that there is not enough money to pay for the administration's national security strategy. Sooner or later the bills will come in. When they do, tens of billions of dollars will have to be found or the hollow Army of the 1970's will recur.

If we are to avoid a return to the hollow Army of the 1970's, tough management decisions will have to be made. Programs will have to be terminated, not stretched out. Major management reforms will have to occur. To sum up, Mr. President, I cannot support this Defense appropriations bill because it does not incorporate the tough decisions needed to maintain our Nation's security.

IMPACT AID

Mr. EXON. Mr. President, I would like to engage the distinguished chairman of the Defense Appropriations Subcommittee in a colloquy to clarify the Senate's intention regarding the impact aid appropriation to the Department of Defense.

It is my understanding that this bill includes an appropriation of $119 million for impact aid assistance to school districts enrolling large numbers of military-connected children, and that this amount represents an increase of $61 million over the 1994 appropriation.

Mr. INOUYE. The Senator from Nebraska is correct.

Mr. EXON. I also understand that this increase was intended to compensate for a reduction in impact aid funding of the same amount in the Labor, Health and Human Services, and Education appropriations bill for fiscal year 1995.

School districts in my State have expressed the concern that the most effective way to allocate these Department of Defense funds would be to transfer them to the Department of Education, which administers the lion's share of impact aid funding. It also seems to me that it would be better to let the Department of Education distribute these funds than to ask the Department of Defense to develop a larger, duplicative impact aid bureaucracy.

So I ask the distinguished senior Senator from Hawaii if he would agree that the additional $61 million in impact aid funding included in this bill should be transferred to the Department of Education.

Mr. INOUYE. I would agree with the Senator from Nebraska that the purposes of the Impact Aid Program—including meeting the needs of military dependent students—would best be met if these funds ultimately are transferred to the Department of Education.

Mr. EXON. I thank the Senator from Hawaii for that clarification.

Mr. BYRD. Mr. President, I commend the chairman of the Defense Subcommittee, Senator INOUYE, and the ranking minority member, Senator STEVENS, for the outstanding manner in which they have handled this very important legislation. I believe this is the earliest that we have reported and passed a Defense appropriations bill since I became chairman of the Appropriations Committee in 1989.

Balancing the competing interests that vie for attention in the context of the defense bill is becoming a more and more difficult task, since not only are we continuing the down-sizing of the department but more and more activities, particularly in the foreign policy arena, that are looking for funding have come to the Defense Subcommittee for satisfaction. There may have been as many foreign policy amendments that we have addressed in the context of Floor consideration of this measure as there have been amendments dealing with the standard fare in procurement, operations, and research that is the cache of the usual legislative format.

In the context of all these competing demands, however, the Senate could not have been better represented to adjudicate and make fair judgments as to the merits of all these competing claims than by the Senator from Hawaii and the Senator from Alaska, who manage the Defense Subcommittee so effectively. I with I could say the pressures on the subcommittee will be eased, but I fear they will grow in intensity into the future. Pressures on the defense budget and discretionary spending, in general, remain intense and until this government steps up to the agonizing task of reviewing and reforming our entitlement system or, if the economy does an unexpected burst into the black, the situation will remain difficult at best.

Mr. President, I want to point out to all Members that there are some extremely time-sensitive matters, particularly involving our involvement in Rwanda that have been addressed in this measure. I hope that it will be possible to conclude a conference on this measure before the August recess but that is, at best, uncertain. In the alternative, a letter has been sent to the President, signed by me and the distinguished ranking minority member of the full committee, as well as the

chairman and ranking minority member of the Defense Subcommittee, indicating our strong believe that the reporting requirements associated with the Rwanda matter that are included in the bill be addressed by the administration, even in the absence of a conference agreement. The timelines for the remainder of this session and what Congress will, I believe, accept as a duration of the Rwanda operation are very short, and I believe that the reporting requirements will be adopted by the conference committee. If we are going to disengage from Rwanda in a responsible and effective way around the time we adjourn sine die, the administration should act on the reporting requirements in the bill beginning today.

Again, I commend the leadership of the subcommittee for a job well done.

Mr. President, I ask unanimous consent that a letter to the President be printed in the RECORD.

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

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC, August 11, 1994.

THE PRESIDENT,
The White House,
Washington, DC.

DEAR MR. PRESIDENT: On July 29, 1994, the Senate Appropriations Committee reported to the Senate a fiscal year 1994 Supplemental Appropriations measure incorporated in H.R. 4650, the fiscal year 1995 Department of Defense Appropriations Bill. The supplemental would provide $170 million for the Defense Department's Rwanda relief efforts. The bill also establishes congressional policy on the Rwanda relief effort, and requests three time-sensitive reports from the Administration on this matter.

Earlier today, the Senate completed action on H.R. 4650 and included the above-mentioned provisions. We firmly believe that the Congress will adopt this language as it appears in the Senate-passed bill. Therefore, we respectfully urge you to take the necessary actions to ensure that these reporting requirements are met.

Sincerely,

ROBERT C. BYRD,
Chairman,
MARK O. HATFIELD,
Ranking Minority Member,
DANIEL K. INOUYE,
Chairman, Subcommittee on Defense,
TED STEVENS,
Ranking Minority Member, Subcommittee on Defense.

Mr. DOLE. Mr. President, during this debate, much has been said about the state of readiness of our military forces. And many of my colleagues have expressed their concern over the deep cuts the administration is making in defense spending. Both sides of the aisle—Republicans and Democrats—are increasingly alarmed about the effects these cuts are having on readiness, the morale and welfare of our military personnel and their families, and on our industrial base.

Let me briefly summarize what is going on here: According to the Defense Department, the number of Army divisions was cut from 18 divisions under President Reagan, to 12 divisions under President Bush, with President Clinton cutting our Army further to 10 Active divisions. Navy ships will be cut from 546 under President Reagan to just 330 under President Clinton. Air wings will be slashed by almost half—from 24 to 13. And over 620,000 active duty military personnel will be slashed from the Armed Forces this decade. All the way down the line, our ability to fight and win is being dismantled.

Even the Washington Post joined the Washington Times in noting that the President's Defense plan is both inadequate and massively under funded. The fact is, President Clinton's defense plan is simply not sufficient to maintain American security and American leadership. The fact is, the President's defense plan will not meet his declared objectives of fighting and winning two nearly simultaneous major regional conflicts. The fact is, even this inadequate force is not funded.

According to the GAO, the budget shortfall of the so-called bottom-up review force is $150 billion.

I would ask that the full text of these articles be placed in the RECORD accompanying my remarks.

No doubt about it, the President's defense plan is hollow. His defense budget is hollow. And no one should be surprised when our forces become hollow. In fact, the administration's own blue ribbon panel on readiness recently revealed that pockets of unreadiness are already showing up in each of the services.

What is needed is leadership. You cannot just wish threats away. You can't simply hope that other countries are going to meet the challenge for us. You cannot defer American leadership and American responsibilities to the United Nations. America must lead. And to lead, America must be strong.

The administration has failed the test. This is not a serious defense plan—and this is not a serious defense budget.

The distinguished chairman, Senator INOUYE, and the ranking Republican, Senator STEVENS have each sounded a clear warning. And I commend them for their efforts in trying to craft a responsible defense bill from an inadequate budget request. Yet in the final analysis, this is an inadequate bill.

I want to send a message that it is time for the administration to face up to the facts and get serious about our national security.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Times, Aug. 8, 1994]

DEFENSE CUTBACKS HAVE MANY FEARING A LOSS OF READINESS

ALARM SOUNDED EVEN BY LIBERALS

(By Rowan Scarborough)

Rep. Ike Skelton, pro-defense Democrat from America's heartland, was doing some back-of-the-envelope calculations one day this spring and was startled by what the numbers showed.

The Defense Department's so-called Bottom Up Review (BUR), the Clinton administration's forecast of long-range spending, left the Army with 495,000 active-duty soldiers by 1997, about 306,000 of whom could be deployed to regional conflicts.

Since Operation Desert Storm used 275,000 Army troops, Mr. Skelton wondered, how could the Pentagon possibly conduct two regional conflicts nearly simultaneously—the BUR's central thesis.

"It worries me. It worries me," said the plain-speaking Missourian, who influences defense policy as chairman of the House Armed Services subcommittee on military forces and personnel.

"In the briefing I got early on from my friend [Deputy Defense Secretary] John Deutch, it appeared to me you just can't do that with the numbers he's talking about," Mr. Skelton said.

Mr. Skelton has long advocated a fleshy Pentagon budget. So it is not surprising he is yelling ouch every time the Pentagon lops off a few thousand more soldiers or cuts a weapons production line.

Others are giving similar warnings. Sen. Daniel Inouye, Hawaii Democrat, the liberal chairman of the Senate Appropriations subcommittee on defense, says the Pentagon is buying so few new weapons that private industry may not be able to produce future systems.

Commenting on his panel's defense bill for next year, he said: "This bill will buy only 17 combat aircraft. This year the Army will buy no tanks—unheard of. This year the Navy will buy four ships. * * * We are staving off the collapse of the defense industrial base."

Last month, a special task force on readiness comprising eight retired generals and admirals issued a report to Defense Secretary William Perry. Already, they wrote, "pockets of unreadiness" are erupting in the Air Force, Army, Marine Corps and Navy.

The General Accounting Office, Congress' auditing agency, concluded that the Pentagon is $150 billion short of paying for the troops and weapons the BUR envisions.

"There is a general structural problem facing the department," said Larry Seaquist, a former Navy captain who recently retired from a Pentagon policy and is now a private consultant. "They've got the right objective, but continued reductions in the amount of money is really going to continue to place stress on readiness."

Added Mr. Skelton, "Money. Money. It's all money. There's no money for all this."

Some critics say the Pentagon has no intention of meeting some of the BUR's procurement targets. For example, the plan calls for an Air Force bomber fleet of 184 B-1Bs and B-2s. But the Air Force actually plans to field no more than 120 bombers by the late 1990s, according to internal budget documents cited by the Senate Armed Services Committee.

The Clinton five-year plan projects a 346-ship Navy, down 100 from the post-Cold War fleet plan by President Bush. But the figure is not correct there, either. The Navy really

plans a 300-ship fleet, deciding it can make do with fewer repair ships and amphibious assault craft.

No one at the Pentagon wants to utter that awful six-letter word. But occasionally "hollow" is creeping into discussions on how Mr. Clinton's military might look in 1997 as his first term ends.

"Hollow" refers to military units in the post-Vietnam 1970s that lacked the weapons, equipment and trained personnel to make them fully operational. The readiness task force told Mr. Perry, "We are convinced that unless the Congress focus on readiness, the armed forces could slip back into a hollow status."

The question is politically important for the president.

Mr. Clinton campaigned on a platform of cutting the Pentagon's five-year budget by $60 billion more than the Bush plan. But once in office he ended up slashing $120 billion. If the budgeting gamble leads to a damaged armed forces, Republicans may make the state of the military a campaign issue, much as Ronald Reagan did in his successful 1980 campaign.

The Cold War's aftermath has not provided a breather. First there was Desert Storm, requiring 550,000 U.S. troops—the largest overseas deployment since the Vietnam War—to eject Iraqi forces from Kuwait. Then came the 1992 deployment of 30,000 soldiers to Somalia. Now the Pentagon is deploying 3,000 troops to central Africa to care for more than 1 million Rwandan refugees.

And Mr. Perry is talking about a larger role for U.S. forces in Bosnia, seeing a U.S. peacekeeping contingent of more than 20,000 troops if a treaty is signed. His staff has drawn up an invasion plan for Haiti that will require more than 15,000 personnel. And the department plans to bolster 37,000 troops in South Korea if trouble erupts with North Korea.

Humanitarian missions such as Somalia and Rwanda are themselves a drain on readiness. While such operations hone the skills of logisticians and cargo-jet pilots, they take soldiers away from training.

A Pentagon policy-maker said the Army has committed 25 percent of its logistics people to Haiti, Bosnia and Rwanda. "You'd be surprised by the large portion of active duty that is absorbed in what appears to be fairly easy logistical support," the official said.

The task force of retired officers cited several "pockets of unreadiness" that could spread across the armed forces unless the Pentagon and Congress keep a vigilant watch. Their report said the Army, for example, is putting soldiers into jobs for which they are not trained, prompting a patchwork response to servicewide "turbulence" throughout the service.

In an interview, a Navy flier disclosed another potential "pocket." He said carrier squadrons are cutting back on pilot flying hours during the time the unit is awaiting its next sea deployment. "If you don't practice, you don't stay proficient. We're getting minimal, minimal flight hours," the flier said.

A senior Navy official who requested anonymity confirmed the cutback. He said the Navy needs the money to pay for unanticipated steaming hours for ships in the Pacific in a show of force for North Korea and in the Mediterranean to support U.N. troops in Bosnia.

He said the navy is keeping two carriers, the Kitty Hawk and the Independence, on duty in the western Pacific, where normally just one would be operating.

"Readiness will be severely reduced" for some squadrons that are weeks away from a sea deployment, the official said. But he maintained that overall Navy readiness of 85 percent of all forces was only expected to drop 2 percent because of the money shortfall.

Meanwhile, Mr. Skelton is trying to sell a plan for a 12-division Army, instead of 10.

"People should understand the military is an insurance policy," Mr. Skelton said. "You cannot shortchange it. Just because the walls came down does not mean all is well in the world."

CAN THE PENTAGON AFFORD ITS FUTURE

GOALS OF BOTTOM-UP REVIEW IN DOUBT BECAUSE OF BUDGET GAP

(By Bradley Graham and John F. Harris)

Nearly a year after the Pentagon unveiled its grand plan for a slimmer, more versatile military to take the nation into the next century, the strategy is questioned by skeptics who see a growing mismatch between the Clinton administration's national security aims and its ability to pay for them.

The cornerstone of the plan, known as "the bottom-up review," is the assumption that the United States should retain the ability to win two virtually simultaneous regional conflicts the scale of the Persian Gulf War. But doubters within the Pentagon and outside ask whether such a blueprint is workable.

When the plan was released last fall by then Defense Secretary Les Aspin, many skeptics of military spending said it didn't go far enough in scaling back U.S. forces to reflect the more benign post-Cold War world. Increasingly, though, even those who agreed with the goals of the bottom-up review doubt it can live up to its promises.

The concerns center on two main questions: Is the reduced force structure called for in the plan sufficient to fight two major regional conflicts nearly simultaneously? And is the $1.2 trillion the administration plans to devote to defense spending between now and 1999 enough to support the level of force proposed?

The concerns came into sharp focus earlier this year at a training center in Quantico when senior U.S. commanders engaged in a war game to test the two-war scenario.

Victory, they found, depended on assuming—rather unrealistically—that the rest of the world would place no additional demands on U.S. forces during the fighting. Numerous peacekeeping and humanitarian operations in which American troops now are engaged were left out of the exercise.

"There were some soft spots" in projected U.S. capabilities, Adm. Leighton Smith, head of allied forces in southern Europe, recalled at a recent Naval War College forum. "When someone says the plan will work if everything else goes okay, I worry."

Even William J. Perry, who inherited the bottom-up review as Aspin's successor at the Pentagon, concedes that reality is falling short of the plan in some respects. Last month, he told the Navy Times that the United States now couldn't win two nearly simultaneous regional wars. But he said that weapons modernizations—known as "force enhancers"—over the next few years will increase capability.

The debate reflects the absence of consensus on how much of a military the country needs now that the Soviet Union is gone. Liberals were astonished and angry when President Clinton said that there would be no further cuts than those called for in the review. Many military leaders, meanwhile, believed they were being asked to prepare for threats in a still-dangerous world without sufficient resources.

But both sides agree that the gap between Clinton's promise of a robust force at reduced cost and the reality of expensive post-Cold War operations—such as enforcing an embargo of Haiti or helping refugees in Rwanda—is undermining credibility in the bottom-up review.

"It just doesn't work," said Rep. Ike Skelton (D-Mo.), an early critic. "It just doesn't fit the way they say it does."

Just last week, the General Accounting Office told Congress that the Pentagon's $1.2 trillion estimate of the plan's cost is $150 billion short of the real cost over the next five years. The Pentagon agrees there is a gap but says it is closer to $40 billion.

Top Pentagon officials acknowledge that fulfilling the bottom-up review will be a stretch but insist they have no plans to back off it. Defending the program as realistic and achievable, the officials say the plan's biggest virtue may be its central role in structuring how the military, the White House, Congress and others talk about defense in the post-Cold War world.

"That's an enormous achievement," Deputy Defense Secretary John M. Deutch said in an interview. "We see no reason to change the basic framework."

The Clinton administration inherited the two-war strategy from the Bush administration and decided to stick with it, out of both prudence and politics. It was prudent to let potential adversaries know that if the United States got embroiled in one major regional conflict, it could still handle a second. And politically, it was difficult to win congressional acceptance for anything less.

But the Clinton administration is trying to carry out the same strategy with about 200,000 fewer troops and $104 billion less funding over the next five years than President George bush had proposed.

Army divisions and Navy ships are being cut about one-third from 1990 levels, and the number of Air Force wings has been halved. Operating funds, down about a quarter, are not being cut as much as force structure in order to preserve readiness, but procurement has been curtailed 60 percent to keep overall defense spending within limits set by Clinton during the presidential campaign.

Military officers say that has begun to pinch, and they are worried especially about the decline in dollars for weapons modernization.

"The smaller you make the Army, the more modern you've got to make it, and that hasn't happened," said Maj. Gen. Jay Garner, who works on force planning for the Army. He said that there is little doubt the United States could defeat any enemy, but he said reductions in preparedness mean "more casualties than the nation's willing to accept."

Other experts criticize the Clinton strategy as short-sighted, saying it is too focused on planning to refight the 1991 Gulf War more effectively. The real danger a decade or so from now, these experts say, will come from aggressive regional powers that by then will have adopted substantially different strategies and force structures than those anticipated by the bottom-up review.

Andrew Krepinevich, a former Army officer who now heads the Defense Budget Project, said that the military should use the current period of relative peace to invest in new technologies and military doctrines, rather than spending money on the unlikely scenario of two regional wars.

Others say that the bottom-up review calls for spending too much developing new weapon systems, such as the $99 billion F-22 fighter jet program. Expensive weapons development, according to this argument, tends to force commanders to skimp on more important factors, such as training and readiness to use the weapons the military already owns.

"You start cutting on apples and oranges, when it's really the mangoes and avocados that are draining you," said retired Rear Adm. Eugene J. Carroll Jr., director of the Center for Defense Information, a public interest group.

Another frequent criticism of the plan is that it has failed to set priorities between preparing for major regional conflicts and preparing for unconventional operations such as peacemaking. The plan assumes that forces trained for conventional conflicts can be shifted readily to unconventional operations with little or no loss of military effectiveness.

Harlan Ullman, a defense analyst with the Center for Naval Analyses, a federally financed research group, estimates that U.S. military capability will decline by a third by the end of the century. "It's death by a thousand cuts," he said.

Senior Pentagon officials say whether the United States could fight two regional wars nearly simultaneously isn't as important as whether potential adversaries believe it could.

"We were trying to put a marker down," said Ted Warner, assistant secretary of defense for strategy. "It's a planning projection, it's not a prediction."

Besides, as Pentagon officials like to point out, there is a congressional consensus behind the two-war strategy, which makes it particularly useful in trying to protect the defense budget from additional cuts.

But whether the country ultimately can afford the strategy is indeed questionable.

The plan fell more than $31 billion short almost immediately after its unveiling when inflation projections were raised and Congress refused to go along with a military pay freeze recommended by the Pentagon.

Clinton shifted more than $11 billion to the Pentagon in his budget proposals, but a shortfall of $20 billion remains over the next five years.

Defense Department officials figure that higher-than-budgeted increases in military pay will add another $18 billion in unanticipated costs over the next few years, bringing the total shortfall to nearly $40 billion during the life of the bottom-up review plan. But other estimates of the gap have run much higher, figuring lower savings from base closings and management initiatives and higher costs in weapon systems, environmental cleanup requirements and peacekeeping operations.

The funding problem could ease considerably if inflation is lower than projected. Help also could come if substantial savings result from the Pentagon's recent efforts to streamline acquisition procedures and buy more off-the-shelf commercial products.

If not, Clinton faces some options, all unpleasant. He simply could raise the top line on defense spending, although that would mean trimming some nondefense programs.

Alternately, he could further defer military modernization or put off environmental cleanup projects. Or he could push for an even smaller military.

"These would be very painful choices," said Pentagon comptroller John Hamre, "and they would mean that we wouldn't have the same program we briefed on a year ago."

NATIONAL CENTER FOR MANUFACTURING SCIENCES

Mr. SASSER. Mr. President, I rise today in support of the National Center for Manufacturing Sciences. The NCMS helps to reengineer the way we design and build weapon systems by bringing what U.S. manufacturers have learned about commercial practices and global competitiveness to defense industrial base manufacturing.

General Motors and the people of Tennessee design and build the Saturn. It is unquestionably one of the best success stories of the automotive industry. The Saturn program has blazed new trails in manufacturing—creating jobs and spurring economic growth in the process. The NCMS provides the forum in which the Defense Department and its contractors can access and utilize the know-how of General Motors and over 180 leading U.S. corporations to help benchmark, leverage, and modernize manufacturing processes. I hope my distinguished colleagues will support this important effort.

B-1B BOMBER UPGRADES

Mr. DOLE. Mr. President, I want to express my concern over a provision which, in my view, threatens the strength of our bomber force and our Nation's ability to project power. Section 8101 of the committee bill fences the conventional weapons modifications for the B-1 bomber until the completion of a cost-effectiveness analysis.

Now I support the prudent use of our scarce defense resources. But in my view, the question of the utility of our B-1 bomber fleet has been answered. The congressionally mandated test of the B-1 now under way at Ellsworth Air Force Base has demonstrated that the critics of the B-1 are wrong. The readiness rate is running at over 81 percent, which far exceeds the requirement of 75 percent.

The Air Force bomber roadmap and the administration's so-called "Bottom Up Review" validate the requirement for 184 bombers—a logical mix of B-52's, B-1's, and B-2's. In my view, the language in this bill threatens the future capabilities of the B-1 and may result in a bomber force that can't do the job.

The reason for my concern is that the fence applied by this provision prevents the obligation of funds which would outfit the B-1 with cluster bombs, secure communications, an enhanced navigation system, state-of-the-art smart weapons, and other modifications that would make the B-1 a fully capable conventional bomber. A total of $79 million in vital modifications are put in limbo until the completion of the required study. While the committee report "anticipates" completion of this study in time for the congressional budget cycle, no date certain is established. And our experience with such studies suggests that they often take a year or more. In the meantime, the critical industrial base that would support the conversion of the B-1 would be lost.

I applaud the distinguished chairman's desire to build more B-2 bombers, and I support him in that effort. But it seems to me that this provision has the unintended effect of pitting one bomber against another. And the ultimate outcome could be a much smaller and less capable bomber force. The fact is, we need all three bombers.

I ask the chairman and the ranking Republican, Senator STEVENS, if they will seek to remedy this problem in conference. I don't challenge the intentions of this provision; however, in my view, the unintended effects could be devastating.

JPATS AMENDMENT

Mr. DOLE. Mr. President, the amendment I have offered is crafted to preserve the commitment to future security. It is my understanding that the Secretary of Defense is considering slipping the Joint Primary Aircraft Training System for 7 years—over the loud objections of the Air Force. In my view, this would break faith with our future pilots. It would break faith with our future security. And it would break faith with industry.

The J-PATS Program will select and build the next generation pilot training system that will train future Air Force and Navy pilots well into the next century. It is a good program and one that nearly everyone has agreed we desperately need. The reason for this proposed "slip" is money, a problem the administration has inflicted upon itself. And while the administration talks a good game about readiness and training, their actions don't seem to square with the rhetoric.

The President has made the verbal commitment to preserve the best trained, best equipped military in the world. But any decision to skip this program is a breach of that commitment. No one should be surprised when the GAO recently announced that the President's defense plan is underfunded by $150 billion. But the answer to that problem is not canceling more programs—there are very few left as it is. And canceling vital training equipment like J-PATS is even more wrong. It would be mortgaging the future.

During World War II, I remember having to train with a broomstick. There were not enough rifles to go around because America was not prepared. The current primary trainer, the T-37, is nearing 50 years old, and the T-34, while not quite as ancient, has limited life remaining. In my view, these aircraft represent the "broomsticks" of the 1990's. With the current generation of sophisticated aircraft and the next generation soon to come into production, it is wrong to cut corners on training and expect that we will maintain superiority in the skies. We would

be breaking faith with our future pilots, and breaking faith with our security.

Slipping J-PATS also breaks faith with an industry which has invested heavily in this hard-fought competition. We can't continue stringing industry along, forcing them to spend millions to compete, and then pull the rug out from under them. I have heard a lot of talk about erosion of the industrial base, and this is a classic example of how that occurs.

There is nothing wrong with the program. No one has cited it for abuse or mismanagement. To date, J-PATS has been a model program, and I think we should get on with it. We owe it to our pilots and to our future. I urge the adoption of my amendment.

ARMY BREAST CANCER RESEARCH PROGRAM

Mr. LEAHY. Mr. President, every one of us knows someone who has battled breast cancer. Every 3 minutes, another woman is diagnosed, and every 11 minutes, another woman dies from this terrible disease.

We cannot bring back those we have lost to the disease. But we can renew our efforts to beat this enemy for those who are fighting it today and for all women who will face it tomorrow.

That is why I urge Senators to support the continuation of the Army Breast Cancer Research Program, which Senator HARKIN and I worked to fund at $210 million in 1992.

This program has been a resounding success—increasing current research efforts as well as inspiring new efforts on the part of some of the Nation's best and most experienced researchers.

The Army received over 3,000 proposals in response to a solicitation for breast cancer research projects. A successful peer review process funded over 400 of these innovative proposals with the original $210 million appropriated by Congress.

When Army officials briefed me on the program this spring, they pointed out that several hundred additional meritorious proposals were left unfunded. Clearly, there is tremendous interest in this program and many other avenues of research to pursue if we are willing to continue funding this effort.

If funding is not continued in a consistent and committed way, the incentive to plan and pursue new research will be gone, the momentum will be broken, and I fear that we will lose the ground we have gained in battling breast cancer.

As a member of the Appropriations Committee, I worked this year to include report language in the fiscal year 1995 appropriations bill that directs funding for the Army program to continue on-going efforts and encourage new breast cancer research. My language urges the Army to solicit a new round of proposals and initiate another peer review process.

I know that Chairman INOUYE was faced with many program requests and a limited number of dollars this year. I requested that the chairman include $150 million, the same level as the House, for the Army program.

I look forward to working with the chairman and other Senators in conference to increase the current funding level of $60 million so that we can build on the research efforts that are currently underway.

The eradication of breast cancer has become a national priority, but we have a long way to go in this battle. I want my voice to be heard with the many breast cancer survivors, their families and friends in Vermont and across this Nation.

I join with Senators HARKIN, MIKULSKI, FEINSTEIN, D'AMATO, MURRAY and others who have championed this effort to support and continue the valuable work of the Army Breast Cancer Research Program.

MEGAN KANKA—AMENDMENT NO. 2541

Mr. DOLE. Mr. President, last week, America was shocked by the brutal murder of 7-year-old Megan Kanka, who was raped and strangled to death near her home in Hamilton Township, NJ. The police have arrested a twice-convicted sex offender, a neighbor of the Kanka family, who had served just 6 years of a 10-year sentence.

Unfortunately, the Kanka family and the residents of Hamilton Township had no idea that the beast who committed this horrendous crime was out loose in their community. If they had known about the criminal history of Megan's killer, there's a good chance that Megan would still have a childhood—and a future.

The amendment I am offering today targets that small group of predators who terrorize our playgrounds and parks, seeking to harm the most vulnerable in our society. Even after a sexual predator has been apprehended, convicted, sentenced, and incarcerated, there's no guarantee that he will not strike again once he has been released onto our streets.

the amendment is virtually identical to a bill introduced last week by Senator SLADE GORTON and Representatives DICK ZIMMER and JENNIFER DUNN. Representative ZIMMER, in particular, has been extremely helpful to me in explaining his proposal and sharing his insights on how best to target these vicious criminals and to keep local communities informed of their whereabouts.

In a nutshell, the amendment directs the Attorney General to establish guidelines for State programs requiring a sexually violent predator to register a current address with the appropriate State law enforcement agency. Any State that fails to establish a registration program within 3 years could suffer a 10 percent reduction in Federal law enforcement funding. Any funds that are released in this way are then re-allocated to those States that do have registration programs.

Registration with the State law enforcement agency must occur at the time the convicted sex offender is released from prison, placed on parole, or placed on supervised release. The State agency must then transmit this information to the FBI and to the local police department for the community in which the sex offender resides.

The amendment also requires the sexually violent predator to verify his residence with the State agency on a quarterly basis. This should help ensure that local law enforcement officials are kept up-to-date on the whereabouts of those sex offenders who are subject to the registration program.

In addition, the amendment contains a community notification provision. This provision requires State law enforcement agencies to release any information that is necessary to protect the public from a sexually-violent predator.

I know that some of my colleagues view this public notification requirement as a violation of the criminal's privacy rights. Other have described it as a modern-day "scarlet letter." But I happen to agree with one of the Kanka family's neighbors, who recently explained to the New York Times: "An innocent child's rights outweigh a criminal's rights. Posting warnings is a way to extend control beyond the limits of the sentence." The bottom line is that communities like Hamilton Township, NJ, have a right to protect themselves. If someone is so concerned about being branded a sexually-violent predator, he shouldn't commit the crime in the first place.

Finally, Mr. President, I want to thank Senator GORTON and Representative ZIMMER for their efforts on behalf of this amendment. This amendment is really their idea, and they deserve the credit for bringing this important issue to the Nation's attention.

NATIONAL CENTER FOR MANUFACTURING SCIENCES

Mr. DECONCINI. Mr. President, I rise today to speak on the activities of the National Center for Manufacturing Sciences [NCMS]. The report accompanying the fiscal year 1995 Defense appropriations bill, which we are debating today, contains critical language questioning the appropriateness of continued Defense Department funding for the NCMS. I recognize and support the need for ever-increasing scrutiny of funding for Defense Department programs, especially those whose only rationale for receiving funds each year is that they had received funds the year before. There are many programs which fall into this category, but this Senator believes that NCMS is not one of them.

The purpose of the NCMS goes right to the heart of DOD's goal, as stated by

Dr. Anita Jones, the Director of Department of Defense Research and Engineering, when she testified before the Senate Armed Services Committee this past spring that centers such as the NCMS are what we need to assist in the transition from a defense-oriented economy. She stated that DOD's

Vision for the 21st Century manufacturing is for an integrated civil/military industrial base that can provide a flexible response to our needs for a variety of product demands at varying rates, and can reduce the cost of defense components and subsystems from dual-use production lines.

NCMS provides this type of integration. In fact, the program is designed to give the Department access to the manufacturing and research capabilities of all members of the NCMS.

As we move toward refocusing the priorities of the military-industrial complex which has served our Nation's Armed Forces so well for so many decades, we must carefully examine new methodologies and approaches to solve new problems. I think that the NCMS can make a positive contribution toward this end and I am hopeful that the Senate can move closer to the House position during conference.

The PRESIDING OFFICER. Are there further amendments to the bill?

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The Republican leader is recognized.

Mr. DOLE. Let me say, before I send amendment No. 2515 to the desk, that I do not intend to pursue the amendment. I am going to send it to the desk and speak on it briefly and then withdraw the amendment. I am trying to accommodate the managers of the bill.

AMENDMENT NO. 2515

(Purpose: To require the Secretary of Defense to undertake a comprehensive review of the Bottom-Up Review and the Future Years Defense Program and, upon completion of that review, report to the President and the Congress on the proper funding levels and priorities, and for other purposes)

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

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Kansas [Mr. DOLE], for himself, Mr. MCCAIN, Mr. ROTH, and Mr. SMITH, proposes an amendment numbered 2515.

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

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

The amendment is as follows:

At the appropriate place insert the following new section:

SEC. . REVIEW OF THE BOTTOM UP REVIEW AND THE FUTURE YEAR DEFENSE PROGRAM AND ESTABLISHMENT OF NEW FUNDING REQUIREMENTS AND PRIORITIES.

(a) FINDINGS.—Congress finds as follows:

(1) Whereas the Administration commissioned the Bottom Up Review to properly structure the Armed Forces of the United States for the Post-Cold War Era;

(2) Whereas the Joint Staff officer responsible for force planning testified on March 1, 1994, that the Bottom Up Review force structure exposes U.S. troops to a "high element of risk;"

(3) Whereas the Secretary of Defense has testified that the Department of Defense's Future Years Defense Program includes $20 billion more in program funding requests during fiscal years 1996 through 1999 than the defense funding levels in the Administration's budget can support;

(4) Whereas the General Accounting Office reported in July 1994 that the Administration's Future Years Defense Program may be underfunded by as much as $150 billion;

(5) Whereas, the Secretary of the Navy has testified that the Department of the Navy will only operate 330 ships rather than the 346 ships required by the Bottom Up Review;

(6) Whereas, in January 1994, in his Annual Report to the President and the Congress, the Secretary of Defense reported that the Air Force will field approximately 100 heavy bombers rather than the 184 required by the Bottom Up Review;

(7) Whereas the Department of Defense's plans for a major regional contingency in the Far East call for 5 Army divisions and the plans for a major regional contingency in Southwest Asia call for 7 Army divisions, while the Bottom Up Review plans for an Army of only 10 active divisions;

(8) Whereas the Administration's budget assumes the Department of Defense will save at least $6 billion from procurement reform;

(9) Whereas the first and second rounds of the Base Realignment and Closure Commission have not yet achieved the level of savings initially estimated, and the 1995 base closure round may cost significantly more than is assumed in the Administration's budget;

(b) REQUIREMENT.—

(1) The Secretary of Defense shall, within 30 days after enactment of this legislation, initiate a review of the assumptions and conclusions of the President's Budget, the Bottom Up Review, and the Future Years Defense Program;

(2) Not more than 60 days after the review described in (b)(1) is initiated, the Secretary of Defense shall submit to the President and to the Congress a report detailing the funding level required for the defense and national security of the United States;

(3) The President shall, when submitting to the Congress the budget for the United States Government for Fiscal Year 1996, submit a defense budget for fiscal year 1996 and a Future Years Defense Plan which represents the funding level described in (b)(2).

AMENDMENT NO 2515, AS MODIFIED

Mr. DOLE. Mr. President, I send a modification to amendment No. 2515 to the desk.

The PRESIDING OFFICER. The Senator has that right.

The amendment is so modified.

The amendment (No. 2515), as modified, is as follows:

At the appropriate place insert the following new section:

SEC. . REVIEW OF THE BOTTOM UP REVIEW AND THE FUTURE YEAR DEFENSE PROGRAM AND ESTABLISHMENT OF NEW FUNDING REQUIREMENTS AND PRIORITIES.

(a) FINDINGS—Congress finds as follows:

(1) Whereas the Administration commissioned the Bottom Up Review to properly structure the Armed Forces of the United States for the Post-Cold War Era;

(2) Whereas the Joint Staff officer responsible for force planning testified on March 1, 1994, that the Bottom Up Review force structure exposes U.S. troops to a "high element of risk;"

(3) Whereas the Secretary of Defense has testified that the Department of Defense's Future Years Defense Program includes $20 billion more in program funding requests during fiscal years 1996 through 1999 than the defense funding levels in the Administration's budget can support;

(4) Whereas, the General Accounting Office reported in July 1994 that the Administration's Future Years Defense Program may be underfunded by as much as $150 billion;

(5) Whereas, the Secretary of the Navy has testified that the Department of the Navy will only operate 330 ships rather than the 346 ships required by the Bottom Up Review;

(6) Whereas, in January 1994, in his Annual Report to the President and the Congress, the Secretary of Defense reported that the Air Force will field approximately 100 heavy bombers rather than the 184 required by the Bottom Up Review;

(7) Whereas the Department of Defense's plans for a major regional contingency in the Far East call for 5 Army divisions and the plans for a major regional contingency in Southwest Asia call for 7 Army divisions, while the Bottom Up Review plans for an Army of only 10 active divisions;

(8) Whereas the Administration's budget assumes the Department of Defense will save at least $6 billion from procurement reform;

Whereas the first and second rounds of the Base Realignment and Closure Commission have not yet achieved the level of savings initially estimated, and the 1995 base closure round may cost significantly more than is assumed in the Administration's budget;

(b) REQUIREMENT.—

(1) The Secretary of Defense shall, within 30 days after enactment of this legislation, initiate a review of the assumptions and conclusions of the President's Budget, the Bottom Up Review, and the Future Years Defense Program;

(2) Not more than 60 days after the review described in (b)(1) is initiated, the Secretary of Defense shall submit to the President and to the Congress a report detailing the funding level required for the defense and national security of the United States;

(3) The President shall, when submitting to the Congress the budget for the United States Government for Fiscal Year 1996, submit a report to Congress stating whether the national defense budget submission differs in any respect from the funding level described in (b)(2), and if so, describing in detail each such difference and the reasons for such differences.

Mr. DOLE. I ask unanimous consent to add Senator ROTH of Delaware and Senator SMITH as cosponsors.

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

Mr. DOLE. Mr. President, the amendment Senator MCCAIN and I have introduced is simple and straightforward. The legislation requires the Secretary of Defense to reexamine both the Bottom-up Review and President Clinton's future years defense program and report to Congress on the force structure required to provide for an adequate defense for our Nation. It further requires the President to adequately fund that

force structure. Senator MCCAIN and I have raised this issue because despite all of the rhetoric, we have neither an adequate force structure nor Defense budget. According to the military experts, the force represented in the Bottom-up Review is inadequate to meet our stated national security needs. And according to the administration's own experts, even that force is massively under funded.

I have heard the President's statement about providing a strong defense, fielding the best equipped fighting force, and supporting our fighting men and women. The President has stated that he would cut Defense no further. He has endorsed the Bottom-up Review as the guiding document for our Armed Forces for the post-cold war era. And he has assured us that the Bottom-up Review force is adequate for fighting two major regional contingencies, or MRC's, nearly simultaneously.

While I have listened to the President's promises, I am concerned about the impact of his actions. In the State of the Union Address on January 25, 1994, President Clinton stated that the budget he would send to Congress would draw the line against further defense cuts. Let us be clear about what this means. It means that the President remains committed to the huge cut of over $127 billion which he sent the Congress last year. The President's 5-year defense plan calls for an additional decline in defense spending of 10 percent in real terms. Regarding these additional cuts, the distinguished chairman of the Armed Services Committee said, "if these additional hidden reductions are not reversed, I believe that they will seriously erode the future capability of our military services." I share this view and that is what this amendment is all about—to put the Senate on record about this point.

The fact is, we are entering the 10th consecutive year of defense cuts. The Defense budget before us, as reflected in this bill, represents a reduction of approximately 33 percent from the 1985 Defense budget. By the end of the administration's future years Defense program, defense spending will have fallen by over 43 percent since fiscal year 1985. We are not cutting defense—we are gutting it.

According to a recent GAO report, the President's Defense plan is under funded by about $150 billion. This is no surprise to Defense experts, but it is the first quantitative evidence of the actual magnitude of the shortfall. The fact is that President Clinton's Defense budget doesn't support his own force structure.

The Secretary of the Navy testified that the Department of the Navy will operate only 330 ships, as opposed to the 346 ships called for in the Bottom-Up Review. Additionally, the President's budget request would have funded only 100 bombers during fiscal year 1995 and only 80 bombers in the out years. This, despite the Bottom-Up Review's requirement for 184 bombers. It is a fact that the Bottom-Up Review is underfunded and it appears that this administration, while making statements about commitment to a strong defense and demonstrations of support for our troops, is willing to do little if anything to address that problem. The result is the exposure of our fighting men and women to a greater level of risk.

The facts do not support the administration's assurances that the Bottom-Up Review force structure is sufficient to fight and win two major regional contingencies nearly simultaneously. One of the most glaring deficiencies is the fact that the number of army divisions called for by the president's strategy will not meet the military's stated needs for fighting and winning a major regional contingency in the Far East and a major regional contingency in Southwest Asia. During the gulf war, the United States deployed seven divisions plus two armored cavalry regiments to Southwest Asia. Recently, General Luck testified that a major regional contingency on the Korean peninsula would require at least 400,000 military personnel to reinforce the United States forces already assigned to south Korea. If the United States had to face these two wars "Nearly simultaneously", the Army would not be able to deploy all the troops required. Remember that at the same time the United States is fighting these major regional conflicts, it also would have to maintain at least one division in Europe to meet our NATO requirements. Additionally, we cannot forget the humanitarian missions and peacekeeping operations to which this administration has committed us. The administration's Army force structure simply will not allow us to fight and win two MRCs nearly simultaneously and meet all of our other responsibilities.

In summary, the funding plan does not support the force structure, and the force structure will not do the job.

During World War II, it took this Nation and our Allies almost 2 years to amass the troops and material needed for victory. The simple fact of the matter is that we will never again have that kind of time to prepare for war. You can be sure that our enemies have learned from the mistake of Saddam Hussein. The next time we face an aggressor, that aggressor will not allow us 6 months to prepare for the fight.

Look at the war in Bosnia, Saddam Hussein in Iraq, the nuclear build up in Iran, and the situation on the Korean peninsula. It should be obvious to all of us that the world is still a dangerous place. The amendment Senator MCCAIN and I have proposed goes a long way toward ensuring that our forces remain prepared to meet any future threat. I urge my colleagues to support this amendment.

Mr. ROTH. Mr. President, ten days ago Senator GRASSLEY and I released a General Accounting Office report that reveals a huge gap between the Pentagon's resource needs and the availability of funds. That report found that the current Future Years Defense Plan, which was derived from the Bottom Up Review, is unaffordable. The Clinton administration is reluctant to either get rid of the weapons and forces that are unaffordable or transfer the necessary funds into the Defense budget. So, rather than cutting costs, the Pentagon has cut the cost estimates. With the unrealistically low cost estimates, the administration is misleading itself and the American public on how much defense capability the Defense budget will buy.

Mr. President, the Congress bears some of the blame for this problem. For example, the Congress refuses to kill one of the most expensive, outdated, poorly managed, cold war programs in the entire budget—namely, the *Seawolf* submarine program. But, the administration must bear responsibility for not funding the forces its own Bottom-up Review determined to be needed to fulfill our National Security needs. The GAO report documents that the Defense Department Future Years Defense Plan is underfunded by more than $150 billion.

Mr. President, I am concerned that the administration continues to avoid the tough decisions that need to be made, rather than correcting the problem. Less than a month ago, it was reported that the Deputy Secretary canceled his directive that $25 billion be cut from the Defense budget. Sooner or later the bills will come in. When they do, tens of billions of dollars will have to be found or the hollow Army of the 1970s will reoccur.

Meanwhile, under the Clinton administration, troops have been sent into Rwanda and the Balkans, and we are openly discussing the invasion of Haiti and a major injection of troops into Bosnia. All the while, we face a real danger of a major military conflict in the Korean peninsula. Yet, only $1 billion dollars is included in the 5-year defense plan to cover these costs. The bottom line here is that there is not enough money to pay for the administration's national security strategy.

If we are to avoid a return to the hollow Army of the 1970s, tough management decisions will have to be made. Programs will have to be terminated, not stretched out. Major management reforms will have to occur.

Mr. President, I urge my colleagues to support the amendment offered by Senator DOLE. The issue here is accountability. We trust the administration with providing a national security strategy and with costing out the

forces needed to fulfill that strategy. The Bottom-up Review was a major undertaking for the administration. It determined the set of forces needed to achieve the President's national security strategy. But, it is nothing less than reckless for the administration to implement its strategy when it has not provided the requisite funding.

Mr. McCAIN. Madam President, I thank Senator DOLE for his continued efforts to stop the erosion of our Nation's defenses, our capabilities, and our readiness. Madam President, there are some lonely voices out there, but I believe that, in the viewpoint of people who are wiser than I, soon we are going to face a crisis in our national security interest, and our ability to protect our national security interest and the readiness of our Armed Forces, and the quality of the men and women that man it.

Madam President, I ask unanimous consent that Senator WARNER be added as a cosponsor.

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

Mr. McCAIN. Madam President, to repeat, the amendment would require the Secretary of Defense to review the defense budget as well as the Bottom-Up Review assumptions and force levels.

The Secretary would be required to report to the President and the Congress on the funding required to ensure the national security of the United States.

Finally, the President would be required to submit a fiscal year 1996 defense budget which provides for the funding described in the Secretary's report.

Madam President, one of the most respected organizations here is the GAO. The GAO released a study last month estimating that the future years' defense plan in order to comply with the Bottom-Up Review which was carried out by former Secretary of Defense Aspin and former Chairman of the Joint Chiefs, Colin Powell, we are $150 billion short, $150 billion less than what was required to maintain the forces that were envisioned after extensive review by some of the most respected men in America just about 2 years ago.

It cites the following shortfalls in the administration's budget: $21.6 billion in inflation and negative adjustments in R&D; $32 billion in projected savings that may be only partially realized; $112 billion in potential cost increases for base closures, weapons system costs, personnel pay, environmental remediation, and peacekeeping operations.

The GAO report calls into question the Department of Defense's claim that they are only $20 billion underfunded. That they were $20 billion underfunded would be alarming in itself.

I remind my colleagues for $243 billion in this bill, we are acquiring 17 fixed-wing combat aircraft, 4 combatant ships, total. That is what we get for $243 billion, 17 fixed-wing aircraft, 4 ships. In addition to that there are 63 Blackhawk helicopters, 6 Apache helicopters, and 6 C-17 airlift air carriers; no tanks, armored personnel vehicles, none of the other equipment you would think might come from a $243 billion defense budget.

It reminds me a little bit of a story I read recently about the Cambodian Army. They have something like 3,000 generals and 7,000 colonels, and no soldiers.

What I am saying is that we are spending money on all kinds of things, except to procure the weapons of war and the capabilities with which to defend this Nation's vital national security interests.

It is obvious that the Department of Defense's 5-year plan requires more money than is being provided. The amendment that Senator DOLE proposed would require an indepartment study of the adequacy of funding in the 5-year defense plan to pay for the Bottom-Up Review force, and it would ensure that the President allocates sufficient resources to national security.

Again, I was heartened not long ago when the President of the United States said: Tell Congress not to cut defense any more. And both sides of the aisle at the President's speech stood and applauded the President's statement.

The fact is we continue to cut defense. In fact, we not only cut it, as we did because of the Exon-Grassley amendment, which cut $500 million out of this year's defense budget, but we also shift moneys around in an incredible degree. And, of course, one of the worst and outrageous actions that I think has been taken recently is the movement of $490 million. Not only after $500 million was cut off the defense budget, there was the movement of $490 million out of other defense into military construction.

Why is that so egregious? We know that military construction is needed on our bases. It is so egregious because we are about to convene a base closing commission which is going to close more bases ever in the history of this country, more than the last two base closing commissions did, and we know full well there will be bases that will be closed in your State, Madam President, and possibly in mine, and there are military construction projects going on while the bases are being closed. It does not make any sense.

Meanwhile, the USS INCHON spent 6 months off of Somalia with 2,000 Marines on board in that task force, sitting out there doing nothing, in the most difficult conditions. They come back to North Carolina to their home port. They spend 10 days with their wives, families, children, and friends, et cetera, and they are called back after 10 days and sent to sea again where they still remain to this day.

Why do they remain there? Because we did not have any other ships. The Department of Defense said we had to turn them around and in a 10-day timeframe span at home.

Madam President, do you know how much money these people are making? An E-1, that is the lowest rank, earns $9,533 a year, little more than $1,000 in allowances. Sergeants earn less than $20,000, while a few earn more than $25,000.

The military services estimate that some 20,000 enlisted service members and their families are now eligible for food stamps. And we are putting them to sea and keeping them at sea and away from their families. Then we expect to maintain a quality All Volunteer Force. I am sorry. It does not compute. It does not match up. You cannot do it.

So, yes, I thought it was outrageous, and I say this in all due respect to my friends on the Appropriations Committee that we would take $490 million out of overall defense and put it into military construction at a time when we knew that many, many bases are going to be closed in this country. We could have at least delayed that a year until we saw the results of the base closing commission. We could have waited.

I gave the other day the percentages, I might add, of the members of the Appropriations Committee and the percent of those military construction add-ons in the House of Representatives. If my memory serves me correctly—I will get the numbers here—72 percent of the add-ons in the MilCon came from the projects in the Member's State—72 percent of all dollars added for unrequested military construction projects will be spent in the States of the 60 Representatives who serve on the House Appropriations Committee, and 29 percent of the U.S. Senate. That is 66 percent of the added dollars. That is not coincidence.

Madam President, the major weapons system is clearly underfunded. The defense bill, as I said, contains 17 fixed-wing combat aircraft, 4 combatant ships. Procurement funding according to GAO is projected to $38 million shortfall to the next 5 years.

As I mentioned already, the base closing commission in 1995 will be draconian. I do not like to see it. I do not want to see a base in my State closed. Those who oppose the base closing commission, let me point out we have reduced our forces by 40 percent and we have reduced the base structure by only 15 percent. That does not make sense either.

These priorities in the administration and here hurt our national security, as I said, but most of all it impacts the men and women in the military.

Military pay increases have lagged 8 percent behind inflation in the last 10

years and 12 percent behind the increases in pay in the private sector.

I mentioned the lowest enlisted rank get $9,533 a year, sergeants earn less than $20,000.

These servicemen are exceptionally dependent on the base exchanges and commissaries and other support facilities.

The proposed budget last year called for a 1-year freeze on military pay and benefits in 1994 and a 1 percent reduction in the annual pay raise based on the economic cost index. And 200,000 military personnel last year left the military service. Enlisted voluntary separations in the Army—most of which involved no real choice by the individual involved—rose from 66,000 in 1992 to 128,000 in 1994. Air Force separations of all kinds rose from 43,500 to 63,000. Up to 400,000 additional men and women and their families will now have to leave military service by the end of 1998. Up to 400,000 additional men and women and their families will have to leave the military service by the end of 1998. We cannot continue to ask our servicemen and women to continue in this fashion.

READINESS IS SUFFERING

The significant and continuing budget cuts have already resulted in the first signs of declining readiness.

I am seriously concerned about the deleterious impact of the rapidly declining defense budget on the readiness of our military forces, as well as on the daily lives of the men and women who serve in our Armed Forces and their families.

The report of the Defense Science Board Task Force on Readiness—which was appointed by former Secretary Aspen—dated June 1994, makes some very cautious statements concerning how to avoid a future "hollow" armed forces. The report refers to "pockets" of unreadiness that exist today, and states: "We observed enough concerns that we are convinced that unless the Department of Defense and the Congress focus on readiness, the armed forces could slip back into a 'hollow' status."

I might add, as most of my colleagues know, that organization, that board, was composed of retired military people who are some of the most respected individuals that the military has had the privilege to have serve.

In testimony before the Senate Armed Services Committee and in other public fora, our highest ranking military officers have expressed concern about the serious declines in readiness now evident:

Air Force depot maintenance backlog is currently at $868 million, and Army's depot maintenance account is only funded at 62 percent of requirements.

Marine Corps is suffering severe cutbacks in combat training and in sustainability because funds and time are being redirected to support peacekeeping operations.

Navy afloat inventories have been reduced 40 percent since 1989 as a result of a desire to save money on spare parts by centralizing storage ashore; but this means that a ship at sea requiring repairs will now have to sit idly while the necessary parts are transported to their location.

Army aviator training is funded at only 76 percent of requirements, a level insufficient to make any progress in redressing the shortfall in skilled Army aviators identified in Operation Desert Storm.

Cuts in base operations funding have reduced the standard of living of our troops, which translates quickly into lowered morale and reduced readiness.

GOING HOLLOW * * * A REAL LIFE EXAMPLE

The President recently ordered the deployment of soldiers and sailors of the U.S.S. *INCHON* Amphibious Ready Group to deploy to Haiti only days after their return from 6 months in Somalia. That decision, we are told, was necessary because we did not have another unit that was adequately prepared to take on the task.

Last week, the Secretary of Defense and the Chairman of the Joint Chiefs testified to Congress that a study had been undertaken in the Pentagon to review the possibility of decreasing normal 6-month deployments. This decrease in deployment time would be required in order to keep more assets on hand to react to the growing number of regional crisis in the world. We are already looking at changing the way the U.S. military conducts business in order to accommodate declining defense budgets and escalating commitments.

These examples illustrate the need for increased operation and maintenance funding.

NONDEFENSE SPENDING IN THE DEFENSE BUDGET

Another disturbing trend in the defense budget is the inclusion of billions of dollars of spending which is not directly related to military capabilities.

The cost of conducting peacekeeping operations consumes billions of dollars every year. The administration requested $300 million in this year's budget to pay our U.N. assessment for worldwide peacekeeping operations, traditionally funded out of the State Department budget. Fortunately, it appears that saner heads have prevailed and these funds will not be provided from the DOD.

The Congressional Research Service recently prepared a study of the costs of nondefense activities funded in the Defense budget during the 6-year period fiscal year 1990–95. Their results are astonishing: Environmental remediation—nearly $24 billion; defense conversion and dual use programs—nearly $12 billion. In total, the CRS reported $52 billion in spending for nondefense programs.

OTHER "MUST-PAY" BILLS ARE UNDERFUNDED

DOD is forced repeatedly to seek supplemental funding or reprogramming authority to pay for day-to-day operations in support of expanding commitments throughout the world. Additional funding is required to offset the costs of sending troops to Rwanda, maintaining a no-fly zone over Bosnia, and forming a possible Haiti invasion force.

More importantly, additional funds are necessary to reinforce our troops currently in South Korea and improve their readiness to repel any aggression from the North.

There are many pressing military requirements that lack sufficient funding. These requirements must be identified, and resources must be provided to pay for them.

I would like to commend the Appropriations Committee and the managers of the bill. There are a number of excellent provisions in the Senate bill.

MILITARY PAY RAISE

The bill before the Senate fully funds a 2.6 percent pay raise for military personnel—redressing a serious shortfall in the President's budget submission.

The full military pay increase is essential to maintaining the high-quality All-Volunteer Force we have today.

I would also like to express my appreciation to the Committee for the COLA Equity issue.

The bill before the Senate also provides funding to redress the inequity in retired pay COLAs between Federal civilian and military retirees.

The Authorization conference includes a provision to restore the military retiree COLA to April 1, the same date as that authorized for civilian retirees.

I commend the Appropriations Committee for allocating full funding to pay these costs.

TRP

Since the inception of the program, I have been concerned that it would be used as a slush fund to prop up failing businesses or to reward politically connected organizations with defense grants and contracts.

The Appropriations Committee has acted to establish controls on this giveaway program by including very strong language requiring the Department of Defense to certify that projects funded with TRP dollars must have served some military purpose.

The authorization conference contains similar language and additionally requires the General Accounting Office to review TRP awards and identify the military utility, or lack thereof, of each of the projects funded in this account.

Again, I commend the Appropriations Committee for acting to constrain the TRP program.

UNIVERSITY RESEARCH

In the past, these funds have been a source of pork barrel funding and were earmarked for specific universities.

This year, the House halved the funding for this account, and resisted the impulse to earmark the remaining funds.

While the Senate restored a significant portion of the House cut, it, too, resisted the urge to specify the universities to whom such funds were to be granted.

I would support a lower level of funding for university research, because I believe these funds should be better spent for training, or modernization, or quality of life improvements for military personnel.

I commend the Appropriations Committees of both Houses for their responsible approach to such funding. I hope that the conference agreement on this bill will reflect the same discipline.

However, the bill provides, in my view, an inadequate level of funding for the Department of Defense.

I cannot overlook the egregious examples of wasteful, unnecessary, and nonmilitary spending of scarce defense dollars that are contained in both the House and Senate versions of this bill.

I have identified more $2.1 billion in earmarked and add-ons in the House bill, and nearly $1.9 billion in the Senate bill, which represent the most egregious examples of congressional pork barrel spending.

PROLIFERATING INDUSTRIAL BASES

The Congress has developed a proclivity to set aside slush funds to preserve so-called "defense industrial bases."

This practice started with the *Seawolf* submarine, when Congress provided $540 million to preserve the submarine industrial base. Today, the American taxpayer is burdened with paying for two $5.2 billion submarines, and possibly a third boat, which have no military utility in the post cold war world.

DOD has failed to provide any leadership in this area. Nearly 4 years ago, the Congress directed DOD to prepare a report on the defense industrial base—a report which has never been completed. Congress must have the benefit of DOD's views in order to make educated judgments about the need for the proliferating number of industrial base funds that are being set up.

I say again, Madam President, the Department of Defense, 4 years ago, should have provided an industrial base report to this Congress. They have failed to do so, so they are responsible, to a large degree, for this proliferation of so-called defense industrial base funding.

The House version of the Defense Appropriations bill included $481 million for new industrial base set-asides.

For example, as if $540 million for the submarine industrial base was not enough, the House included $1 million for a submarine main steam condenser industrial base, $2 million for a ship propulsion shafting industrial base, $4.5 million for a submarine navigation radar system industrial base, and another $13.5 million for other submarine-related technologies as an industrial base set-aside.

The House also included $30 million for a radiation resistance electronics [RRE] industrial base.

Rumor has it that an MRE industrial base is being established. The House bill does include $2 million for MRE cold pasteurization/sterilization, perhaps a start on an MRE industrial base. It also earmarks $2.8 million for combat rations advanced manufacturing technology demonstration.

The Senate bill is more restrained, but includes $150 million for a bomber industrial base, $35 million for a tank engine industrial base and $2.5 million for a reentry vehicle industrial base.

We have to stop this business of calling everything an industrial base. We cannot fund everything in the world. We have a combat boot industrial base, I believe, or some version of the same in the House bill. We cannot keep this up. The Department of Defense has to tell us which defense industrial bases have to be maintained and the Congress has to respond in a responsible manner.

This is an absurd waste of money to prop up faltering industries which may or may not represent vital sectors of American industry necessary for our future defense requirements. I hope the conferees on the Defense appropriations bill will drop these unwise provisions during their deliberations.

While the House version of the bill contains only suggested uses for defense conversion funds, a thin ruse to avoid a charge of earmarking.

Examples of such House non-earmarks include: $400,000 for Georgia Tech Center for International Defense Conversion, and $4 million for Georgia Tech Plasma Arc Remediation; $100,000 for Berkshire County Regional Employment Board; $5 million for San Diego State University Conversion Center; $2.5 million for San Gabriel Valley Community Development Corporation; $500,000 for Hunters Point Civilian Job Training in Environmental Remediation; $2.5 million for Southeast Regional College Network, Florida; $364,000 for Southwest Virginia Advanced Manufacturing Technology System; $10 million for Great Lakes Environmental Manufacturing Technology Center; and $3.5 million for California Goldstrike Program.

Now we understand better, Madam President, why we are purchasing only 4 combatant ships and 17 fixed-wing aircraft.

The House included real earmarks in this account, totaling $102.65 million. For example: $1 million for the Great Lakes Composites Consortium sonar production dome project; $6 million for the joining Center; $5.4 for the Gulf Coast Region Maritime Technology Center; $1 million for the Manufacturing Producibility Center at the Louisville, Kentucky site of the Naval Surface Warfare Center, Crane Division; and $1 million for the National Center of Excellence in Ship Hull Design and Electrical Systems.

Again, the Senate bill does not contain such earmarks. I urge my colleagues to hold their position in conference.

Madam President, I want to point out three of the committee amendments which cause me concern. I do not intend to challenge them but I am concerned about them.

First, on page 23, lines 5 through 14:

Committee amendment would provide $2.5 million to sustain operations at the William Langer Plant in Rollette, North Dakota.

The plant is a government-owned facility which manufactures jewel bearings. The military requirement for jewel bearings is essentially nonexistent at this time, but Congress has been adding money to the defense budget for many years to support the continued operation of this plant.

The Committee report notes the economic depression in this area of North Dakota and states that the funding is provided to allow the plant to continue to operate until it is converted to a privately owned fiber optic producer.

The amendment takes money from the Armament Retooling and Manufacturing Initiative, effectively making it into a slush fund for failing businesses.

It is highly likely that Congress will be asked to continue propping up this failing enterprise in the future. We cannot afford to spend scarce defense dollars to prop up failing businesses in economically depressed areas of the country. The funding should be deleted.

Second, on page 135, lines 9 through 19:

The Committee amendment directs the Navy to reimburse the Muckleshoot Indian Tribe Auburn, WA, for costs incurred in preparing and submitting a base reuse plan for Puget Sound Naval Air Station.

If approved, this would set a precedent for any other Indian tribe, or homeless or community organization, to submit claims to DOD for their costs in preparing base reuse plans.

The committee amendment should be deleted.

Third, on page 137, lines 10 through 15:

The Committee amendment appropriates $11.2 million to pay the cost-of-living raises for Coast Guard uniformed personnel.

Committee staff advises that this funding is necessary because the Defense authorization bill approved a full pay raise for all uniformed personnel, which is deemed to include Coast Guard. Further, Committee staff argues that, because of their military roles, Coast Guard personnel may be paid out of DOD funds.

The last I heard except in time of war the Coast Guard was under the Department of Transportation. It seems to me that their pay should be taken care of out of the Department of Transportation budget. I think we are setting a very bad precedent if we are paying now for the salaries of members of the Coast Guard who fall under the authority of the Department of Transportation, except in time of war.

Madam President, the hour is late. I know there are others who want to speak. In deference to the two managers of the bill who have been here for a very long time, I will resist further diatribe except to say that we better understand that we cannot afford these things. We are shortchanging our military in every way. It is not really sexy to vote for a cost-of-living adjustment for a man or woman in the military. It is not real exciting to spend more money on operations and maintenance. It does not do much good back home when you allocate more money so pilots can maintain and air crews can maintain their efficiency through increased training hours.

But all of those things are what makes the difference between the U.S. military and every other in the world. I suggest that when we start this routine again next year, we be even more careful.

I would also like to say to both the managers of the bill I think that this is a better bill than last year. I think there are some significant improvements. But I believe we have a great distance to go. And I believe, also, that we have that obligation as we continue to see reductions in our defense budget and an increase in our national security challenges throughout the world and an increase in deployments of our military to far-off places, many of which we never heard of at this time last year, and an increase in requirements to use U.S. capabilities in defense of peace and freedom throughout the world.

Madam President, I ask unanimous consent to add Senator DOMENICI and Senator SMITH as cosponsors.

The PRESIDING OFFICER (Mrs. BOXER). Without objection, it is so ordered.

Mr. McCAIN. I ask unanimous consent at this time to withdraw the Dole amendment.

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

The amendment (No. 2515) was withdrawn.

The PRESIDING OFFICER. The Senator from Alaska.

AMENDMENT NO. 2518

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

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska [Mr. STEVENS], for Mr. DOLE, for himself, Mr. LIEBERMAN, Mr. McCAIN, Mr. MOYNIHAN, Mr. WELLSTONE, Mr. EXON, Mr. FEINGOLD, Mr. HATCH, Mr. DECONCINI, Mr. LUGAR, and Mr. HELMS proposes an amendment numbered 2518.

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

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

The amendment is as follows:

At the appropriate place, add the following:

SEC. . TERMINATION OF ARMS EMBARGO.

(1) TERMINATION.—The President shall terminate the United States arms embargo of the Government of Bosnia and Herzegovina no later than November 15, 1994 so that Government may exercise its right of self-defense under Article 51 of the United Nations Charter.

(2) DEFINITION.—As used in this section, the term 'United States arms embargo of the Government of Bosnia and Herzegovina' means the application to the Government of Bosnia and Herzegovina of—

(A) the policy adopted July 10, 1991, and published in the Federal Register of July 19, 1991 (58 F.R. 33322) under the heading 'Suspension of Munition Export Licenses to Yugoslavia'; and

(B) any similar policy being applied by the United States Government as of the date of receipt of the request described in paragraph (1) pursuant to request described in paragraph (1) pursuant to which approval is denied for transfers of defense articles and defense services to the former Yugoslavia.

(3) RULE OF CONSTRUCTION.—Nothing in this section shall be interpreted as authorization for deployment of United States forces in the territory of Bosnia and Herzegovina for any purpose, including training, support, of delivery of military equipment.

Mr. STEVENS. I ask unanimous consent amendment No. 2518 be withdrawn.

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

The amendment (No. 2518) was withdrawn.

Mr. STEVENS. Madam President, parliamentary inquiry, does that dispose of all the amendments the Senator from Hawaii and I submitted yesterday on behalf of our respective Members?

The PRESIDING OFFICER. All amendments have been disposed of. That is correct.

Are there further amendments?

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. Is there a request for the yeas and nays at this time?

Mr. STEVENS. Mr. President, I ask for the yeas and nays on the final passage of H.R. 4650.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. INOUYE. Madam President, I ask unanimous consent that H.R. 4650 be temporarily set aside and that the Senate proceed into executive session to consider the nomination of Janet Yellen, with the nomination considered under the conditions and limitations of a previous unanimous-consent agreement; provided further that upon disposition of the Yellen nomination and the Senate returning to legislative session, and without intervening action, the Senate vote on passage of H.R. 4650, the DOD appropriations bill.

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

EXECUTIVE SESSION

The PRESIDING OFFICER. Under the previous order the Senate will go into executive session to consider the nomination of Janet L. Yellen, of California, to be a Member of the Board of Governors of the Federal Reserve System.

NOMINATION OF JANET L. YELLEN, OF CALIFORNIA, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The assistant legislative clerk read the nomination of Janet L. Yellen, of California, to be a Member of the Board of Governors of the Federal Reserve System.

The PRESIDING OFFICER. Under the previous order, 15 minutes will be under the control of the chairman of the Committee on Banking, Housing and Urban Affairs or his designee; 15 minutes under the control of the ranking member or his designee; and 15 minutes under the control of the Senator from North Dakota [Mr. DORGAN], or his designee.

The Senator from North Dakota.

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

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. Madam President, I thank the Presiding Officer. I rise as chairman of the Senate Committee on Banking, Housing and Urban Affairs to support the nomination of Janet Yellen to serve as Member of the Board of Governors of the Federal Reserve system for a term of 14 years.

Clearly, this is a very important position, and I think the President has chosen wisely in selecting this nominee.

I want to say before yielding to my colleague from North Dakota, I am

going to defer further comment about this nominee. I know my friend from North Dakota has concerns about the Federal Reserve Board and the composition of its membership, and I am very respectful of his concerns and his view. I want to hear his views. So I am going to reserve the remainder of my time and listen to what he has to say. I can elaborate on this nominee's qualifications and why I think she will be an exceptionally good member of the Board.

Having said that, I am interested in hearing the views of my colleague from North Dakota. I reserve the remainder of my time.

Mr. DORGAN addressed the Chair.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. DORGAN. Madam President, I will not utilize all of the time allotted to me, but I do want to speak briefly about the Federal Reserve Board. I did not want us to confirm another member of the Board of Governors for the Federal Reserve System without a vote and without a discussion.

I should say that I intend to vote for the nomination of Dr. Yellen. I think there is much to commend Dr. Yellen about her background and her views. I should also say at the same time that I hope in the future when we consider Federal Reserve Board nominees, we will have a real discussion and a real debate about monetary policy in this country.

It is interesting that you cannot have a real debate or a thoughtful discussion about monetary policy in this country today. It does not matter what the views of a Fed appointee might be. When they come to the committee, they have to say certain things so as not to upset the financial market. The market determines what we say around here these days. You have to have a certain language, and conform to a certain view. You have to say the right kind of buzz words so as not to run the market off in some wild direction. These days the market reminds me of a wild-eyed horse I used to have when I was a kid. The least little thing seems to set it off—often without substance—in some weird direction.

I was alarmed to read in today's paper that Dr. Greenspan recently testified on the Hill that the Fed is starting to pay more attention to the market because it has more of a view of what is happening with respect to inflation and the future than some of the indices that we now use.

I can give you chapter and verse of how the market has behaved over the years. You can go back to the tulip scandal in the 1600's and go to the junk bond scandal in the 1980's to figure out where the market is and what kind of signals they give you about what is right or wrong.

I'd like to show you, if I can, the Federal Reserve Board makeup as we discuss this subject. Again, I am going to be brief. I wanted to show my colleagues, as we discuss who is going to serve on the Board of Governors, who runs monetary policy in this country today. The reason I think it is important is that four times this year they have increased interest rates and they are fixing on Tuesday of this coming week to come to town and increase interest rates once again.

That is a tax on every American family, and they will do it in secret. Most Americans will not know who they are. If we were to increase a tax, we would do it with public debate, and there would be a tremendous outcry. But that is not true of monetary policy. They will extract a tax from every American family and do it with no discussion or no thoughtful debate.

Whose interest do they serve? There are five presidents of Federal Reserve regional banks who will vote next Monday. They are noted by the yellow stars. They will cast a vote on monetary policy next Tuesday. They run the regional Federal banks and they serve a board of directors. They serve regional bankers; that is who is on their board; that is who they owe their jobs to. They will come to town, unappointed, unconfirmed, unaccountable to anybody but their boards and bankers. Yet, they make decisions about interest rates that all of our constituents will pay.

Quickly, let me run through a couple charts. Let us look at what has been happening in this country. There is no evidence that a serious threat of inflation is imminent. In fact, inflation is low and has been falling for 3 straight years in a row. Again, remember, we have had four interest rate hikes in recent months to combat inflation. Here is what is happening to inflation in this country.

Mortgage interest rates, you see what has happened here. Once the Fed decided it was going to protect its big money bank interest and fight an inflation that does not exist, we see the tax on American families with the increase in mortgage interest rates.

Employer's cost of labor are the lowest in 12 years. You see this chart. Do we have inflation coming from an increase in labor costs? Not that I can tell. Unit costs of labor are low and falling.

So what is happening here? What is happening is monetary policy in this country is made in secret by the Federal Reserve Board, by the Board of Governors and by the Fed Open Market Committee. Probably all good people. I do not know most of them, but the fact is they have a constituency and they represent them well.

I have said before that I would really prefer my Uncle Harold have a shot at serving on the Federal Reserve Board but, of course, Uncle Harold does not qualify. He does not have a Ph.D. in economics, does not have a background of having worked for the Fed at some point in his life. He has made some house payments, and knows about interest rates, but they would never put him on the Fed.

I would like just once, and I hope in the future when we take a look at new candidates for the Federal Reserve Board, to have a real debate about interest rates or monetary policy in this country. In the 1800's, from barber shops to bars, they debated monetary policy in America, and it was healthy. In fact, there would not be any likelihood of a vote on the floor tonight on this subject unless some of us who cared—the Senator from Maryland, and others, the Senator from Nevada, Senator REID—decided we probably ought to vote on this.

We have a confirmation vote on Supreme Court nominees. It is very important. Federal Reserve Board members affect the lives of every single constituent in my State and every single constituent in every State in this country. And yet not a handful of Americans know their names or what they stand for or whose interest they serve.

Dr. Yellen, as I have indicated, is a person with an excellent background. I visited with Dr. Yellen by phone today. I exchanged letters with Dr. Yellen. I raised some questions about the impact of global market activities on interest rate policy decisions.

You know, it is interesting. When we talk about trade agreements, it is a global economy—NAFTA, GATT, "It is all global," they say. So when we talk about interest rates, they say, "Gee, you know what's happening? Too many Americans are being employed. As a result, we are starting to see upward inflationary pressure."

I say, "Aren't the corporations hiring from the world's hiring halls? Gee, that's what I thought the global economy was about. Aren't consumers buying refrigerators from the world's factories?"

"Oh, that's different."

It is a global environment when you talk about trade, but it is a different measurement when you talk about interest rates and monetary policy. I raised these questions with Dr. Yellen, and she indicated to me they were interesting questions and questions not really very well addressed these days by mainstream economists.

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

Mr. DORGAN. I will be happy to yield.

Mr. SARBANES. The Senator's charts on unit labor cost and inflation rate actually support the very argument he has been making. We have some good growth. The Fed says we have inflation, we need to slow the growth down. We need the growth and we need the jobs.

Where is the inflation? The Senator put up the chart and showed inflation is low and falling. He put up another chart to show the unit of labor cost, the best they have been in 30 years.

So exactly the point the Senator is making is substantiated by what the statistics show us.

Mr. DORGAN. I appreciate the Senator's comment. Let me make one additional point. We went through wrenching debate and agonizing debate in this country last year trying to put together a deficit reduction plan—taxes and spending cuts and a whole range of things that were very difficult—a plan to put this country back on a track toward economic growth.

So we got the economy started again. We started to gear up toward cruising speeds to get the American economic engine working to employ people and give us an opportunity. And guess what? The Fed members meet behind closed doors in secret and decide to raise interest rates. I might add that the Fed is the only dinosaur left that meets in secret that I know of, and they made a decision to put the brakes on the American economy. Too many Americans are employed. This economy is growing too fast for our tastes. We worry about the "over the horizon." We have a view that no one else can quite see and a danger that is not picked up on the charts.

Well, what is happening I think is unfortunate for the American families who are looking for work amd the families who are going to have to pay a higher mortgage because of the action of the Fed.

The Senator from Nevada and I, the Senator from Maryland and others have talked about reform of the Federal Reserve Board, and I am going to push that. I have cosponsored and sponsored that legislation in the House and the Senate. We need to do something to make the Fed more accountable to the American people.

No, I am not saying we ought to take monetary policy over in the political halls of this country or in the Chambers of the House and Senate. That is not what I am saying at all. But no longer should we have decisions that are important, that affect all of our families in this country, made in secret by people who I think represent a constituency that is different than the constituency I see.

Madam President, I am going to vote for Dr. Yellen. I am anxious to have her come to town and look forward to meeting with her. I do say again you are going to hear a lot more from me, and I hope others, on the floor about the Fed.

I would say one more thing. When these folks come trotting down next week, the ones with the yellow stars, and they sit down in the closed room of the Board of Governors and decide they want to tax every American once again in a higher interest rate because they see something that does not exist, I am going to be here on the floor of the Senate showing their picture to the American people so that we all know who is doing it and get a chance to evaluate why they are doing it. This sort of thing in my judgment needs to change, and I hope this discussion tonight may be the first step on the road to that change.

Madam President, I yield the floor.

Mr. RIEGLE. Madam President, if I may, I appreciate what the Senator has said.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. RIEGLE. I think and say that I share some of the same concerns that he has expressed here both in terms of the way policy is made, what the result of some of that policy has been, and the whole process by which we reach out and look at possible candidates for the Federal Reserve Board now and in the future.

I do want to say with respect to Ms. Yellen that her job qualifications are excellent. She has been a highly regarded economics professor at the University of California, Berkeley now for 14 years. She serves on the panel of economic advisers for the Congressional Budget Office and on the Brookings panel on economic activity. Much of her professional work has focused on improving our understanding of unemployment problems in this country and business cycles and how they work.

She has also been very active in looking at a number of important international financial trade issues. She has taught a course at Harvard and the London School of Economics.

But I would say, in a sense even more importantly, 3 weeks ago we held a hearing on her nomination. We questioned her for more than 2 hours, so this was not a routine discussion. We attach the same importance to these nominees as the Senator from North Dakota properly does. And we pressed her very hard on these questions because they are matters of grave concern to us as well.

I thought she gave us very good answers. She made it clear that she feels strongly that we ought to be driving toward maximum employment in our economy with moderate long-term interest rates, without kicking off an inflationary spiral. Clearly, her work in that area has been very strong, and her sensitivity was there and it was obvious to me.

I must tell Senators I was listening very carefully on that point because we suffer from high interest rates in my State, in Michigan, probably as much as any State. I quite agree with the Senator that interest rates, high interest rates, themselves are inflationary. You can refer to them as, in a sense, a form of taxation, if you will, if they are higher than they need to be.

High interest rates are by their very nature inflationary because they add to the cost of things as the cost of credit gets factored into prices of things, whether it is a home mortgage or a car loan or whatever it might be.

You have a hard time squeezing that admission out of members of the Federal Reserve Board, that high interest rates themselves, even if offered as an anti-inflationary strategy, can in fact themselves add to the inflationary pressure. And the Fed does not do a perfect job.

During the last recession, as Senator SARBANES pointed out as skillfully as anyone else along with Senator SASSER, you had a situation where the Fed during that recession adjusted interest rates 23 times and, frankly, never got it right in terms of sort of getting us out of that condition, not that they could do it all by themselves. Monetary policy obviously had a lot to do with it, in terms of the degree to which you might help foster a turnaround in the business cycle, an upswing in better employment prospects. So the record is far from perfect.

If you a had a car that was not running right and you took it down to the service station to get it fixed, and they worked on it, charged you, and you paid the bill, and you brought it home and it still did not work right, and you took it back 23 times, after a while you would start to wonder if they knew what they were doing.

I think it is fair to say that that was part of the history of this long recession that we finally have come out of since the Clinton administration has come to town and we have put a budget package in place, and we have started to make some progress. We have seen employment go up, unemployment numbers come down, and we have not seen a re-igniting of inflation, as the Senator points out.

But without prolonging that debate, I can attest to the Senator in my own view I think this is a solid candidate. The Senator has indicated he plans to vote for her. But I thought the Senator's points were well taken and they are not lost on me as chairman of the committee.

Mr. DORGAN. If the Senator will yield, I was not chagrined at the effort by the committee.

Mr. RIEGLE. I understand.

Mr. DORGAN. I think you folks on the committee care as much as I do about this.

With respect to whether the Fed is right or wrong, you expect them to be right occasionally. As the old saying goes, even a stopped clock is right twice a day. You would expect them to stumble into the right answer on occasion, if nothing else. But the Fed using the indices it uses would measure a hurricane as a source of national economic growth. Hurricane Andrew was one-half of 1 percent of economic

growth in this country because you do not measure the damage; you measure the construction. A car accident outside the Capitol would be viewed as a source of economic strength, in indices the Fed would use. Somebody is going to be employed to fix a fender. Of course, they would not count the damage to the fender.

My only point is I want this to change.

The Senator from Maryland I know wants to speak.

Mr. RIEGLE. Let me yield him the balance of my time, if I may.

Madam President, I yield the remainder of the time I have to the Senator from Maryland, who, of course, not just serves on our committee accordingly but has served previously as chairman of the Joint Economic Committee.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Madam President, what is the time situation?

The PRESIDING OFFICER. There are 8 minutes remaining.

Mr. SARBANES. Madam President, first of all, I wish to commend the very able Senator from North Dakota for the statement he has just made. The American people need to understand how important to their daily lives the members of the Board of Governors of the Federal Reserve are, and the various presence of presidents of Federal Reserve banks who sit on the Open Market Committee. The 7 members of the Board of Governors are on the Open Market Committee and 5 of the 12 presidents of the Reserve banks are on that committee, and they rotate. So one year one will be on, another year another will be on.

As the Senator from North Dakota pointed out, the presidents of the Reserve banks, the regional banks, are picked by private interests. They make public policy, but they are picked by private interests to make public policy.

Now, the Board of Governors is different. The Board of Governors is nominated by the President and confirmed by the Senate, so they get a legitimacy in a democratic system to make public policy by their nomination by the President and their confirmation by the Senate.

That is not true of these presidents of the Federal Reserve banks, and I think that is a very important disconnect in our system, very frankly. If it was up to me, I would think they should not be on the Open Market Committee and just the Board of Governors ought to make these decisions.

Of course, if you get on the Federal Reserve, you get a 14 year term—14 years. I think the Senator is right to say these are important positions and we ought to have a vote on them, much like we do on people who go on the Supreme Court of the United States.

Now, I agree with his economic analysis. We put a fiscally restrained policy into place last August to bring down the budget deficit. That in effect constrains the economy, so you say, well, where will you get the impetus for the economy to grow and to get economic growth and jobs?

Well, we assumed it would come from low interest rates, from an accommodating monetary policy. For years, the Fed and others have been telling the Congress you have to get the budget deficit under control. Well, that is exactly what we did a year ago, with some very tough decisions in this body.

Interestingly enough, a lot of the people who complained the most about the deficit, when it came to voting the tough decision to do something about it, were not there to do it. They will be out here for a balanced budget amendment to the Constitution, but when you come along and say, well, now here is a package, we are going to do serious spending cuts, we are going to raise some additional revenues in order to reduce the deficit, they are not to be seen or heard from.

In any event, we did that. We had an accommodating monetary policy. Interest rates were low. The economy began to grow. Beginning in February, the Fed started taking up the interest rates. And they have now gone on long-term rates, 30-year mortgage rates, from under 7 percent to almost 9 percent. So if you are a young couple wanting to buy a home, you may not be able to afford it at the current interest rates.

They sort of shrug their shoulders and, say, "Too bad." I sort of say, why are these young people who want to buy a home being denied the opportunity? What is it in the economic circumstance that calls for the higher interest rates when, as the able Senator's chart shows, there is no inflation problem? In fact, it is the best performance in 30 years. Unit labor costs are the best in 30 years. And, yet, they are dampening down the economy when we need the economic growth and when we need the jobs. The unemployment rate is still above 6 percent.

So I commend the Senator from North Dakota for his statement. I agree with him. These matters ought to be debated. The Federal Reserve ought not simply to make pronouncements sort of in a cloud of smoke. Actually Volcker did that more than Greenspan because he smoked that cigar. So he comes in and makes his statement, and with the sort of cloud of smoke that accompanied it.

But there are in some circles in this country the assumption that, if you question the judgments or the policies of the Federal Reserve, somehow you are outside of the proper bounds of political discourse. "Oh, they are trying to politicize the Fed." We are not trying to politicize the Fed. But we think the Fed ought to lay out a rationale and a justification for the policies it is taking and that it ought to be a reasonable matter for debate.

The economic journals are full of articles criticizing the Fed's policies and supporting the Fed's policies. So it is obviously a subject of reasonable debate. The newsletters from the investment houses, although biased toward the Fed, some are critical of the Fed's interest rate policies. Others support it. If it can be debated on Wall Street, why should it not be debated here in the Congress with more of a concern for Main Street? The last time the Fed took the rates up, the Chamber of Commerce, mind you, said that they were worried that Main Street was being sacrificed to Wall Street. And I worry about that as well.

Let me just very briefly turn to the nominee that is before us. I appreciate the fact that the able Senator from North Dakota has separated the broader and very important point I think he is making about monetary policy, and about debating it, about the secrecy with which the Fed operates, about the undemocratic nature of the presidents of these regional banks being on the open market committee. He has separated those very important issues from the question of this nominee because I do think that Janet Yellen is qualified. I do think she ought to go on the Board of Governors. She was approved by the Banking Committee by a vote of 18 to 1.

I think a brief review of her background makes clear that she is highly qualified to serve on the Board of Governors. She received her BA from Brown University, as a summa cum laude. She graduated with the highest honors in economics with a Phi Beta Kappa. She received the National Science Foundation Graduate Fellowship and went on to Yale where she got her Ph.D. 4 years later.

So she holds a Ph.D. in economics from Yale. She has been an assistant professor of economics at Harvard; a lecturer at the London School of Economics; and she has been now for some number of years professor of international business and trade at the School of Business of the University of California at Berkeley, since 1980. She has taught international and macroeconomics in the MBA and the executive education programs of that school. She has received the Distinguished Teaching Award at the University of California at Berkeley.

She is recognized in the profession as one of the highest quality. She is published widely in the fields of macroeconomics and international economics.

Actually, much of her work is focused on understanding the causes of unemployment and how they may be alleviated. I think the analytical talent she brings to the Federal Reserve is second to none. I think she has an understanding of the impact of economic

policy decisions on the lives of everyday people.

I commend the President for nominating a person of this caliber to go on the Board of Governors. This is a very distinguished, very able, very serious-thinking person. And I for one look forward to her service on the Federal Reserve Board.

STATEMENT ON THE NOMINATION OF JANET L. YELLEN

Mr. D'AMATO. Madam President, I rise today to support the nomination of Janet L. Yellen to serve on the Board of Governors of the Federal Reserve System. Madam President, Ms. Yellen is well qualified for the position.

Educated at the distinguished Brown University, and later earning a Ph.D. from Yale University, Ms. Yellen has demonstrated a mastery of economics and monetary policy. Through her extensive published research and her prior service at the Federal Reserve as an economist in the Division of International Finance, she has demonstrated her analytical skills to assist the Fed in its complex mission as the central bank and its control over monetary policy.

More importantly, Madam President, Ms. Yellen has openly expressed the importance of securing the independence of the Federal Reserve Board. Congress has devised a system where the Federal Reserve is accountable to the Congress and can best serve the American people by focusing on long-term growth. Ms. Yellen has pledged her support to this cause.

Madam President, I recommend that this body support the nomination of Ms. Janet Yellen to the Board of Governors of the Federal Reserve.

STATEMENT ON THE NOMINATION OF JANET YELLEN

Mr. RIEGLE. Madam President, I rise in support of the nomination of Janet Yellen to serve as a member of the Board of Governors of the Federal Reserve System for a term of 14 years. This is a very important position, and I think the President has made an outstanding choice.

Federal Reserve Board members have the principle responsibility within the government for economic stability. Their goal is to maintain a healthy rate of growth in jobs while permitting only a low rate of growth of prices. It is a difficult job and a vitally important one. Mistakes, when they occur in policy formulation and adjustments, can be extremely costly. The recession we have just essentially recovered from cost us more than $700 billion in lost production over a 4-year period. It took the Fed 23 policy changes to finally get interest rates low enough for that recovery to proceed. We cannot expect the Fed to avoid recessions entirely, but I think it is fair to say that the Fed's decisions can have a powerful effect on how costly recessions are and how frequently they occur.

The Federal Reserve also has other significant tasks. It is the principal Federal regulator for a large share of our state-chartered banks. It supervises, and partly operates, our financial payments system. And the Fed has perhaps the primary role in avoiding any systemic financial market failures.

Federal Reserve Board members have a number of noteworthy issues to resolve, together with the other financial regulators. These include finding a way to significantly consolidate our bank regulatory agencies and ensuring that public risks posed by the private use of derivatives are limited and under a reasonable degree of supervision and control. In my view, the Fed must also do a far better job of enforcing and applying our community reinvestment and fair lending laws. There has been progress in that area but it has been slow in coming.

This nominee's qualifications for the job are excellent. She has been a very highly regarded economics professor at the University of California at Berkeley for 14 years. She serves on the panel of economic advisors for the Congressional Budget Office and on the Brookings Panel on Economic Activity. Her work has focused on improving our understanding of unemployment and business cycles. And she has also examined German reunification, trade responses to exchange rate changes, income distribution, and a variety of other issues. She has also taught at Harvard and the London School of Economics.

Three weeks ago, the banking committee held a hearing on this nomination and questioned Ms. Yellen for more than 2 hours. She gave us very good answers. When asked whether monetary policy should focus exclusively on fighting inflation, she said that she believed the Fed needs to be focused on maximum employment, and moderate long-term interest rates, as well as inflation. With respect to the Fed's next policy move, she said she had no predisposition to act in either direction: to lower interest rates to forestall a recession or to raise them if signs of emerging inflation appear.

I think this is a nominee who understands what the consequences of a weak economy are to real people. She has spent a large portion of her career studying unemployment. As she told our committee:

> The toll of unemployment, like that of a regressive tax, falls most heavily on groups in the workforce that are least able to bear the burden. Young workers deprived of gainful employment may have careers which are permanently stunted because they cannot develop the skills which are critical to their long-term job prospects.

She also pointed out that because a weak economy reduced the incentive and ability of firms to make investments, "high unemployment harms long-term living standards."

But she also understands the dangers of inflation. She told us:

> The recession of 1982–83 illustrates the enormous price that workers and businesses paid to bring inflation under control after it built up in the 1970's. Having incurred such a high price to lower inflation then, it would be foolhardy now to squander the fruits of this effort.

I think she is someone with balanced views and a superb background. The banking committee voted 18–1 to report her nomination favorably and I urge my colleagues to confirm this nomination speedily.

Mr. DORGAN. Madam President, I yield the remainder of my time.

Mr. STEVENS. Madam President, I yield back the time of the Senator from New York.

The PRESIDING OFFICER. The question is, Shall the Senate advise and consent to the confirmation of the nomination of Janet L. Yellen, of California, to be a Member of the Board of Governors of the Federal Reserve System? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The result was announced—yeas 94, nays 6, as follows:

[Rollcall Vote No. 281 Leg.]

YEAS—94

Akaka	Feingold	McConnell
Baucus	Feinstein	Metzenbaum
Bennett	Ford	Mikulski
Biden	Glenn	Mitchell
Bingaman	Gorton	Moseley-Braun
Bond	Graham	Moynihan
Boren	Gramm	Murkowski
Boxer	Gregg	Murray
Bradley	Harkin	Nickles
Breaux	Hatch	Nunn
Bryan	Hatfield	Packwood
Bumpers	Heflin	Pell
Burns	Hollings	Pryor
Byrd	Hutchison	Reid
Campbell	Inouye	Riegle
Chafee	Jeffords	Robb
Coats	Johnston	Rockefeller
Cochran	Kassebaum	Roth
Cohen	Kempthorne	Sarbanes
Conrad	Kennedy	Sasser
Coverdell	Kerrey	Shelby
Craig	Kerry	Simon
D'Amato	Kohl	Simpson
Danforth	Lautenberg	Smith
Daschle	Leahy	Specter
DeConcini	Levin	Stevens
Dodd	Lieberman	Thurmond
Dole	Lott	Warner
Domenici	Lugar	Wellstone
Dorgan	Mack	Wofford
Durenberger	Mathews	
Exon	McCain	

NAYS—6

Brown	Grassley	Pressler
Faircloth	Helms	Wallop

So, the nomination was confirmed.

The PRESIDING OFFICER. Under the previous order, the motion to reconsider the vote is laid upon the table, and the President will be notified of the Senate's action.

LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

DEPARTMENT OF DEFENSE APPROPRIATIONS ACT

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

The legislative clerk read as follows:

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

The Senate continued with the consideration of the bill.

The PRESIDING OFFICER. The question occurs on the passage of H.R. 4650, as amended. The bill having been read the third time, the question is, Shall it pass?

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

The PRESIDING OFFICER (Mr. WOFFORD). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 86, nays 14, as follows:

[Rollcall Vote No. 282 Leg.]

YEAS—86

Akaka	Exon	Mathews
Baucus	Faircloth	McConnell
Bennett	Feinstein	Metzenbaum
Biden	Ford	Mikulski
Bingaman	Glenn	Mitchell
Bond	Gorton	Moseley-Braun
Boren	Graham	Moynihan
Boxer	Gramm	Murkowski
Bradley	Grassley	Murray
Breaux	Harkin	Nickles
Bryan	Heflin	Nunn
Bumpers	Helms	Packwood
Burns	Hollings	Pell
Byrd	Hutchison	Pryor
Campbell	Inouye	Reid
Chafee	Jeffords	Riegle
Coats	Johnston	Robb
Cochran	Kassebaum	Rockefeller
Cohen	Kennedy	Sarbanes
Conrad	Kerrey	Sasser
Coverdell	Kerry	Shelby
D'Amato	Kohl	Simon
Danforth	Lautenberg	Simpson
Daschle	Leahy	Specter
DeConcini	Levin	Stevens
Dodd	Lieberman	Thurmond
Domenici	Lott	Warner
Dorgan	Lugar	Wofford
Durenberger	Mack	

NAYS—14

Brown	Hatch	Roth
Craig	Hatfield	Smith
Dole	Kempthorne	Wallop
Feingold	McCain	Wellstone
Gregg	Pressler	

So the bill (H.R. 4650), as amended, was passed.

The PRESIDING OFFICER. Under the previous order, the Senate insists on its amendments, requests a conference with the House and the Chair appoints the following conferees.

The Presiding Officer (Mr. WOFFORD) appointed Mr. INOUYE, Mr. HOLLINGS, Mr. JOHNSTON, Mr. BYRD, Mr. LEAHY, Mr. SASSER, Mr. DECONCINI, Mr. BUMPERS, Mr. LAUTENBERG, Mr. HARKIN, Mr. STEVENS, Mr. D'AMATO, Mr. COCHRAN, Mr. SPECTER, Mr. DOMENICI, Mr. NICKLES, Mr. GRAMM of Texas, Mr. BOND, and Mr. HATFIELD conferees on the part of the Senate.

MORNING BUSINESS

Mr. FORD. Mr. President, I now ask unanimous consent there be a period for morning business, with Senators permitted to speak therein for up to 10 minutes.

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

SEQUENTIAL REFERRAL—S. 2344

Mr. FORD. Mr. President, I understand that on August 9, 1994, the Committee on Labor and Human Resources reported S. 2344, Calendar No. 549, a bill to authorize appropriations for the National Science Foundation. I ask the bill be sequentially referred to the Committee on Commerce, Science, and Transportation pursuant to the order of March 3, 1988.

The PRESIDING OFFICER. The bill will be so referred.

APPOINTMENT BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, on behalf of the President pro tempore, pursuant to Public Law 99-498, reappoints William C. Hiss, of Maine, to the Advisory Committee on Student Financial Assistance for a 3-year term effective October 1, 1994.

UNANIMOUS-CONSENT AGREEMENT—S. 2082

Mr. FORD. Mr. President, I ask unanimous consent that at 9:30 a.m. Friday, August 12, the Senate proceed to the consideration of Calendar No. 501, S. 2082, the intelligence authorization, and that it be considered under the following limitations:

That the committee amendments be agreed to, en bloc, without debate; that there be a 60 minute time limitation for debate on the bill; with up to 20 minutes of that time for opening statements of the managers, that the following be the only floor amendments in order to the bill and that they be considered under the time limits specified; that no other amendments be in order except where specified; provided further that they be relevant to the subject matter of the amendment to which offered; with all time for debate equally divided and controlled in the usual form; and that any second degree amendments be allotted the same time limits as the first degree amendment to which offered:

A managers' amendment (text of S. 2056)—1 hour; with second-degree amendments in order thereto;

Warner amendment relating to a Commission—40 minutes with the time divided as follows: 25 minutes equally divided and controlled and 15 minutes allotted to Senator SPECTER;

Two amendments to be offered by Senator NUNN which are relevant with a time limitation of 1 hour on each;

DeConcini amendment which is relevant—30 minutes that upon disposition of the listed amendments, the bill be read a third time, and the Senate then proceed to Calendar No. 529, H.R. 4299, the House companion; that all after the enacting clause be stricken and the text of S. 2082, as amended, be inserted in lieu thereof, that the bill be advanced to third reading and passed; that upon disposition of H.R. 4299, the Senate insist on its amendment, request a conference with the House on the disagreeing votes of the two Houses and that the Chair be authorized to appoint conferees; that upon disposition of H.R. 4299, both S. 2082 and S. 2056 be indefinitely postponed, with the above occurring without intervening action.

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

ENERGY AND WATER DEVELOPMENT APPROPRIATIONS ACT, 1995—CONFERENCE REPORT

Mr. FORD. Mr. President, I ask the Chair to lay before the Senate the conference report accompanying H.R. 4506, the Energy, Water appropriations bill; and that the Senate then proceed to its immediate consideration; that the conference report be adopted and the motion to reconsider be laid upon the table, with the above occurring without intervening action; provided further that upon adoption of the conference report, the Senate concur, en bloc, in the House amendments to the Senate amendments numbered 2, 4, 8, 28, 48 and 49.

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

Mr. FORD. Mr. President, I submit a report of the committee on conference on H.R. 4506 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The Legislative clerk read as follows:

The Committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4506) a bill making appropriations for energy and water development for the fiscal year ending September 30, 1995, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

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

(The conference report is printed in the House proceedings of the RECORD of August 4, 1994.)

Mr. JOHNSTON. Mr. President, I am pleased to present the conference report on the fiscal year 1995 Energy and Water Development appropriation bill. This conference report on the bill, H.R. 4506 passed the House of Representatives by a vote of 393 yeas to 34 nays, on August 10, 1994.

The conference on this bill held on August 4, 1994, and the conference report was printed in the CONGRESSIONAL RECORD of August 4, 1994. Of course, the printed conference report has been available since that time also. Therefore, I will not undertake to elaborate on the disposition of all the items that were in conference.

The conference agreement provides $20,662,402,000 in new budget obligational authority. This amount is $20,236,000 less than the President's budget request. It is $136,892,000 over the House passed bill, and $19,894,000 less than the Senate passed bill. The principal reason for this difference is that the 602(b) allocation was $140 million higher for the Senate bill. The conference bill is within the 602(b) allocation for both budget and outlays.

Title I of the bill provides appropriations for the U.S. Army Corps of Engineers' Civil Works Program. The conference agreement provides $3,408,919,000 which is $43,515,000 less than the House bill and $17,354,000 more than the Senate bill.

For title II, the Bureau of Reclamation in the Department of the Interior, the conference agreement includes a total of $881,399,000. This is $2,221,000 less than the House passed bill and $11,985,000 more than the Senate passed bill.

A total of $15,901,676,000 is provided in title III for the Department of Energy programs, projects, and activities. Of this amount, $10.3 billion is for atomic energy defense activities which is $367,000 below the House passed bill and $29,452,000 below the Senate passed bill.

Mr. President, one of the major differences between the House and Senate bills was the integral fast reactor [IFR], also known as the advanced liquid metal reactor [ALMR]. The Senate position was to continue the research on actinide recycling while terminating the reactor program. The House position was to immediately terminate the program and shutdown EBR II without completing the research phase of the program. As Members will recall, we had an excellent debate in the Senate and our position to complete the research prevailed. However, the House voted three times to terminate the program as proposed by the President and the Department of Energy. In the face of the House's repeated votes against the program, the conferees have agreed to terminate the program. A total of $83,800,000 is provided for shutdown of EBR II and termination beginning this fall, as proposed by the House. In the termination process, the Department is to maximize the research on actinide recycle, and as proposed by the administration, should retain such facilities as necessary, especially the pyroprocessing facilities, to provide for alternative missions at Argonne National Laboratory in Idaho and Illinois. The Department is encouraged to identify alternate funding sources for the unfunded alternative missions at Argonne's facilities in Idaho and Illinois.

Another of the major differences, concerns the magnetic fusion energy program and what we call the TPX construction line item. TPX is the Tohamak physics experiment at Princeton University, a new machine estimated to cost about $800 million to construct and about $1 billion to operate over its life. It is a part of the larger International Tohamak experimental reactor or ITER which will cost about $10 billion to construct and about $10 billion to operate. So in this program, we would be faced with a $22 to $25 billion program to further develop magnetic fusion. I am determined that the Congress, the administration, and the White House, have an eyes-wide-open debate and decision in going forward with this program. I support it, and believe we should go forward. I am also determined to avoid another SSC debacle by doing what I can to see that we have a commitment to the program, especially because of the enormous sums involved, and to have an international process and agreements on the ITER project.

The conferees have agreed that TPX will proceed with design activity only including industrial participation in the engineering design and research and development and includes $42,000,000 for this activity. The conferees recognize the very significant scientific accomplishments of the deuterium-tritium [D–T] experiments on the Tokamak fusion test reactor [TFTR] in support of the ITER design, and it is the intent of the conferees that these important experiments continue until construction of TPX is approved. Therefore, in fiscal year 1995, $65,000,000 is provided for continuation of TFTR experiments. $8,000,000 is included for the PBX–M program. With regard to TPX design, the Department of Energy is directed to use standard, phased industrial contracts for these design activities, with options for construction that would permit continuity and would allow the project to be completed in the most efficient and cost efficient and cost-effective manner. $2,000,000 may be used for the purchase of long lead-time superconducting material critical to maintaining the schedule of the project.

The conferees also provide $52,000,000 for the DIII–D Tokamak facility and $8,700,000 for the Inertial Confinement Fusion program including an increase of $2,000,000 for the induction linac systems experiment [ILSE] to enable this program to proceed on a timely and cost-effective schedule.

I recommend to the Senate that this conference report be approved promptly so as to complete action on this appropriation bill and clear it for the President's consideration and approval.

Mr. President, I wish to express our appreciation and thanks to our House colleagues lead by the chairman of the House Subcommittee, the distinguished gentleman from Alabama [Mr. BEVILL] and the Ranking Minority Member, the distinguished gentleman from Indiana [Mr. MEYERS]. I also want to thank again my friend and able colleague, the gentleman from Oregon [Mr. HATFIELD]. It is always a happy experience to work with him. Also, I want to express my appreciation to all of the Senate conferees who are members of our subcommittee also.

DECLASSIFICATION PRODUCTIVITY INITIATIVE

Mr. SMITH. Mr. President, I would like to inquire of the Chairman of the Energy and Water Appropriations Subcommittee, Senator JOHNSTON, as to the ultimate disposition of the Declassification Productivity Initiative [DPI] provision that was originally included as report language in the Senate appropriations bill. As you recall, during consideration of the fiscal year 1995 Defense authorization bill, the Senate, and subsequently the defense conference, agreed to my amendment authorizing $3,000,000 from the account titled "Materials Support and Other Defense Programs" to fund the DPI effort.

Mr. JOHNSTON. I thank my colleague from New Hampshire for his interest in this program. I am aware of his previous actions in the Armed Services Committee and greatly appreciate his ensuring that throughout the defense conference this program received the necessary attention.

As to the outcome of the Declassification Productivity Initiative, I am pleased to inform my colleague that the original report language of the Senate was agreed to by the House conferees. The language states in part:

> * * * the Committee encourages the Department to proceed quickly with its new declassification productivity initiative to provide computer-based, expert systems to enhance the productivity of the document declassification review process.

The report language further states that up to $3,000,000 be allocated for this initiative. Though the conferees were unable to specifically earmark the $3,000,000 needed in fiscal year 1995, I want to assure the Senator from New Hampshire that I am committed to getting the Department of Energy to allocate the funds for this much-needed program. It should be fully understood by the Department of Energy that the report language submitted by the Senate in this appropriations conference report and the language Senator SMITH secured in the defense authorization conference are still enforceable and should be adhered to.

The Senate Energy and Water appropriations report also mentions that the Department of Energy is behind in processing both its Freedom of Information Act requests and the mandatory requests for information under Executive Order 12356. It is my understanding that these problems stem

from the Department's inability to provide adequate financial, technical and personnel resources in the declassification review process because a significant portion of the information requested must be screened and sanitized.

Mr. SMITH. Mr. President, I am in full agreement with the Senator's comments. In fact, declassification efforts, and the need to improve upon the productivity of these programs are an issue in numerous departments and agencies—not just the Department of Energy. I believe the DPI effort, with the strong commitment of the Chairman and with the direction the Congress has already provided the Department, will take the first critical step toward improving those deficiencies just mentioned by the Senator. Furthermore, as I mentioned in my speech to the Senate during my amendment's consideration on the defense bill, the DPI is a significant first step at redefining the boundaries of technology in high-speed optional scanning, imaging and computing. This type of technology will not only enhance government efficiency, but the information-intensive segments of private industry as well such as the banking, health care and petrochemical.

Lastly, Mr. President, I believe the Department must step up its efforts not only to ensure the $3,000,000 in funding is available for the Declassification Productivity Initiative in fiscal year 1995, but also that adequate resources for this effort are included in the Department's future budget requests. I sincerely hope that the Chairman will encourage the Department along these lines, and I want to assure him that he will have my support.

Mr. JOHNSTON. I thank the Senator for his help in this matter. I will certainly do my best to help the funding along. I yield the floor.

TERMINATION OF THE ADVANCED LIQUID METAL REACTOR

Mr. KERRY. Mr. President, the Senate today is acting to accomplish the near-impossible: it will eliminate a Federal program.

When we approve the Energy Appropriations bill conference report today, we will be approving the termination of the Advanced Liquid Metal Reactor [ALMR], a program that is a complete waste of taxpayer dollars and dangerous as well. This is a program that I have fought to kill over the past year and it is with great satisfaction that I mark its demise.

Mr. President we have to-date spent close to $9 billion on this program. And we have nothing to show for it.

If we had not terminated it, we would have spent an additional $3.2 billion over the next 15 years just on ALMR research, design, development and prototyping. Termination will save $2.9 billion, according to Secretary of Energy Hazel O'Leary.

But many of my colleagues felt that even though the program is expensive, we should have funded it because scientific research is a good long-term investment. However, in this case research is a very bad idea. It is a bad idea because the technology—even if successful—is not needed and because continuing the research is extremely dangerous from a nonproliferation perspective.

I wish to make it clear that I do not feel that it is a bad idea simply because it is a nuclear program. I am a supporter of Light Water Reactors and of the Advanced Light Water Reactor Program at the Department of Energy. This is the technology supported by industry. I am opposed to the ALMR—which is not supported by industry and is not necessary to the continuation of the nuclear industry.

NON-PROLIFERATION

The prime reason I am opposed to the ALMR is the same reason that prompted Secretary O'Leary to take her very brave stand against this technology and President Clinton to decide to oppose this project. It directly violates our nonproliferation policy and hurts our credibility in discouraging proliferation. As Secretary O'Leary said, "We cannot credibly urge that others not use technologies for separating and using plutonium if we are pursuing those same technologies ourselves."

Let me make it clear to my colleagues: the Secretary of Energy and the President oppose this technology because it make it harder for the President to discourage rogue nations from acquiring the ability to build nuclear bombs. the New York Times said "Financing the Integral Fast Reactor would send the wrong signal to Japan and others who are planning to produce more plutonium to fuel nuclear power plants."

Besides sabotaging U.S. nonproliferation policy, further research into the ALMR would have put information on plutonium separation into the public domain. Proponents argued that the U.S. would be discriminating in sharing this technology. Unfortunately, in the past, technology has spread to rogue nations. North Korea reportedly has acquired advanced European reprocessing technology used in a facility in Belgium and its operating reactor is well known to be a clone of a British production reactor. Much of the ALMR's reprocessing technology would have been described in the open scientific literature. At least one of the contracts on pyroprocessing establishes the right of the contractors to publish detailed results of the R&D work.

Further, ALMR facilities themselves would have made plutonium more easily available to those wishing to acquire it for bombs. Proponents say that it is more proliferation-resistant than alternative reprocessing technology. But the meaningful comparison is with the once-through fuel cycle, which the U.S. currently uses to produce electricity from light-water reactors. Under this comparison, the ALMR clearly increases proliferation risks. The National Academy of Sciences [NAS] said in a recent study: "Possession of such a facility, however, would still offer a state the technology needed to produce separated plutonium for weapons, should it choose to do so openly."

NEW STUDIES

The proponents justified the technology by saying that it will "recycle" the spent fuel from nuclear reactors and the plutonium from weapons. However, several objective, independent studies have come out in the past year which firmly refute these claims.

The National Academy of Sciences has published a study saying that the ALMR is a bad idea for weapons plutonium disposition. The GAO has published a study saying that the ALMR is a bad idea for commercial spent fuel disposition. And the OTA has published a study agreeing with both of these studies and claiming that the ALMR could easily become a breeder reactor—producing more plutonium than it consumes. These were the only objective studies conducted in the last year and they all came out against the technology.

DISPOSAL OF WEAPONS PLUTONIUM

On the question of weapons plutonium, the NAS study concludes unequivocally that the ALMR was far less desirable than two other technologies for disposal: the vitrification technology and the MOX technology—where plutonium is run through light-water reactors and forms a mixed oxide fuel. NAS said "Advanced reactors should not be specifically developed or deployed for transforming weapons plutonium into spent fuel, because that aim can be achieved more rapidly, less expensively, and more surely using existing or evolutionary reactor types."

The NAS said that there is clear and present danger from the presence of weapons plutonium and so the most important quality in a solution is the speed with which it makes the plutonium unusable. ALMR would take far longer than either vitrification or MOX. In fact, a vitrification campaign to dispose of plutonium could be finished before an ALMR campaign was even ready to begin. The head of the NAS panel said in testimony before the Energy Committee "Considering the urgency of bringing the plutonium from nuclear weapons to the 'spent fuel standard,' the development and construction of a new generation of nuclear reactors cannot be justified for the plutonium disposition mission."

RECYCLING COMMERCIAL SPENT FUEL WASTE

The GAO study says that "DOE's radioactive waste managers are not pursuing the transmutation of waste because they believe that it is too costly

and unnecessary." GAO pointed out that there is no way ALMR's, even if they do everything their advocates say they can do, could reduce waste volume enough to substitute for a repository. Further, whether or not a second repository will be needed is impossible to predict at this point, because it depends on variables such as how much waste the first repository will hold, will more nuclear plants be built, how long will the current one run, et cetera.

More important, using ALMR's even under the rosiest scenario would be less efficient, more costly, and involve more movement and above-ground storage of radioactive material than repository burial alone. Using the ALMR would take hundreds of years longer to get spent waste underground than just using the repository alone. Lawrence Livermore in a study wrote "There remain no costs or safety incentives to introduce—partitioning and transmutation—into the high-level waste management system."

Using the ALMR would add cost to the spent waste disposal method. This is why the Electric Power Research Institute said "The policy would likely incur a large cost penalty, encounter major institutional difficulties, multiply licensing difficulties, and amplify political and public opposition to the nuclear power program as a whole."

Further, it would not reduce the danger. It might eat up some of the actinides—if it does what it claims—but it would leave other longer-living fission products which are more water soluble and so more susceptible to leaks. But the DOE waste managers say that we should not even focus on the technology because our policy is to use a repository and we should focus on making that work well—not on an add-on technology.

BREEDER TECHNOLOGY

The OTA study states that "Even if the system were designed to be a plutonium consumer, it would not be mechanically difficult for an owner with technical expertise to convert it to a "breeder" * * * it would be difficult or impossible to design a reactor that could be guaranteed to not work as a plutonium breeder." Far from removing dangerous plutonium from the planet, the ALMR has the potential to increase the amount of plutonium. The OTA makes clear that this has always been the principal purpose of the technology.

The only explanation I can find for why this project persisted for as long as it did in the face of all the objective evidence is the fact that its mission changed so many times to suit the current political winds. First, it was a plutonium breeder. Then the developers began to promote the project as a method to reprocess and transform spent nuclear fuel from commercial LWRs to solve the Yucca mountain problems. After 1991, when arms reduction agreements between the United States and the former Soviet Union appeared likely to produce significant quantities of surplus plutonium, developers emphasized its potential to eliminate this plutonium by consuming it as a nuclear fuel to make electricity. Most recently proponents claimed it would prevent spent fuel from becoming a proliferation risk.

Mr. President, the ALMR was a project in search of a mission. Now it need no longer search.

The President of the United States opposes this project. The Secretary of Energy opposes this project. The House of Representatives opposes this project. The Nuclear Control Institute opposes this project. The National Taxpayers Union opposes it. Citizens Against Government Waste opposes it. Public Citizen. U.S. PIRG. Safe Energy Communications Coalition. Sierra Club. National Resources Defense Council. GreenPeace. Physicians for Social Responsibility. Union of Concerned Scientists.

And finally, today, the Senate will go on record as opposing this project as well.

Two of my colleagues have dedicated a great deal of time and energy to the termination of the ALMR on behalf of the American taxpayer. They are the Senator from New Hampshire, Mr. GREGG, and the Senator from Arkansas, Mr. BUMPERS.

The Secretary of Energy was also enormously helpful in calling on members of Congress to express the Administration's position that the ALMR violates our nonproliferation policy.

Those who fought to terminate the project in the House, Representative COPPERSMITH, Representative SHARP and others, deserve a great share of the credit for their work over the past year to eliminate this dangerous program.

I commend my colleagues for saving the taxpayers billions of dollars and for eliminating a danger to our nonproliferation efforts. I look forward to sending this bill to the President for his signature.

Mr. HATFIELD. Mr. President, I join chairman JOHNSTON in recommending final approval of the Energy and Water Development Appropriations Conference Report to the full Senate. This conference report provides funds for important projects and activities in every State, and concerns every Member of this body. I am pleased to be associated with this effort, and I especially want to thank Senator BYRD, chairman of the full Appropriations Committee, for his assistance throughout our process.

I also want to thank Senator JOHNSTON for the outstanding leadership he has provided in developing this package. Considering the many difficulties the Energy and Water Development Subcommittee encountered this year, especially with regard to a 602(b) allocation that is approximately $1.2 billion below the fiscal year 1994 enacted level, Senator JOHNSTON's efforts have been over and beyond the call of duty.

The conference report is especially important to our efforts in the Pacific Northwest to rebuild the threatened and endangered salmon runs in the Columbia River Basin. We have provided funding for the Corps of Engineers and the Bureau of Reclamation to continue their important efforts to protect and enhance the salmon stocks at risk. These activities will complement the regional efforts implemented according to the Northwest Power Planning Council's "Strategy for Salmon" which are funded by the region's electrical ratepayers through the Bonneville Power Administration.

I want to mention a specific provision included by the conferees in the joint explanatory statement concerning the administration's agreement to assume costs of the additional measures to protect endangered and threatened stocks of salmon in 1994 which go beyond the current biological opinion governing the operation of the Federal Columbia River Power System. The conferees have no objection to the administration's decision to provide this financial assistance, but believe that the proposal to fund these costs by crediting the Bonneville Power Administration's repayment to the Treasury may have broader financial and policy implications. Accordingly, the conferees expect the Bonneville Power Administration to work with the Office of Management and Budget and the House and Senate Appropriations Committees to outline the budgetary principles and financing mechanisms to be applied if it appears there will be a continuing need for this assistance beyond 1994. The administration has been most helpful to the region, and I look forward to any further discussions which may be necessary.

Once again, I thank the distinguished subcommittee chairman, Senator JOHNSTON, for his efforts and hard work in developing and shepherding this important conference report through the Congress.

I yield the floor.

Mr. CRAIG. Mr. President, I will not object to the unanimous consent request to take up the Energy and Water Development appropriations bill for fiscal year 1995. However, I want to make clear there is one item in this bill to which I strongly object.

My objection is to the conferees decision to terminate the advanced reactor research on the Integral Fast Reactor/Advanced Liquid Metal Reactor [IFR/ALMR]. This is not a cost-saving measure nor is it a good science decision. Termination will lead to more not less plutonium proliferation in the world. The technology that was being developed actually consumed plutonium.

This was the only technology being developed that could actually burn up plutonium. I strongly believe history will show this termination decision to be a wrong and short-sighted one.

However, the conferees have decided to provide only $83.8 million for the shutdown of the experimental reactor EBR II and the termination of the IFR program. I am very concerned that this is not sufficient money to even allow for a safe and orderly shutdown.

The two Senators from Illinois, my colleague from Idaho and I are all currently working with the Secretary of Energy to salvage a program that will retain a portion of this important science and to retain the brain trust that has developed around the IFR research. This is consistent with the direction of the conferees to maximize the research on actinide recycle and retain such facilities as necessary, especially the pyroprocessing facilities, to provide for alternative missions at the Argonne National Laboratory in Idaho and Illinois and for the Department of Energy to identify alternative funding sources for alternative missions at these facilities. It is my hope and intention that we will be successful in this undertaking.

Mr. HATFIELD. I want to bring to the attention of the chairman of the Energy and Water Development Appropriations subcommittee, Senator JOHNSON, an important project in the State of Texas which, unfortunately, was not included in the conference agreement. The project is of concern to both Senator GRAMM and Senator HUTCHISON, and I believe merits special attention by the Bureau of Reclamation over the course of fiscal year 1995.

Mr. JOHNSTON. I would be pleased to hear the Senator's concerns.

Mr. HATFIELD. The project I want to highlight is the Lake Meredith Salinity Control Project. The project currently is being conducted by the Bureau of Reclamation under its construction program. Knowing of the importance of the project to our colleagues from Texas, I would ask the distinguished chairman if he would be willing to join me in asking the Commissioner of the Bureau of Reclamation to ensure that adequate funds will be provided for the Lake Meredith project over the course of fiscal year 1995.

Mr. JOHNSTON. I am aware of the interest in this project by Senator GRAMM and Senator HUTCHISON, and agree with the Senator from Oregon that this is an important project which should not be slowed or stopped due to a lack of available funds. The Bureau of Reclamation has informed the subcommittee that funds appropriated for the current fiscal year will be carried over into fiscal year 1995, and work on the project will proceed. I also want to note that the Senate conferees had tentatively agreed to provide $500,000 for Lake Meredith. Unfortunately, one of the House conferees offered an amendment which transferred the funds to another Texas project.

Mr. HATFIELD. I thank the distinguished chairman for his assurance. I also would ask whether the chairman would urge the Bureau of Reclamation to reprogram funds in fiscal year 1995 for the Lake Meredith project should additional funds be required to keep the project on schedule.

Mr. JOHNSTON. I share the distinguished ranking member's concern and agree that the subcommittee expects the Bureau of Reclamation to use carry-over funds and initiate any reprogrammings that are necessary to ensure that the Lake Meredith project is kept on track during the next fiscal year.

Mr. HATFIELD. I thank the distinguished chairman for his assistance in this matter.

Mr. KEMPTHORNE. Mr. President, I will not ask for a roll call vote but I want the RECORD to show that I would have voted "no" on the conference report now before the Senate.

The fiscal year 1995 Energy and Water Development Conference Report directs the termination of the Integral Fast Reactor [IFR] Program. I believe that this decision is a mistake and I truly believe that our Nation will one day regret the Congress' decision to turn its back on this promising technology.

I supported the IFR Program as a important technology to help this Nation deal with the problem of surplus weapons grade plutonium and spent reactor fuel. Now that the IFR Program will be terminated, I look forward to seeing how the critics of the IFR propose to deal these problems.

In my 2 years in the Senate, I have worked long and hard to complete the research on the IFR Program. Despite strong opposition, last year and this year the Senate supported the continuation of the IFR Program. Last year, the House agreed to support the Senate position but this year the House conferees refused to accept the Senate position.

I want to thank all of my colleagues in the Senate who supported my fight for the IFR. I know this was a tough vote but I will not forget your help on this very important issue.

I also want to pay a special thanks to my colleague, the senior Senator from Idaho, Senator LARRY CRAIG, and the two Senators from Illinois, Senator SIMON and Senator MOSELEY-BRAUN. Together, we formed the Idaho and Illinois coalition and I do not think there is a more effective bi-partisan team in the U.S. Senate.

In addition, I want to thank the senior Senator from Louisiana, Chairman JOHNSTON, for his generous support and strong commitment to the IFR Program. Senator JOHNSTON is the recognized expert on energy matters in the Senate and his support in committee, on the Senate floor and in conference was invaluable.

The Idaho-Illinois coalition will once again be tested as we work with the Secretary of Energy, Hazel O'Leary, to put together a program to preserve the scientific and technical expertise at Argonne East and West. The limited funding for the termination of the IFR Program that was provided by the conference report would result in an inefficient shut down of the IFR Program and the loss of hundreds of skilled scientists and engineers. While certain aspects of the IFR Program were controversial in some quarters, no one disputes the fact that the scientists, engineers, and facilities at Argonne East and West are a national asset that must be preserved. In the days ahead, the Idaho and Illinois Senators are committed to working with Secretary O'Leary to develop a plan to preserve, to the maximum extent possible, the human and physical assets at Argonne East and West.

When President Clinton signs this bill, he will signal the end of the Integral Fast Reactor Program. At the same time, Secretary O'Leary has committed to work with the Idaho and Illinois Senators to develop alternative missions for Argonne East and West. While I strongly support the effort to develop the alternative missions, and I ask my colleagues in the Senate to support me in this effort, I want the RECORD to show that I be recorded as voting "no" on the passage of the energy and water conference report.

So the conference report was agreed to.

The Senate concurred in the amendments of the House; as follows:

In the House of Representatives, *Resolved*, That the House agree to the report of the committee on conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4506) entitled "An Act making appropriations for energy and water development for the fiscal year ending September 30, 1995, and for other purposes.".

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 6, 9, 15, 16, 21, 35, and 39 to the aforesaid bill, and concur therein.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 2 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

Red River Navigation Study, Arkansas, $300,000;

Los Angeles County Water Conservation and Supply, California, $500,000;

Norco Bluffs, California, $200,000;

Indianapolis, White River, Central Waterfront, Indiana, $4,000,000;

Lake George, Hobart, Indiana, $200,000;

Little Calumet River Basin (Cady Marsh Ditch), Indiana, $150,000;

Ohio River Greenway, Indiana, $500,000;

Hazard, Kentucky, $500,000;

Kentucky Lock and Dam, Kentucky, $2,000,000;

Mussers Dam, Pennsylvania, $100,000;

Hartsville, Trousdale County, Tennessee, $95,000;

West Virginia Comprehensive, West Virginia, $350,000; and

West Virginia Port Development, West Virginia, $800,000.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 4 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

Red River Emergency Bank Protection, Arkansas and Louisiana, $6,000,000;

Red River below Denison Dam Levee and Bank Stabilization, Arkansas, Louisiana and Texas, $2,100,000;

West Sacramento, California, $500,000;

Sacramento River Flood Control Project (Glenn-Colusa Irrigation District), California, $400,000;

Sacramento River Flood Control Project (Deficiency Correction), California, $3,700,000;

San Timoteo Creek (Santa Ana River Mainstem), California, $5,000,000;

Central and Southern Florida, Florida, $8,624,000;

Kissimmee River, Florida, $4,000,000;

Savannah Harbor Deepening, Georgia (Reimbursement), $11,585,000, of which $2,083,000 is for a cost-shared Savannah River recreation enhancement and public access project along 900 linear feet of shoreline in the City of Savannah;

Casino Beach, Illinois, $1,000,000;

Des Moines Recreational River and Greenbelt, Iowa, $4,000,000;

Harlan (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), Kentucky, $20,000,000;

Middlesborough (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), Kentucky, $1,200,000;

Williamsburg (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), Kentucky, $3,000,000;

Pike County (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), Kentucky, $5,000,000;

Lake Pontchartrain and Vicinity (Jefferson Parish), Louisiana, $800,000;

Lake Pontchartrain and Vicinity (Hurricane Protection), Louisiana, $12,500,000;

Ouachita River Levees, Louisiana, $4,500,000;

Ste. Genevieve, Missouri, $3,000,000;

Hackensack Meadowlands Area, New Jersey, $2,500,000;

Ramapo River at Oakland, New Jersey, $600,000;

Salem River, New Jersey, $1,000,000;

Carolina Beach and Vicinity, North Carolina, $2,800,000;

Fort Fisher and Vicinity, North Carolina, $900,000;

Broad Top Region, Pennsylvania, $1,000,000;

Lackawanna River, Olyphant, Pennsylvania, $1,100,000;

Lackawanna River, Scranton, Pennsylvania, $1,000,000;

South Central Pennsylvania Environmental Restoration Infrastructure and Resource Protection Development Pilot Program, Pennsylvania, $7,000,000;

Allendale Dam, Rhode Island, $67,500;

Wallisville Lake, Texas, $1,000,000;

Richmond Filtration Plant, Virginia, $2,000,000;

Southern West Virginia Environmental Restoration Infrastructure and Resource Protection Development Pilot Program, West Virginia, $1,500,000;

Hatfield Bottom (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), West Virginia, $500,000; and

Upper Mingo County (Levisa and Tug Forks of the Big Sandy River and Upper Cumberland River), West Virginia, $250,000.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 8 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

Tucson Diversion Channel, Arizona, $2,500,000;

Jeffersonville-Clarksville, Indiana, $750,000;

McAlpine Lock and Dam (Ohio River Locks and Dams), Kentucky, $1,000,000;

Raystown Lake, Pennsylvania, $5,330,000; and

John H. Kerr Reservoir (Mosquito Control), Virginia and North Carolina, $40,000.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 28 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter inserted by said amendment, insert: *: Provided, That the Secretary of Energy may transfer available amounts appropriated for use by the Department of Energy under title III of previously enacted Energy and Water Development Appropriations Acts into the Isotope Production and Distribution Program Fund, in order to continue isotope production and distribution activities: Provided further, That the authority to use these amounts appropriated is effective from the date of enactment of this Act: Provided further, That fees set by the Secretary for the sale of isotopes and related services shall hereafter be determined without regard to the provisions of Energy and Water Development Appropriations Act (P.L. 101-101): Provided further, That amounts provided for isotope production and distribution in previous Energy and Water Development Appropriations Act shall be treated as direct appropriations and shall be merged with funds appropriated under this head*

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 48 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum stricken and inserted by said amendment, insert: *$520,501,000*

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 49 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum stricken and inserted by said amendment, insert: *$498,501,000*

FEDERAL TRADE COMMISSION ACT AMENDMENTS OF 1993—CONFERENCE REPORT

Mr. FORD. Mr. President, I submit a report of the committee of conference on H.R. 2243 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee on conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2243) to amend the Federal Trade Commission Act to extend the authorization of appropriations in such Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

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

(The conference report is printed in the House proceedings of the RECORD of July 21, 1994.)

Mr. BRYAN. Mr. President, I am pleased to present for consideration the House and Senate Conference Report on legislation to reauthorize the Federal Trade Commission.

As you know, Mr. President, the FTC has proceeded without a formal authorization for over a decade. Although bills have been introduced, and passed by both bodies in the last several Congresses, final passage of the legislation has been unsuccessful as a result of differences between House and Senate Members over the application of the Commission's unfairness rulemaking authority to commercial advertisements. Several Senate Commerce Committee members had expressed concern about the potential promulgation of overly-broad rules that could intrude on or prevent legitimate constitutionally protected commercial speech. Several House Members, on the other hand, had stringently opposed any limitations on the Agency's authority.

I believe, however, Mr. President, that the House and Senate conferees have fashioned a reasonable and balanced resolution regarding this issue. This means, Mr. President, that we have been successful in removing what I consider to be the last remaining obstacle to the FTC's reauthorization. Through the passage of this legislation, the Congress will be re-asserting its full commitment to, and support for, one of the Nation's premier consumer protection agencies.

In addition to re-authorizing the Commission, the proposed legislation provides the FTC with enhanced enforcement powers and increased funding. The bill also requires the FTC to examine how its resources are allocated, and to identify areas that are most appropriately enforced by the FTC and those that are most effectively enforced by the States. These reviews are designed to ensure that the Commission's resources are being used effectively and efficiently.

When I assumed the chairmanship of the Consumer Subcommittee two Congresses ago, the reauthorization of the FTC became one of my top priorities. I cannot express how elated I am that we are now at the point of realistically achieving this goal. As I stated at the introduction of the Senate bill, I was optimistic that we were going to be successful this year. As I indicated, it has taken us many years to reach this point, and I hope that we can now proceed with the final passage of this legislation. I, therefore, urge my colleagues to support the adoption of the proposed conference report.

Mr. HOLLINGS. Mr. President, I rise in support of the conference report on H.R. 2243, the Federal Trade Commission Act Amendments of 1994.

As you know, Mr. President, appropriations for the Federal Trade Commission [FTC] have not been formally reauthorized by the Congress since September 1982. Although the Senate Commerce Committee has reported FTC authorization legislation in each Congress since the 97th Congress, we have been unsuccessful in securing enactment of a reauthorization bill for the FTC because of disagreements over the application of the FTC's regulatory authority.

The issue that has been most in dispute is the expansiveness of the FTC's unfairness authority regarding commercial advertisements. I, along with several other committee members, have had serious concerns about the promulgation of overly-broad rules that had the potential of intruding upon constitutionally protected commercial speech. I especially was concerned about the vagueness of the FTC's authority in this area, and the threat it posed to legitimate advertisements. I believe, however, that there has been a fair resolution of this issue by House and Senate conferees.

As you know, Mr. President, the FTC is a vital agency, and one that is of great importance to consumers. Its primary duties are to ensure the operation of competitive markets and to protect consumers from unfair and deceptive acts and practices. Passage of the conference report on H.R. 2243 is necessary to reaffirm the Congress' commitment to the FTC and consumer protection. I commend Senators BRYAN, GORTON, DANFORTH, and FORD for their work on the legislation, and ask for the support of all Members for the passage of this conference report.

Mr. GORTON. Mr. President, as the Ranking Republican of the Consumer Subcommittee, I am pleased to join the distinguished Chairman, Senator BRYAN, in bringing to the Senate the conference report to accompany H.R. 2243, the Federal Trade Commission Act Amendments of 1994. It has been 14 long years since the Congress last authorized this important agency.

The conferees have successfully resolved a seemingly irreconcilable disagreement regarding the central issue of rulemakings on commercial advertising pursuant to the Commission's "unfairness" authority. During the 1970's, the Commission initiated several controversial rulemakings in this area. A considerable amount of time and resources were spent on these undertakings, with poor results. The Senate's approach was to create an absolute ban on all such rulemakings; the House disagreed with these restrictions.

Fortunately, the conferees were able to reach a compromise by removing the absolute ban while retaining the definition of unfairness that the FTC has been using since it promulgated a policy statement on unfairness in 1980. We were also able to reach an acceptable middle ground on the role which public policy should play in determining unfairness. I believe that codification of the definition will provide greater stability and predictability in this area—a result that should be good to businesses and consumers alike.

Further clarification of the FTC's mission can be found in this reauthorization's restriction on FTC regulation of agricultural cooperatives and marketing orders. This will avoid duplicative regulation, as the Department of Agriculture is already responsible for monitoring these activities.

This legislation also expands the FTC's enforcement arsenal. The FTC will now have the power to issue civil investigative demands in antitrust cases. These demands will extend beyond documents alone to cover tangible evidence, as well. This provision substantially expands the Commission's ability to address consumer fraud. Similarly, we have included a crucial expanded venue provision. This provision is based in part on 28 U.S.C. §1391, the general venue provision in the U.S. Code. It will permit the FTC to bring defendants scattered throughout the country to justice in a single forum. This promotes judicial economy and will help the FTC to save precious resources for law enforcement.

The bill also addresses a long-standing problem involving the Commission's cease-and-desist orders. Currently, such orders become final only after all appeals are exhausted. Because this can take many years, the appeals process has often been abused to manufacture lengthy delays. Under this bill, however, most cease-and-desist orders become final 60 days after they are issued unless a court or the Commission issues a stay. Of course, this solution continue to protect the right of defendants to challenge these orders.

Finally, Mr. President, I would like to point out one other enforcement issue which is of particular interest to me as a former attorney general. I am pleased that this reauthorization calls for the FTC to report and make specific recommendations within six months on the subject of increasing cooperation between the FTC and the states in enforcing laws under FTC jurisdiction. I am aware that such cooperation has improved dramatically in recent years and believe that such efforts deserve our support.

Mr. President, despite a period of considerable controversy during the 1980s, the FTC continues to implement its vital role of protecting consumers in the marketplace. Under Chairman Janet Steiger's fine leadership, the Agency has regained its strength, enhanced its reputation and gained the respect of many. I believe that it will carry out its responsibilities even more effectively after this legislation is enacted. I commend Senator BRYAN for his leadership on this issue, and I urge my colleagues to support this conference report.

The PRESIDING OFFICER. The question is on the adoption of the conference report.

Without objection, the conference report is adopted.

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

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

The motion to lay on the table was agreed to.

MORNING BUSINESS

NATION'S MONETARY POLICY

Mr. FAIRCLOTH. Mr. President, this is a crucial time for our Nation's monetary policy.

If you look on the front page of this morning's Wall Street Journal, Money and Investing section, you will see a chart that shows that our dollar has been falling all year. It has been falling not just against the yen, but against a whole index of currencies. You will also see that commodities prices are up, short term interest rates are up, and bond prices are down.

Mr. President, the Federal Government has taken on obligations which it cannot possibly hope to meet. The long-term outlook for the Federal deficit and the Federal debt are bleak. Every unbiased observer believes that if nothing is done, deficits will begin to rise again in only a couple of years, and then continue as far as the eye can see or the mind can conceive.

President Clinton's own budget indicates that a child born today will face a combined lifetime tax rate of over 80 percent simply to meet the obligations that Government has already made. That does not include new entitlements like new Government health care programs. Clearly this cannot be sustained.

The pressure will be on the Federal Reserve for easy money to try to cure the problems caused by runaway spending and runaway debt. But easy money will only make matters worse for working men and women.

What America needs is a Federal Reserve that not only will say "no" to easy money, but will also say loud and clear that its first, second, and third priorities are no inflation, no inflation, and no inflation.

Janet Yellen and I met in my office, where we had a wide ranging discussion about the economy. Mr. President, unlike most Members of this body, this is my first elected office. I spent the last 45 years in the private sector as a businessman and a farmer, meeting a payroll and creating jobs. So I was disappointed to learn that the President had nominated a person with little or

no private sector experience to the Fed.

But Janet Yellen certainly has the academic credentials to be a Governor of the Federal Reserve Board. I also want to stress that I know of no deep dark secrets which would disqualify her from the job.

But, Mr. President, I simply do not believe that Janet Yellen understands how grave our country's underlying problems are. She believes that the Federal Reserve should have multiple policy goals—like targeting interest rates, promoting certain rates of economic growth, providing liquidity to the financial system, as well as promoting price stability. Many of these goals can only be achieved by easing up on the fight against inflation.

I do not believe that Janet Yellen understands what will happen if the Federal Reserve abandons a tough anti-inflation stance in order to pursue her multiple policy goals. The Federal Reserve's anti-inflation stance is one of the few things that is keeping capital from leaving this country.

Mr. President, if that anti-inflation stance is compromised, then the world's capital markets will judge this Nation's credit worthiness based upon the policies of Congress and the President, instead of the Fed. And if relying on Congress to do the right thing is what will determine whether we will continue to attract the capital we need, then I fear for the Republic.

Mr. President, it is time for this Congress to cut spending, balance the budget, and stop penalizing people who work, and save, and invest. Until it does, the Federal Reserve's inflation fight is more important than ever.

Ending barriers to economic growth is the job of Congress. Protecting the value of working people's dollars is the job of the Federal Reserve.

The Federal Reserve cannot bail out the politicians in Congress and the White House—past and present—by inflating away the Federal debt. This country is going to have to face economic reality before the world capital markets shove it down our throat.

The time to start facing that reality is right here, and right now, and with this nomination.

Mr. President, I yield the floor.

HEALTH CARE REFORM

Mr. SPECTER. Mr. President, earlier today, my distinguished colleague from South Dakota, Senator DASCHLE, made remarks on the Senate floor in which he asserted that my chart of the Mitchell health care reform bill incorrectly characterized three provisions.

As you can imagine, Mr. President, the task of summarizing and categorizing a 1,410-page bill is both arduous and complex. I have taken every precaution to ensure the validity of this chart and its predecessors and welcome constructive suggestions.

In the debate over health care reform legislation, it is vitally important that the public have all the facts. That is the inspiration behind the charts my office has prepared. To ensure that the public has all the facts, I want to address the three boxes on the chart called into question today by Senator DASCHLE.

First, Senator DASCHLE stated that guaranty funds exist currently and implied that the Mitchell bill does not create new functions or requirements regarding such funds. I disagree. My chart lists the guaranty funds provision in section 1505 as new because under the Mitchell bill, the Secretaries of Health and Human Services (section 1442) and Labor (section 1482) must establish new standards for such guaranty funds. Further, the bill requires States to establish two separate guaranty funds, one for community-rated plans and one for self-insured plans. Each of the 50 States does not currently have a guaranty fund. Therefore, the chart correctly reflects a new State function and new standards mandated at the Federal level.

Second, Senator DASCHLE also stated that the box labeled "Standard Health Plan Sponsor" reflects existing law, not new requirements. Once again, I believe that the chart accurately portrays the new requirements contained in the Mitchell bill. The term "standard health plan" is a new concept established and defined (section 1011(2)(B)) in the Mitchell bill. The bill requires the Secretary of Health and Human Services to establish rules for States to follow in establishing procedures and methods to assure that standard health plan sponsors offer equal opportunity for enrollment (Sec. 1111(b)(3)(C)). I believe that section 1111 should be characterized as new because there are no standard health plan sponsors under existing law; the term has not become law yet. And, the provisions requires the Secretary and States to promulgate new regulations requiring oversight of standard health plan sponsors.

I do agree, however, with Senator DASCHLE'S statement that the box describing the ERIS Enforcement Mechanism contained in section 1485 should not be labeled as completely new. The Secretary of Labor currently has authority to enforce certain provisions of ERISA. I understand that this provision expands his existing authority, and does not create a new entity or function. My chart is being corrected accordingly.

In conclusion, Mr. President, this one small change does not detract from the chart's stated purpose. I believe it continues to demonstrate clearly to the American public the overwhelming expansion of Government that the Mitchell bill proposes.

WE NEED THE INTERIM TRADE PROGRAM

Mr. HATCH. Mr. President, I would like to bring an important matter to the Senate's attention. I believe that the Senate should seriously consider including the Interim Trade Program, referred to as the ITP, in the GATT implementing legislation. This is a program that has the support of the administration and has already been included in the House version of the GATT implementing legislation.

The program will provide the Caribbean Basin Initiative [CBI] countries with apparel and textile regulations that are more in line with those given to Mexico under NAFTA. Inclusion of the ITP would be beneficial to the United States for several reasons.

First and foremost, the ITP will help to increase U.S. presence in the markets of the Caribbean Basin Countries. The United States already has a trade surplus of more than $2 billion with the region. The ITP will allow U.S. companies to more easily provide products that the Caribbean region has already shown a strong interest in obtaining.

Second, it will help further the ability of the U.S. apparel and textile industries to work in cooperation with the CBI countries. This will allow these industries to better compete with imports from foreign companies working out of areas with lower production costs.

Finally, the ITP contains regulations focused on improving the market situation in the CBI countries, including requirements for internal reform.

The need to enact the ITP is especially time sensitive due to the current situation in the CBI countries. Because these countries do not currently enjoy many of the cost advantages afforded under NAFTA, they are already experiencing a loss in production and are seeing investments move out of their region.

It is in the best interest of the United States to include the ITP in the GATT implementing legislation. This agreement is not designed to trade existing American jobs for foreign production. Instead, through continued cooperation with the CBI region, it allows American apparel and textile producers to better compete in the world market and maintain production in the United States. It also allows the United States to better compete against the influx of imports resulting from the phase-out of the MFA.

Mr. President, failure to include the ITP in the GATT implementing legislation will be a misstep in the administration's foreign trade policy. The ITP will help the nations of the Caribbean, it will also help the United States. The administration supports the ITP, the House supported the ITP, it is now our turn to lend our support as well.

THE ELECTIONS IN THE DOMINICAN REPUBLIC

Mr. HARKIN. Mr. President, as many of my colleagues are aware I have long advocated according a high priority to human rights in our foreign policy. And I am convinced that the institutionalization of the human rights priority over the past 20 years has given a much better overall foreign policy. It is with that background that I wish to invite the attention of my fellow Members to some recent news from the Caribbean.

On May 16 the Dominican Republic held national elections. The voting was observed by delegations from the Organization of American States and other international groups. The reports of these observers have indicated that there were serious irregularities in at least some of the voting procedures. Since then there have been allegations and rumors that the United States would ignore the observer reports and, look the other way, thereby taking the easy way out in the troubled Caribbean area.

Well, I am very happy to say that these rumors have no basis in fact. The State Department and our Embassy have taken a clear stand in support of fair elections in the Dominican Republic. Our position is entirely neutral, of course. We are not taking sides. But we are actively defending the right of the Dominican people to choose their own government.

In that connection I call your attention to the following forthright statement made by the State Department on August 5, and ask unanimous consent that it be printed in the RECORD. I congratulate the Clinton administration on its commitment to human rights and democracy in the Dominican Republic.

The United States has consistently expressed its support for a peaceful resolution to the questions raised by irregularities in the May 16 elections. It was disappointed that the central electoral board effectively ignored the irregularities when it named president Joaquin Balaguer president. One suggestion for a peaceful resolution of the problem is to hold early elections. The United States believes that new elections are the right idea, and urges Dominican authorities to take immediate steps in that direction.

IS CONGRESS IRRESPONSIBLE? YOU BE THE JUDGE ABOUT THAT

Mr. HELMS. Mr. President, as of the close of business on Wednesday, August 10, the federal debt stood at $4,644,509,290,127.79, meaning that on a per capita basis, every man, woman, and child in America owes $17,814.78 as his or her share of that debt.

THE 10TH ANNIVERSARY SEASON OF THE SURRY OPERA COMPANY

Mr. MITCHELL. Mr. President, I rise today to congratulate the Surry Opera Co. of Maine on its 10th anniversary season. Founded in 1984 by Walter Nowick, the Surry Opera Co. has brought together amateur opera singers first from Maine and across our Nation, and then from around the world.

This week, free concerts are being performed by scores of French, German, Japanese, Russian, and American amateur singers at Mr. Nowick's invitation and under his direction. These 10th anniversary events are part of the fulfillment of Mr. Nowick's dream of cultivating international understanding and good will through the performance of great music by ordinary citizens.

The world is much different today than it was when the Surry Opera Co. was founded. Then, the cold war shaped people's attitudes toward one another to such a degree that there were few people to people exchanges between Americans, Russians and other citizens of the former Soviet Union. Walter Nowick and the Surry Opera Co. singers saw an opportunity, through music, to establish associations that would help dissolve this hostility between nations.

The Surry Opera Co. first travelled to the Soviet Union in November, 1986. Three years later, 80 members of the Leningrad Amateur Opera Co. arrived in Maine. Since those groundbreaking trips, there have been many joint performances around the world. Each time, members and supporters of the respective Opera Companies have provided food and lodging in their homes for their foreign guests. These arrangements have both fostered deep personal friendships and made the trips financially feasible.

Mr. Nowick and all associated with the Surry Opera Co. have helped to build bridges among people of different cultures. Just as Mr. Nowick envisioned, joint international performances have led to increased understanding between performers and their audiences throughout the world.

We all share the hope that the universal appeal of opera will continue to be a building block for international friendships and peace. I commend Walter Nowick for his vision, and I congratulate all members of the Surry Opera Co. on their 10th anniversary season.

TRIBUTE TO STAR KILSTEIN BLOOM

Mr. SHELBY. Mr. President, I rise today to honor Star Kilstein Bloom for her dedication and loyalty to the University of Alabama. Tomorrow, Friday August 12, 1994, she is being awarded the University of Alabama's Henry and Julia Tutwiler Award for her distinguished and exceptional service to the University. I want to take a few minutes to highlight some of her contributions and accomplishments.

Star earned a bachelor of arts degree, cum laude, from Bryn Mawr College in 1960, with honors in anthropology. She further specialized in information technologies, by continuing her education through IBM's executive training course and the University of Alabama's College of Commerce and Business Administration.

After graduating, Star served as Co-owner and Vice President for Design and Manufacturing of Coed Collar Company, Inc., of Tuscaloosa, Alabama. In 1982, she then became the Director of the Computer Program at Tuscaloosa Academy. She served at this post for two years where among her many accomplishments, she developed a computer-enhanced curriculum for grades 3–12 involving all subject areas.

In 1989, she was asked and graciously agreed to serve as Co-director of the Center for Communications and Educational Technology at the University of Alabama. To this position she has dedicated her talents and creativity, an invaluable contribution to the University. Her commitment to the promotion of distance learning, developing all education—kindergarten through graduate—into one cohesive unit, has brought the University of Alabama national recognition and significant financial support. Integrated Science, which began as Science Alabama, is the national example of what can be done through distance learning, and we have Star Kilstein Bloom to thank. Mr. President, the beneficiaries of her tireless efforts are not only the students and teachers of Alabama, but those of the entire Nation.

Mr. President, Star Bloom has spent her life in service to others. She has dedicated her time and her talents to the students of the State of Alabama, to her faith and to political causes. Her energy and commitment is an inspiration to me and is an example for us all. She is more than worthy of this award, our thanks and our respect.

COMMENDING CHARLES JONES

Mr. LEVIN. Mr. President, I take great pleasure in congratulating Mr. Charles Jones for his appointment as the Implementation Director of the Social Security Administration's Reengineering Project. An exceptional leader and motivator, Mr. Jones' accomplishments have earned him the respect and praise of his peers nationwide. He has extensive experience with the workings of the Social Security Administration from both the Federal and State perspectives. That knowledge has led to expanded and improved communication and cooperation between the public and federal agencies. I am confident that he will play an important role in the creation of a new Social Security Administration. I want to extend my thanks and appreciation to Mr. Jones for all of the help and cooperation he has provided to my staff

over many years, and I wish him continued success in his public service career.

RESPONSE TO THE HOUSE VOTE ON THE CRIME CONFERENCE REPORT

Mr. SIMPSON. Mr. President, our fine Republican leader spoke earlier, as did our able ranking member of the Judiciary Committee, in response to President Clinton's unwarranted attack on the NRA and Republicans.

It is curious that our own President continues to be the leader of the "Gunsmoke" rhetoric about the conference report on the crime bill.

Wasteful and frivolous spending programs permeate every single page of what must be over 700 pages of stealth spending.

Unlike the tough Senate bill, what came out of the conference committee was not a real crime bill. It was the son of the economic stimulus package.

I commend our House colleagues, Republicans and Democrats, who had the strength to stand on principle, rather than be bought with pie-in-the-sky promises of Federal dollars being funneled into their congressional districts.

That took a great deal of courage—especially in an election year. The bipartisan majority that rejected the procedure to consider this conference report deserves our respect.

It is grossly misleading—we have an easier way of saying that in Wyoming—to suggest the embarrassing vote against the President was somehow orchestrated by the NRA.

The NRA was certainly active—they have been throughout all the many years of debate on gun control.

But they have not been very successful lately.

The Brady bill passed, the assault weapons ban, which the NRA opposed, was included in the Senate version of this legislation. It passed with only 4 dissenting votes—on a tally of 95–4.

So I find it very curious that now, the President of the United States of America believes that suddenly, in a single-party Government, the NRA has increased its awesome powers of persuasion to atmospheric levels—and killed this legislation.

He must blame someone, and the NRA is a convenient target, because I have a hunch that this administration finds it hard to justify the glut of social spending in this legislation.

The crime bill conference report is nothing more than an attempt to resurrect the urban spending programs in the failed economic stimulus package of 1993.

This legislation is flawed. It should fail. It did.

It should be returned to the Manufacturer and replaced.

We should replace it with a real crime bill. That is what the majority of House Members said today.

OLD U.S. MINT IN SAN FRANCISCO, CALIFORNIA ACT OF 1994

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar No. 548, H.R. 4812, relating to the U.S. Mint in San Francisco.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 4812) to direct the Administrator of General Services to acquire by transfer the Old U.S. Mint in San Francisco, CA, and for other purposes.

The Senate proceeded to consider the bill.

AMENDMENT NO. 2551

Mr. GORTON. Mr. President, on behalf of Senator MCCAIN, I send to the desk an amendment and I ask unanimous consent that the Senate proceed to its immediate consideration; that the amendment be agreed to and the motion to reconsider be laid upon the table.

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

The amendment (No. 2551) was agreed to, as follows:

Add at the end of the bill the following new section:

SEC. 2. REPAIRS OF OLD U.S. MINT, SAN FRANCISCO.

(a) IN GENERAL.—Nothing in this Act shall be construed to force the General Services Administration to repair the Old U.S. Mint building prior to repairs to other Federal buildings in greater need of repair.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall the bill pass?

So the bill (H.R. 4812), as amended, was passed.

Mr. FORD. Mr. President, I move to reconsider the vote by which the bill was passed.

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

The motion to lay on the table was agreed to.

MAINTENANCE OF DAMS ON INDIAN LANDS

Mr. FORD. Mr. President, I ask unanimous consent that the Indian Affairs Committee be discharged from further consideration of H.R. 1426, a bill relating to the maintenance of dams on Indian lands; that the Senate then proceed to the immediate consideration of the bill; that the bill be read three times, passed, and the motion to reconsider be laid upon the table; further, that any statements thereon appear in the RECORD at the appropriate place as though read.

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

So the bill (H.R. 1426) was deemed read the third time and passed.

HAZARDOUS MATERIALS TRANSPORTATION AUTHORIZATION ACT OF 1993

Mr. FORD. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of calendar No. 347, S. 1640, the Hazardous Materials Transportation Authorization Act.

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

The clerk will report.

The legislative clerk read as follows:

A bill (S. 1640) to amend the Hazardous Materials Transportation Act to authorize appropriations to carry out that act, and for other purposes.

The Senate proceeded to consider the bill which had been reported from the Committee on Commerce, Science, and Transportation, 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 italics.)

S. 1640

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 "Hazardous Materials Transportation Authorization Act of 1993".

SEC. 2. AUTHORIZATION OF APPROPRIATIONS.

Section 115(a) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1812(a)) is amended by striking all after "not to exceed" and inserting in lieu thereof "$12,600,000 for fiscal year 1994, $13,100,000 for fiscal year 1995, and $13,600,000 for fiscal year 1996.".

SEC. 3. EXEMPTIONS FROM REQUIREMENT TO FILE REGISTRATION STATEMENT.

Section 106(c) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1805(c)) is amended by adding at the end the following new paragraph:

"(16) FOREIGN OFFERORS.—A person who is domiciled outside the United States and who offers, solely from a location outside the United States, hazardous materials for transportation in commerce does not have to file a registration statement under this subsection.".

SEC. 4. PLANNING GRANTS FOR INDIAN TRIBES.

(a) AUTHORITY TO MAKE GRANTS.—Section 117A(a)(1) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1815(a)(1)) is amended—

(1) in the introductory matter, by inserting "and Indian tribes" immediately after "States"; and

(2) in subparagraph (A), by striking "within a State and between a State and another State" and inserting in lieu thereof "within the lands under the jurisdiction of a State or Indian tribe, and between the lands under the jurisdiction of a State or Indian tribe and the lands of another State or Indian tribe".

(b) MAINTENANCE OF EFFORT.—Section 117A(a)(2) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1815(a)(2)) is

amended by inserting "or Indian tribe" immediately after "State" each place it appears.

(c) COORDINATION OF PLANNING.—Section 117A(a) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1815(a)) is amended by adding at the end the following new paragraph:

"(4) COORDINATION OF PLANNING.—A State or Indian tribe receiving a grant under this subsection shall ensure that planning under the grant is coordinated with emergency planning conducted by adjacent States and Indian tribes.".

SEC. 5. TRAINING CRITERIA FOR SAFE HANDLING AND TRANSPORTATION.

Section 106(b)(3) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1805(b)(3)) is amended—

(1) in the paragraph heading, by striking "EMERGENCY RESPONSE" and [insert] *inserting* in lieu thereof "EMPLOYEE";

(2) by inserting "or duplicate" immediately after "conflict with"; and

(3) by striking all after "Labor relating to" through "(and amendments thereto) and" and inserting in lieu thereof "hazard communication, and hazardous waste operations and emergency response, contained in part 1910 of title 29 of the Code of Federal Regulations (and amendments thereto) or".

SEC. 6. DISCLOSURE OF FEES LEVIED BY STATES, POLITICAL SUBDIVISIONS, AND INDIAN TRIBES.

Section 112(b) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1811(b)) is amended—

(1) by inserting immediately after "(b) FEES.—" the following heading:

"(1) RESTRICTION.—"; and

(2) by adding at the end the following new paragraph:

"(2) DISCLOSURE.—A State or political subdivision thereof or Indian tribe that levies a fee in connection with the transportation of hazardous materials shall, upon the Secretary's request, report to the Secretary on—

"(A) the basis on which the fee is levied upon persons involved in such transportation;

"(B) the purposes for which the revenues from the fee are used;

"(C) the annual total amount of the revenues collected from the fee; and

"(D) such other matters as the Secretary requests.".

SEC. 7. ANNUAL REPORT.

Section 109 of the Hazardous Materials Transportation Act (49 App. U.S.C. 1808(e)) is amended by striking the first sentence and inserting in lieu thereof the following: "The Secretary shall, once every 2 years, prepare and submit to the President for transmittal to the Congress a comprehensive report on the transportation of hazardous materials during the preceding 2 calendar years.".

SEC. 8. INTELLIGENT VEHICLE-HIGHWAY SYSTEMS.

In implementing the Intelligent Vehicle-Highway Systems Act of 1991 (23 U.S.C. 307 note), the Secretary of Transportation shall ensure that the National Intelligent Vehicle-Highway Systems Program addresses, in a comprehensive and coordinated manner, the use of intelligent vehicle-highway system technologies to promote hazardous materials transportation safety. The Secretary of Transportation shall ensure that one or more operational tests funded under such Act shall promote such safety and advance technology for providing information to persons who provide emergency response to hazardous materials transportation incidents.

SEC. 9. RAIL TANK CAR SAFETY.

Not later than 1 year after the date of enactment of this Act, the Secretary of Transportation shall issue final regulations under the following:

(1) The rulemaking proceeding under Docket HM-175A entitled "Crashworthiness Protection Requirements for Tank Cars".

(2) The rulemaking proceeding under Docket HM-201 entitled "Detection and Repair of Cracks, Pits, Corrosion, Lining Flaws, Thermal Protection Flaws and Other Defects of Tank Car Tanks".

SEC. 10. SAFE PLACEMENT OF TRAIN CARS.

The Secretary of Transportation shall conduct a study of existing practices regarding the placement of cars on trains, with particular attention to the placement of cars that carry hazardous materials. In conducting the study, the Secretary shall consider whether such placement practices increase the risk of derailment, hazardous materials spills, or tank ruptures or have any other adverse effect on safety. The results of the study shall be submitted to Congress within 1 year after the date of enactment of this Act.

SEC. 11. GRADE CROSSING SAFETY.

The Secretary of Transportation shall, within 6 months after the date of enactment of this Act, amend regulations—

(1) under the Hazardous Materials Transportation Act (49 App. U.S.C. 1801 et seq.) to prohibit the driver of a motor vehicle transporting hazardous materials in commerce, and

(2) under the Motor Carrier Safety Act of 1984 (49 App. U.S.C. 2501 et seq.) to prohibit the driver of any commercial motor vehicle, from driving the motor vehicle onto a highway-rail grade crossing without having sufficient space to drive completely through the crossing without stopping.

SEC. 12. DRIVER'S RECORD OF DUTY STATUS.

(a) IN GENERAL.—Not later than 6 months after the date of enactment of this Act, the Secretary of Transportation shall promulgate regulations amending section 395.8(k) of title 49, Code of Federal Regulations, to require that any supporting document bearing on the record of duty status of a driver who operates a commercial motor vehicle—

(1) be [retrained.] *retained*, by the motor carrier using such driver, for at least 6 months following its receipt of such document; and

(2) include information identifying the driver and vehicle related to the document.

(b) DEFINITION.—In this section, the term "supporting document" means any electronic or paper document or record generated in the normal course of business, in the provision of transportation by commercial motor vehicle, that could be used by a safety inspector or motor carrier to verify the accuracy of entries in a driver's record of duty status, including trip reports, pay slips, bills of lading or shipping papers, and receipts for fuel, lodging, and tolls.

SEC. 13. SAFETY PERFORMANCE HISTORY OF NEW DRIVERS.

(a) AMENDMENT OF REGULATIONS.—Within 18 months after the date of enactment of this Act, the Secretary of Transportation shall amend section 391.23 of title 49, Code of Federal Regulations, to—

(1) specify the safety information that must be sought under that section by a motor carrier with respect to a driver;

(2) require that such information be requested from former employers and that former employers furnish the requested information within 30 days after receiving the request; and

(3) ensure that the driver to whom such information applies has a reasonable opportunity to review and comment on the information.

(b) SAFETY INFORMATION.—The safety information required to be specified under subsection (a)(1) shall include information on—

(1) any motor vehicle accidents in which the driver was involved during the preceding 3 years;

(2) any failure of the driver, during the preceding 3 years, to undertake or complete a rehabilitation program under section 12020 of the Commercial Motor Vehicle Safety Act of 1986 (49 App. U.S.C. 2701) after being found to have used, in violation of law or Federal regulation, alcohol or a controlled substance;

(3) any use by the driver, during the preceding 3 years, in violation of law or Federal regulation, of alcohol or a controlled substance subsequent to completing such a rehabilitation program; and

(4) any other matters determined by the Secretary of Transportation to be appropriate and useful for determining the driver's safety performance.

(c) FORMER EMPLOYER.—For purposes of this section, a former employer is any person who employed the driver in the preceding 3 years.

SEC. 14. RETENTION OF SHIPPING PAPERS.

(a) AMENDMENT.—Section 105(g) of the Hazardous Materials Transportation Act (49 U.S.C. 1804(g)) is amended by adding at the end the following new paragraph:

"(5) RETENTION OF PAPERS.—After the hazardous material to which a shipping paper provided to a carrier under paragraph (1) applies is no longer in transportation, the person who provided the shipping paper and the carrier required to maintain it under paragraph (1) shall retain the paper at their respective principal places of business. Such person and carrier shall, upon request, make the shipping paper available to a Federal, State, or local government agency at reasonable times and locations.".

(b) REGULATIONS.—Not later than 6 months after the date of enactment of this Act, the Secretary of Transportation shall issue regulations implementing the requirements of paragraph (5) of section 105(g) of the Hazardous Materials Transportation Act, as added by subsection (a) of this section.

SEC. 15. TOLL FREE NUMBER FOR REPORTING.

The Secretary of Transportation shall establish a toll free "800" telephone number for transporters of hazardous materials and other individuals to report to the Secretary possible violations of the Hazardous Materials Transportation Act (49 App. U.S.C. 1801 et seq.) or any order or regulation issued under this Act.

SEC. 16. TECHNICAL CORRECTIONS.

(a) AMENDMENTS RELATING TO PACKAGING.—(1) Sections 103(5)(B), 103(6)(A)(iii), and 109(c) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1802(5)(B), 1802(6)(A)(iii), 1808(c)) are each amended by striking "packages" and inserting in lieu thereof "packaging".

(2) Sections 105(a)(3), 105(a)(4)(B)(v), 110(a)(1), and 120 of the Hazardous Materials Transportation Act (49 App. U.S.C. 1804(a)(3), 1804(a)(4)(B)(v), 1809(a)(1), 1818) are each amended by striking "a package" and inserting in lieu thereof ["packaging".] *"a packaging"*.

(3) Sections 106(c)(1)(B) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1805(c)(1)(B)) is amended—

(A) by striking "a bulk package" and inserting in lieu thereof ["bulk] *"a bulk* packaging"; and

(B) by striking "the package" and inserting in lieu thereof "the bulk packaging".

(b) OTHER.—(1) Section 105(a)(3) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1804(a)(3)) is amended by inserting "hazardous materials" immediately after "shipped".

(2) Section 105(e)(1) of the Hazardous Materials Transportation Act (49 App. U.S.C. 1804(e)(1)) is amended by striking "or package" and inserting in lieu thereof ", package, or packaging (or a component of a container, package, or packaging)".

SEC. 17. EXEMPTION FROM HOURS OF SERVICE REQUIREMENTS.

The Secretary of Transportation shall exempt farmers and retail farm supplies from the hours of service requirements contained in section 395.3 of title 49, Code of Federal Regulations, when such farmers and retail farm supplies are transporting farm supplies for agricultural purposes within a 50-mile radius of their distribution point during the crop-planting season.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The committee amendments were agreed to.

Mr. EXON. Mr. President, the Hazardous Materials Transportation Authorization Act includes commonsense changes in the basic hazmat law and several related truck safety initiatives which will significantly advance safety on all modes. I know of no opposition to this measure.

The bill reauthorizes the hazmat program and incorporates several provisions to improve the use of hazmat resources by the Department of Transportation, as well as state and local authorities.

To improve emergency response training and planning, the 1994 bill would allow Indian tribes to qualify for hazmat planning grants, and clarifies the training criteria for emergency response.

The bill also requires the retention of shipping papers for improved hazmat enforcement.

To prevent retaliation from our international trading partners, a registration and fee exemption for hazmat shippers domiciled outside of the United States is included.

The hazmat bill requires that the promotion of safe hazardous materials transportation become a top priority in intelligent vehicle highway system program (IVHS). This provision which was expanded and incorporates language from a related provision in the House bill. As the author of the Senate provision, I make clear that the new provision does not create a preference for any specific system, technology, invention or provider. Any and all projects funded under this section should be subject to competitive selection.

This legislation also requires that the Department of Transportation issue final rules with regard to two pending rail tank car safety rulemakings. These rulemakings have taken on a life of their own. The previous administration let these important decisions linger for years. I have the assurance from Federal Rail Administrator Jolene Molitoris that she will bring this proceeding to a timely conclusion.

One provision of which I am very proud attempts to motivate safe behavior at rail/highway grade crossings. Under the bill before the Senate, a new Federal fine could be imposed on any driver of a motor vehicle carrying hazardous materials or a driver of any commercial motor vehicle, who enters a highway-railroad grade crossing without having sufficient space to drive completely through the crossing without stopping. This provision is in response to the terrible tank car train accident in 1993 where a truck gridlocked on a crossing and was hit by the train. The resulting fireball killed the driver and several innocent drivers in nearby cars.

In the area of general safety enforcement, the bill improves the ability to enforce current hours of service rules for all professional drivers and recognizes that there are seasonal needs in rural America which must be recognized by the hours of service rules. The current hours of service rules recognize that small package delivery companies need accommodation during the Christmas season. The seasonal needs of farmers and farm suppliers, also deserve accommodation. Rural Americans want to obey the law. A policy of regulatory forbearance is not enough. Such a policy tells drivers to break the law because you may not be caught. However, if you are transporting farm chemicals in violation of the hours of service rules, and you are caught, the consequences could be economically catastrophic. A clear set of rules which take into account seasonal circumstances which are obeyed is not only fair to rural Americans, it is safer for all Americans. This bill requires that the Secretary review through a rulemaking the seasonal application of the hours of service rules as they apply to farmers and retail farm suppliers.

The legislation before the Senate also requires the Secretary to issue rules which will make it easier for employers to verify the safety record of new truck drivers. A trucker fired for unsafe driving, drug use or alcohol abuse should not be able to simply walk across the street to a new employer with an unsafe record hidden in the shadows of legal ambiguity.

The bill also instructs the Secretary of Transportation to create a toll free number for drivers, shippers and the public to call to report potential hazardous materials transportation act violations. Crime stopper numbers which exist in law enforcement and have led to the arrest of dangerous criminals provide a model for the Department of Transportation.

In addition, the pending legislation embraces and slightly modifies the major provisions of the House passed Hazardous Materials Transportation Act. Members and staff of the House Public Works, Senate Commerce and House Energy and Commerce Committees worked together to craft a compromise bill which significantly advances the public safety. I am especially pleased to support the House provisions which enhance hazmat worker training.

I urge my colleagues to join me in supporting the swift enactment of the Hazardous Materials Transportation Authorization Act of 1994.

Thank you, Mr. President.

AMENDMENT NO. 2552

(Purpose: An amendment in the nature of a substitute to amend the Hazardous Materials Transportation Act, to authorize appropriations for that act, to provide for trucking industry reform, and for other purposes)

Mr. FORD. Mr. President, on behalf of Senator EXON, I send to the desk a substitute amendment and I ask unanimous consent that the Senate proceed to its immediate consideration; that the amendment be agreed to; and that the motion to reconsider be laid upon the table.

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

The amendment (No. 2552) was agreed to.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. EXON. Mr. President, I am pleased to offer the Trucking Regulatory Reform Act of 1994 as an amendment to S. 1640, the Hazardous Materials Transportation Authorization Act of 1994. This legislation pursues a comprehensive trucking regulatory reform agenda which is designed to meet the legitimate concerns about the expense of trucking regulation expressed by both Houses of Congress.

This legislation was crafted after close consultations with the bipartisan membership of the Interstate Commerce Commission, Members of both parties and Houses of Congress, shippers, truckers, brokers and the administration.

This landmark legislation will improve surface transportation efficiency, save taxpayer dollars, protect the public interest and preserve transportation safety.

The legislation before the Senate is a compromise proposal designed to draw the Congress back from the brink of rash and unreasonable action with regard to the future of the Interstate Commerce Commission. It is an effort to pursue needed reform in Federal trucking regulation and at the Interstate Commerce Commission while at the same time preserving the much needed safety, dispute resolution and independent functions of the commission.

The Exon-Packwood amendment represents fundamental reform in trucking regulation. It also offers the Congress an opportunity to save real money, rather than just shuffle expense from one agency to another.

There are five basic elements of this reform package. Under this proposal: (1) the obligation to file rates would be eliminated for individual truck companies; (2) entry review would be streamlined and limited to insurance and safety matters; (3) the ICC would be given exemption authority over trucking matters under its jurisdiction; (4) the Secretary of Transportation would be required to report to the Congress on future organizational options for the ICC and whether further operational and regulatory efficiencies can be achieved; (5) following the philosophy of section 211 of the Airport Improvement Act of 1994 which preempts state regulation of motor carrier rate, route and services, the intra-state rate regulation of interstate bus services would preempted.

The Exon-Packwood trucking regulatory reform amendment builds on the success of the Negotiated Rates Act which this Congress enacted last year ending the nightmare of the undercharge claims form Bankrupt trucking companies. The amendment does nothing to weaken the protections of the Negotiated Rates Act and contains specific language to prevent a future undercharge crisis.

I ask the appropriations conference committee to consider this reform agenda in when it takes up the transportation appropriations bill. This reform agenda will save at least $50 million over years and likely much more.

The harsh, rash and possibly expensive action of the House of Representatives to defund the ICC without dealing with any commission functions should be balanced against this responsible, prudent approach.

Mr. President, the Negotiated Rates Act, section 212 of the 1994 Airport Improvement Program Act and this legislation form a trilogy of historic trucking economic reform legislation adopted by the 103d Congress and fully supported by the Clinton administration.

Years of gridlock, turf protection, and mistrust have been replaced by an agenda of change, productivity and efficiency. The Nation has a secretary of transportation committed to safety and efficiency and a interstate. commerce commission committed to its mission of protecting the public interest and advancing interstate commerce. These two facts make this reform agenda not only possible but responsible.

This trilogy of legislation will not only save tens of millions of dollars for Federal and State taxpayers, they will save hundreds of millions of dollars for the private sector and add to the efficiency of the greatest transportation network in the world.

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Let no one interpret this agenda of reform as a license for the irresponsible. In the past, economic regulation often served as a proxy for safety regulation. The theory was that regulation and protection from competition would assure safe operations and equipment. However, we have learned that regulation for regulation's sake can divert resources away from safety and toward red tape.

This reform agenda will require the Congress and the States to rededicate and redeploy their resources to tough, modern and thorough safety enforcement. By and large, the private sector has at long last learned the link between safe operations and competent drivers and the bottom line. The slipshod, the careless and the reckless in the trucking industry should take no comfort in today's action. As long as I have a role in transportation policy, I will insist on the highest levels of safety possible.

I encourage my colleagues to support the Trucking Regulatory Reform Act and congratulate my colleagues of the 103d Congress and the administration for enacting a body of legislation which at least in the motor carrier segment of the economy reinvents government, enhances productivity, and preserves public safety.

Mr. HOLLINGS. Mr. President, I rise in support of S. 1640, the Hazardous Materials Transportation Authorization Act of 1994, as amended by Senator EXON'S amendment in the nature of a substitute. The bill as amended authorizes funding for the Department of Transportation's hazardous materials transportation program and provides for regulatory reform of the trucking industry. I urge my colleagues to support this legislation.

A safe and efficient transportation system is an important requirement for our country. In fact, the American transportation system is the envy of the world. But there is always the opportunity to improve the transportation system, both immediately and in the future. Such improvements are the goals of this bill.

Title I of this bill amends the Hazardous Materials Transportation Act. The bill mandates that the Secretary of Transportation explore the use of the intelligent vehicle—highway system technologies to promote the safe transportation of hazardous materials. In addition, there is a provision that could help to stem the appalling loss of life in grade crossing accidents. Over 600 people are killed each year due to grade crossing accidents. Further, the bill mandates tighter enforcement of truck drivers' records and their record of duty status. These provisions will allow authorities to remove fatigued and overworked drivers from the Nation's highways.

Title II of this amended bill is entitled the Trucking Industry Regulatory Reform Act of 1994. The text of title II is very similar to S. 2275, which was introduced by Senator EXON and cosponsored by Senator PACKWOOD. This title is the product of a bipartisan effort to provide meaningful reform in the surface transportation industry. The provisions address the concerns raised by some that the Interstate Commerce Commission [ICC] is no longer needed and should be abolished immediately, without further discussion as to what should be done with the ICC's functions or the effect on the public interest of eliminating the ICC.

This legislative language was developed after a Commerce Committee hearing on the ICC and its role in both the motor carrier and rail industries. The witnesses at that hearing were almost unanimous on three important issues. First, they supported further trucking reform legislation along the lines of S. 2275. Second, they agreed that there is a need for an independent ICC to attend to the important rail industry regulatory duties Congress entrusted to the ICC to protect the public interest. Third, they testified that any move to restructure or eliminate the ICC must be preceded by careful study of the advantages and disadvantages of such a move.

Title II of this bill accomplishes all of those goals. It broadens the entry provisions for carriers seeking to enter the industry. Allowing more carriers to enter the industry will create more competition within the industry and lower prices for the public. In addition, this title requires the ICC to devote more of its resources to its administration of the Nation's rail industry. The recent announcements by rail carriers of two contemplated mergers underscore the need for an ICC with the authority and expertise to pass on these very complicated and very important transactions in the public interest. Finally, this title provides for a study of the ICC's role in the future. The study is to determine which of the ICC's functions are necessary to the future of the Nation, and whether those functions should remain with the ICC or be transferred to another agency. In the case of function recommended for transfer, the study is to indicate when such a transfer could be accomplished without disruption to the public interest.

This legislation takes a constructive approach to improving the Nation's surface transportation system. Through this bill we will improve the present and future transportation of hazardous materials, increase our ability to ensure that only safe drivers use the roads, and ensure that the economic regulation of the motor carrier and rail industries is no more than is necessary to protect the public and contribute to industry's ability to move goods and provide service.

I urge my colleagues to support passage of S. 1640, as amended.

Mr. EXON. Mr. President, my substitute amendment to the Hazardous Materials Transportation Authorization Act includes a provision to improve compliance with the hours of service rules governing the number of hours which a driver can operate. These revisions will help ensure that the hours of service regulations are enforceable in a manner which does not impose an unreasonable cost to drivers or motor carriers.

The retention of documents for 6 months should not place any significant burden on carriers. In most cases, these documents are retained for tax and expense purposes. This provision will give enforcement personnel easier access to documents which can support or disprove an allegation of hours of service violation. Reports that auditors have been forced to retrieve documents from garbage dumpsters or play hide-and-seek with firms that have a policy of habitual hours of service violation give rise to the need for this provision.

Most professional drivers and trucking firms obey the law. Those that do not endanger the driving public and compete unfairly with those who follow the rules. Most truckers I know, work hard and play by the rules. This provision will eventually help make our highways safer.

The Surface Transportation Subcommittee is very concerned about reports that a small number of drivers engage in gross and repeated abuse of the rules.

The purpose of this reform is to encourage compliance, discourage gross abuses, and give auditors and enforcement personal the means to ensure, for example, that drivers are not backing their logbooks or driving "off the books."

The documents retained under this provision can help verify logbook entries, corroborate the time, date and location of a driver or serve as evidence which disproves the accuracy of log book entries. Of course, the time, date and location on a receipt, phone bill or toll stub is only as accurate as the accuracy of the issuer.

The regulations under this provision would be subject to public comment and should encourage the use of self-compliance systems by motor carriers, such as computer programs which verify driver location. The regulations should also encourage a "systems" approach by carriers to help prevent as well as penalize violations. The documents covered by this provision could be written or electronic and could be generated by the carrier, driver or a third party.

The object of this provision is to help make the roads safer by giving enforcement personnel the ability to catch those flagrant abusers. It is not designed to create a trap for drivers who receive, for example, a pre-stamped toll receipt or to unfairly punish drivers for a de minimis deviation from the current rules.

To the extent technically feasible the regulations should also look to the future and the possibility of actually reducing the burdens of record keeping while at the same time enhancing the effectiveness of enforcement through the use of Intelligent Vehicle Highway Systems [IVHS] which in the near future could provide data directly to enforcement personnel.

Mr. President, this provision is an important safety advancement and merits the support of the U.S. Senate.

On a separate matter Mr. President, section 107 of the bill before the Senate amends section 5125(g) of the Hazardous Material Transportation Act to give the Department of Transportation authority to obtain information from States on hazmat fees. Section 5125(g) as amended contains an administrative mechanism so that the Department of Transportation can determine whether hazmat fees are excessive or are used for purposes unrelated to transportation and therefore subject to preemption. While the recodification of title 49 (PL 103-272) intends no substantive chances in meaning there is a change in crucial language relating to 5125(g).

Mr. HOLLINGS. Mr. President, I rise today to advise my colleagues of the basis for my support of a provision in the amendment of the Senator from Nebraska to the Hazardous Materials Transportation Authorization Act of 1994. The provision pertains to the use of fibre drum packaging.

Congress has authorized the Department of Transportation [DOT] to grant exemptions to its requirements for packagings that are known to be safe. However, DOT has been reluctant to grant a domestic exemption for open-head fibre drums, despite DOT and industry records that show that these packagings have a 099.99 percent safety record. In fact, the open-head fibre drum—which is based upon American technology—has been used to ship hazardous materials in a safe manner in the United States for over 30 years.

DOT's reason for denying the fibre drum industry's exemption request was that open-head fibre drums for liquids fail to meet certain U.N. requirements. IT is important that Congress recognize that the U.N. standards with which these drums must conform have not been scientifically validated and there has been minimal experience in using these standards in the real transportation environment. Open-head fibre drums, on the other hand, conform to stringent industry standards and have a demonstrated 99.99 percent safety record in the real transportation environment. Despite DOT's authority under both the U.N. standards and the Hazardous Materials Transportation Act [HMTA] to make exceptions and exemptions to the standards adopted under docket HM-181, and the fact that DOT has granted other exceptions and exemptions to the HM-181 standards based on safety reasons, DOT has refused to authorize the continued use of American Fibre drums in domestic commerce beyond October 1, 1996, when the HM-181 standards become totally effective. The bill approved by the Commerce, Science, and Transportation Committee did not address DOT's failure to continue the authorization of open-head fibre drums because an appropriate provision for addressing this issue had not, at the time of the Committee's mark-up, been agreed upon.

The House of Representatives passed an HMTA reauthorization bill (H.R. 2178) on November 21, 1993. That bill included an HMTA amendment requiring DOT to conduct a rulemaking proceeding to determine whether open-head fibre drums can be safely regulated in accordance with standards other than the HM-181 standards by October 1, 1995. If the Department determines that alternative standards are appropriate, then they must issue these standards by October 1, 1996. The provision in the Senator from Nebraska's amendment to S. 1640 is the same as the one in H.R. 2178.

The provision does not specify the factors that DOT should consider in conducting the initial rulemaking. As a point of clarification, I ask the Senator from Nebraska whether my understanding is correct that it is the sponsor's intention that, in conducting this rulemaking to determine whether standards other than those of HM-181 may be used to safely regulate open-head fibre drums, DOT must consider DOT's hazardous incident reporting system and industry records and the 30 years of shipping experience associated with the use of these drums. I further understand that DOT must consider the existing industry standards for these drums since these standards have led to the industry's excellent shipping record.

Mr. EXON. Mr. President, I agree with the Chairman's understanding of DOT's consideration of the existing safety record and shipping experience of open-head fibre drums that have been used domestically in conducting its rulemaking under this provision. Additionally, DOT should consider the existing industry standards that have been developed by the fibre drum industry, since these standards are responsible for the current safety record of open-head fibre drums. The use of this data will help the Secretary of Transportation determine whether open-head fibre drums can be regulated safely in accordance with standards other than those of HM-181.

Mr. HOLLINGS. I thank the Senator from Nebraska for his comments. Based on this understanding, I support this legislation to amend the Hazardous Materials Transportation Act to

authorize appropriations through fiscal year 1997 and to require DOT to conduct a rulemaking to determine if open-head fibre drums can be safely regulated. As provided in the House bill, DOT must make a determination by October 1, 1995, as to whether standards other than the HM-181 standards are appropriate and must issue these alternative standards by October 1, 1996. This amendment represents a viable approach to ensuring that a proven American technology is not unnecessarily eliminated while ensuring public safety concerns are met.

Mr. THURMOND. Mr. President, I rise today to ask Senator EXON, my colleague from Nebraska, a question regarding S. 1640, the Hazardous Materials Transportation Authorization Act of 1994. It is my understanding that S. 2275, the Trucking Industry Regulatory Reform Act of 1994, has been incorporated into this measure. My question is whether it is the intention of this legislation to include "mileage guide" within the definition of a "rate, classification, rule, or practice"?

Mr. EXON. Yes.

CONSIDERATION OF RECOMMENDATIONS

Mrs. HUTCHISON. Mr. President, I know that this Congress cannot bind a future Congress, however, as the current ranking Republican member of the Senate Surface Transportation Subcommittee, I believe that we can provide assurances of our intentions to proceed expeditiously to consider the recommendations for future reform by the Secretary of Transportation and the Interstate Commerce Commission. Does the current chairman of the Surface Transportation Subcommittee share my belief that our subcommittee should move ahead in a timely manner to consider reform recommendations in the next Congress?

Mr. EXON. I appreciate the Senator's question, and help in moving this important legislation. I share the Senator's intention. The reports required by this legislation will be taken most seriously and will be critical for future reform. I have every intention of giving the recommendations of the Secretary of Transportation and the Interstate Commerce Commission full, fair and swift consideration.

Mr. PACKWOOD. Mr. President, I am pleased to join Senator EXON in support of the Trucking Industry Regulatory Reform Act of 1994 and to thank him for his leadership.

Recently the House of Representatives voted to strike funding for the Interstate Commerce Commission from the Transportation appropriations bill for fiscal year 1995.

I strongly disagree with this approach. Anyone who knows my record knows that I would totally deregulate the trucking industry, other than safety and insurance. And I would totally deregulate the railroads except for modest exceptions. But I would keep the ICC. I do not quarrel with the job the ICC does. I quarrel with the job we give it to do.

I have learned over the years that merger for the sake of merger does not result in efficiency or reduced expenditures. I have also learned that small is better than big.

The ICC has expertise and independence that I value. It has been an asset in our efforts to deregulate transportation industries, and it is an efficient agency. Thirty years ago the ICC had 2,500 employees. Now it has 625.

We can reduce ICC's budget by eliminating some costly and obsolete motor carrier regulatory functions. Our bill will do this. Our bill will virtually eliminate the ICC's remaining motor carrier functions. However, ICC performs other functions that would have to be performed by someone else. Transferring these functions to another agency would be extremely disruptive. And the General Accounting Office has concluded that the cost savings would be small.

Our bill is intended to address perceived problems in a deliberate and systematic fashion, and avoid the uncertainty, confusion and potential chaos that could ensue if we simply eliminate the ICC without a larger strategy.

Our bill offers the potential for further efficiencies down the road. It would direct the ICC and the Secretary of Transportation to study additional opportunities to streamline or eliminate remaining functions as well as any other means of achieving further efficiencies. I look forward to full and prompt consideration of the Secretary's findings and recommendations. I pledge to continue my efforts to reduce regulation and unnecessary government spending.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for the third reading and was read the third time.

Mr. FORD. Mr. President, I ask unanimous consent that the Commerce Committee be discharged from further consideration of H.R. 2178, the House companion bill, and that the Senate then proceed to its immediate consideration; that all after the enacting clause be stricken and the text of S. 1640, as amended, be inserted in lieu thereof; that the bill be advanced to third reading and passed, the motion to reconsider be laid upon the table; and that upon disposition of H.R. 2178, the Senate measure be indefinitely postponed.

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

So the bill (H.R. 2178) was deemed read the third time and passed.

The bill was not available for printing. It will appear in a future issue of the RECORD.

THE 100TH ANNIVERSARY OF JEWISH WAR VETERANS OF THE UNITED STATES OF AMERICA

Mr. FORD. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be discharged from further consideration of Senate Concurrent Resolution 60, expressing the sense of the Congress that a postage stamp should be issued to honor the 100th anniversary of the Jewish War Veterans of the United States; that the Senate then proceed to its immediate consideration; that the concurrent resolution be agreed to and the motion to reconsider be laid upon the table; that the preamble be agreed to; and that any statement appear in the RECORD as if read.

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

So the concurrent resolution (S. Con. Res. 60) was agreed to.

The preamble was agreed to.

The concurrent resolution, with its preamble, is as follows:

S. CON. RES. 60

Whereas the Jewish War veterans of the United States of America, an organization of patriotic Americans dedicated to highlighting the role of Jews in the United States Armed Forces, will celebrate 100 years of patriotic service to the Nation on March 15, 1996;

Whereas thousands of Jews have proudly served the Nation in times of war;

Whereas thousands of Jews have died in combat while serving in the United States Armed Forces;

Whereas, in World War II alone, Jews received more than 52,000 awards for outstanding service in the United States Armed Forces, including the Medal of Honor, the Air Medal, the Silver Star, and the Purple Heart;

Whereas, in World War II alone, over 11,000 Jews died in combat while serving in the United States Armed Forces;

Whereas members of the Jewish War Veterans of the United States of America have volunteered over 10,000,000 hours at veterans' hospitals; and

Whereas honoring the sacrifices of Jewish veterans is an important component of recognizing the strong and patriotic role Jews have played in the United States Armed Forces: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that—

(1) a postage stamp should be issued to honor the 100th anniversary of the Jewish War veterans of the United States of America; and

(2) the Citizens' Stamp Advisory Committee of the United States Postal Service should recommend to the Postmaster General that such a postage stamp be issued.

Mr. GRAMM. Mr. President, I am very pleased that today the Senate will adopt Senate Concurrent Resolution 60, a concurrent resolution I submitted earlier this year expressing the sense of Congress that the Post Office should issue a stamp commemorating the 100th anniversary of the Jewish War Veterans of the United States of America. It is a testament to its broad, bipartisan appeal that 62 of my colleagues have cosponsored the proposal.

The Jewish War Veterans is the oldest active veterans organization in America. The Jewish people have a long and illustrious history of military service to this country in defense of our freedoms, including duty during the Revolutionary War. Jewish soldiers have won 15 Congressional Medals of Honor, and in World War II alone were presented over 52,000 awards for gallantry on the field of battle.

The service of Jewish veterans did not stop when they hung up their uniforms. Jewish War Veterans have sponsored a broad range of community and philanthropic activities, including summer camp opportunities for underprivileged children, college scholarships, senior citizen housing, and many veterans rehabilitation and service programs. Members of the Jewish War Veterans have volunteered over ten million hours at veterans hospitals.

The Senate now looks to the House, where they have yet to pass the companion resolution, House Concurrent Resolution 199. I urge our House colleagues to join us and adopt a resolution so that we might send a clear message to the Citizens' Stamp Advisory Committee of the Congress' strong interest in issuing a commemorative stamp in honor of this notable veterans organization.

MEASURE PLACED ON CALENDAR—S. 2374

Mr. FORD. Mr. President, S. 2374, that bill is at the desk?

The PRESIDING OFFICER. It is.

Mr. FORD. I ask for its first reading.

The PRESIDING OFFICER. The clerk will read the bill for the first time.

The legislative clerk read as follows:

A bill (S. 2374) to improve the United States private health care delivery system and Federal health care programs, to control health care costs, to guarantee access to health insurance coverage for all Americans, and for other purposes.

Mr. FORD. Mr. President, I ask for its second reading.

Mr. GORTON. I object.

The PRESIDING OFFICER. Objection having been heard, the bill will be placed on the calendar.

MEASURE PLACED ON CALENDAR—S. 2381

Mr. FORD. Mr. President, I understand that S. 2381, a bill to require the Secretary of HHS to provide health care fraud and abuse guidance, introduced earlier today by Senator COHEN, is at the desk.

The PRESIDING OFFICER. The Senator is correct. The clerk will read the bill for the first time.

The legislative clerk read as follows:

A bill (S. 2381) to require the Secretary of Health and Human services to provide health care fraud and abuse guidance, and for other purposes.

Mr. FORD. Mr. President, I now ask for its second reading.

Mr. GORTON. I object.

The PRESIDING OFFICER. There is objection. The bill will be read for the second time the next legislative day.

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

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

ORDERS FOR FRIDAY, AUGUST 12, 1994

Mr. FORD. Mr. President, on behalf of the majority leader, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9:30 a.m. Friday, August 12; that following the prayer, the Journal of proceedings be deemed approved to date, and that the time for the two leaders be reserved for their use later in the day; that immediately thereafter, the Senate proceed to S. 2082, under the conditions and limitations of a previous unanimous consent agreement.

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

ORDER FOR RECESS UNTIL 9:30 A.M. TOMORROW

Mr. FORD. Now, Mr. President, I ask unanimous consent that upon the conclusion of the remarks of the distinguished Senator from Washington, Mr. GORTON, the Senate stand in recess as previously order.

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

Mr. FORD. I yield the floor.

The PRESIDING OFFICER. The Senator from Washington.

TIMBER JOBS VERSUS GOVERNMENT ASSISTANCE

Mr. GORTON. Mr. President, last month the Daily Olympian, a newspaper in Olympia, WA, published a stunning 4-day set of stories as a result of a 3-month investigation by three journalists led by veteran Washington State political reporter Bob Partlow. Their stories focus on what has happened in Northwest timber communities since the Federal Government decided to stop timber harvesting and replace timber jobs with Government assistance.

For 5 years I have spoken about the Northwest timber-Spotted Owl crisis. Everyone knows where I stand. I have argued that Federal Spotted Owl protection has gone too far and that the administration has not sought a proper balance between the jobs of working families and rural communities and saving old forests.

You have heard me often, but now hear the results of the work of these reporters.

First, here is their map of Federal land that once was primarily timberland that is now set aside for owl habitat. How has this set aside affected lives?

Listen to their story. It is a story of deliberate destruction of a vital American industry and destruction of a treasured way of life for honest working families. The U.S. Government, driven by sophisticated, well financed national environmental organizations and supported by the media and urban opinion leaders, has betrayed rural communities and destroyed—yes—destroyed—the lives and careers of tens of thousands of honest working families in the Pacific Northwest.

What was that betrayal? It started when the President and Vice President at the Portland timber summit promised that people would not suffer greatly. They said that the timber harvest allocation would be reduced, causing the loss of a few thousand jobs, but that the people losing their jobs would not suffer greatly because of the Federal aid and job retraining dollars that would eliminate the pain. Just a little pain that the Government would fix.

Listen to what has happened since this promise was made. Federal timber harvesting has been stopped—not slowed or reduced—but essentially stopped. The administration has chosen not to ask Congress for relief from Federal court injunctions, thus—choosing—choosing to continue the devastation of the Northwest Federal timber harvest. Not a few, but tens of thousands of jobs have been lost.

So how successful has that retraining been?

Listen, not to my words but to the words of Jim Coates of Hoquiam as I read from the Olympian article:

Perhaps the best measure of the government's timber relief effort is provided by people such as Jim Coates of Hoquiam, a burly former sawmill worker. Coates regularly tosses 40-pound boxes of government surplus cheese, tuna fish and juice from a truck trailer to workers at 28 food banks in the economically depressed logging country of Grays Harbor and Pacific counties. "When I started this job 5 years ago, we served 3,000 people a month," he said. "Now we're up to 18,123 in 28 food banks and two soup kitchens. Does that sound like retraining in working to you?"

Dan Goldy, former director of Oregon's Economic Development Department is quoted as follows:

They're sticking a lollipop in the mouths of rural communities so they won't scream as loudly about shutting down their forests.

There is only one answer to this crisis that will matter to these families that are suffering and that is for the

President to propose and Congress to pass legislation allowing a reasonable and immediate timber harvest from Northwest forests.

But let nobody be fooled. This Congress has shown no willingness to help, really help, these families, nor has this administration.

Time magazine, which 3 years ago featured on owl on its cover, will never revisit these devastated timber towns to see the consequences of its advocacy journalism in support of stopping logging. The major Northwest metropolitan papers, which advocated so long and so forcefully for more habitat protection, have not followed the Olympian journalists to see what their agenda has caused. They have won their battle, accomplished their goal of stopping logging, but the messy details of the ruined lives left in the wake have not yet darkened the pages of these journals.

The lives of the urban opinion leaders who were so anxious to stop logging 2 or 3 years ago do not intersect with the lives of any of the 18,123 families who are now waiting in Jim Coates food lines. Those 18,000 families are out of sight and out of mind. These urban opinion leaders do not wish to be confronted with the consequences of their choice. It is awkward and uncomfortable. Their response is not to concern themselves with the cold human reality of those food bank families, but instead to rail against me or anyone who would dare suggest that their choice has crushed those real lives. I believe, I want to believe, that the lack of concern on the part of the opinion leaders who pushed so hard to stop timber harvesting is due to an ignorance of the rural plight rather than a lack of compassion.

This issue, in the minds of the people who dominate Washington, DC, today, has been settled. They will not be troubled by the uncomfortable truth. That uncomfortable truth is that the Clinton administration's 30-second sound bites, delivered 2 years ago when they promised both a reduced timber harvest and relief for the workers—was a fraud. What the workers got was unemployment and no real help. What those communities have is jobless families, desperation and no hope.

They have been betrayed. They will listen to no more slick promises from politicians.

One of the bitter ironies of this real drama is that these are families who did not begin despising their Government. These were the working families who, at least since FDR, believed that the Federal Government was generally on their side. These were families who paid their taxes and sent their sons to fight and sometimes die in America's wars. And they sent those sons proudly. But do not trouble yourself to ask them today whether they have faith in their Government still.

I have searched my heart deeply asking whether my own anger stems from the fact that my point of view has not prevailed on this issue. I truly believe that it is not the root of my anger. I have been in public life for more than three decades and I have won and lost more public policy battles than I can remember, but those losses do not stick with me and leave me angry. But this one sticks with me because so much has been taken from so many people—their families and communities, taken needlessly and under such false and glib pretenses.

And the glib answers do not reach the truth. The glib answer is that many people lose their jobs every day and life goes on. The truth is that timber communities exist because the Federal Government made a promise decades ago that if these workers would move there they could harvest a sustainable amount of Federal timber forever. These are towns with practically no other economic options. Timber workers laid off in a timber town whose houses have lost virtually all of their values, are not like most laid-off workers. They have no other realistic options, and the Federal promise of job retraining is a national scandal that does not work.

The glib answer says what Tom Tuchman, White House timber czar, is quoted in the Olympian as saying: "You can't repeal the laws of change," as if the deliberate federal decision to stop timber harvesting was inevitable—like a law of nature. The truth is that Tom Tuchman, like so many who dominate Washington, DC, is an advocate for stopping logging. He supports the position espoused by the national environmental organizations who demonize timber workers and seek the cessation of virtually all logging in the Northwest and it is that choice—not the inevitable fact of change—and their power to enforce that choice is the reason that these families are suffering.

The glib answer says that the Northwest is just about to run out of timber, or at least old growth timber, so that the end of the harvest was inevitable. The truth is that more than 70 percent of Northwest old growth forests were already set aside forever in parks, wilderness areas and designated reserves and that even in the 1980's we were not harvesting our Federal forests faster than the rate of regeneration.

The glib answer says that we should stop log exports to invent more mill jobs. The truth is that not a stick—not one stick of public timber is exported raw from the Northwest. We have ended all State and Federal log exports. All that remains is private property. And no honest person can, with a straight face, argue that banning private log exports will help any displaced workers in the rural communities that depend on Federal timber harvests. Nobody on this planet could survive in business by harvesting timber on the lowland private timberlands and then shipping those logs up to the more remote communities hurting today—it will not happen and the glib answer of banning private log exports is another fraud, as well as confiscation of private property values.

The truth is that we do not have to destroy these communities, 18,000 people do not have to wait in the Grays Harbor food lines in order to save old growth forests. The truth is that a fair balance can be found.

Someday, the truth will come out. But that someday has not come. The Olympian reporters have my respect. I fervently hope that their reporting prompts a reexamination of this issue that sheds light on the cold truth, the truth that the Grays Harbor food banks today serve 18,123 people in a county with a population of less than 60,000.

Can we imagine, possibly imagine, the response—properly—of decision makers in Washington, DC, the metropolitan Northwest media and opinion leaders in Washington State, if a deliberate federal policy put one-third of Portland or King County residents in food bank lines? None of us would tolerate such a result. So why do so many tolerate such a result in rural Northwest communities?

I fear that the truth affecting these rural communities is not likely soon to permeate past the tens of millions of dollars and sophisticated mass communications techniques of the national environmental organizations.

The truth is not likely to be heard or acted upon by the majority of members of this Congress who have cast their safe green vote, assuring the reelection support of the national environmental organizations and their troops.

But, still, someday the truth will out. God will not long ignore this preventable human suffering in our midst. Honest people will continue to seek the truth and question a public policy that causes so much pain.

But what do we do in the meantime? I pray to God that somebody else will listen now. I pray that wisdom, compassion and understanding will come to those who dominate Washington, D.C. now. I pray that, soon, those who have chosen this course understand that they must change to prevent even more pain from being visited on honest families who have lost so much in the Northwest.

My opponents on this question will hasten to say "we can't return to the old timber harvest levels of 5 billion board feet a year." I say "fine, but let us split the difference and immediately let these communities harvest half of what they had grown to expect. That will leave plenty of owl habitat, but it will also restore hopes and mend the broken lives of many Northwest families."

I am frustrated with this administration; I do not believe for a minute that the President wishes so much pain for so many families. I know that he does not. But the suffering is happening now because of decisions made by his administration. Through his action or inaction his administration will be judged. Thus far it has responded with indifference.

After the November elections I will make a formal request of the Senate Subcommittee on Interior Appropriations hold a field hearing in Washington State to answer some of the disturbing questions raised by the series in the Olympian. I will ask that the hearing be held before the start of the next session of Congress, so that it will be divorced from partisan politics, as this issue deserves more than partisan politics. I want these hearings to ensure that the money the Federal Government is spending is spent well and effectively. The people of these communities deserve, at the very least, to be assured that the little money that we are spending actually helps them.

So I close with a request that the President immediately propose legislation that will get timber flowing into our starving Northwest communities. If this legislation only provides for a short-term timber harvest, fine; that is not my preference, but I will be its advocate, and I will praise the President, because we need whatever we can get now.

I cannot assure that Congress will pass such legislation, though I believe that if the President pushes and the Northwest delegation supports him, we can succeed. But I can promise the only thing that an individual legislator can promise in the end. My promise is, Mr. President, that if the administration sends to Congress legislation that will cut through all of the roadblocks immediately and get timber flowing to help these desperate families and communities now, this Senator will vote, and speak and fight for it with all that is within me.

Mr. President, I ask unanimous consent to place the entire series of articles in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD as follows:

LOGGERS LEFT WITH CRUMBS

TAXPAYER MONEY: GOVERNMENT AGENCIES CANNOT PRODUCE AN ACCOUNTING OF WHERE TIMBER DOLLARS HAVE BEEN SPENT

(By Bob Partlow and Trask Tapperson)

Five years and more than $100 million later, government programs to help Northwest loggers and their communities have failed.

Massive logging cutbacks on federal forests have stripped the region of thousands of jobs.

State and federal agencies have poured money into studies, plans, consultants, unemployment benefits, seed money and retraining programs to rescue the people and their towns.

But a three-month investigation by The Olympian and The Bellingham Herald reveals:

Government agencies haven't tracked overall spending or handling of programs to train timber workers for other jobs.

They can't give an accounting of how much money they spent, where it went and whether it did any good.

Many loggers and their communities aren't finding new lives after the devastation caused by government- and court-ordered shutdowns of forests primarily to protect the northern spotted owl.

Though some retraining ideas have met success; they don't offset the widespread problems in many of the government timber programs.

"As a long-term effort, it's been a complete failure," said Roger Reidel, a former millworker who oversees forest-related issues for the Washington State Labor Council.

His assessment is shared throughout logging communities in Washington, Oregon and Northern California.

Perhaps the best measure of the government's timber relief effort is provided by people such as Jim Coates of Hoquiam, a burly former sawmill worker.

Coates regularly tosses 40-pound boxes of government surplus cheese, tuna fish and juice from a truck trailer to workers at 28 food banks in the economically depressed logging country of Grays Harbor and Pacific counties.

"When I started this job five years ago, we served 3,000 people a month," he said.

"Now we're up to 18,123 in 28 food banks and two soup kitchens.

"Does that sound like retraining is working to you?"

On the other hand, government officials point to the Clinton administration's plans to spend $1.2 billion to help loggers during the next five years.

"It's a good plan," said Tom Tuchmann, the White House timber czar in the Northwest.

"I believe in it. It recognizes people are hurting.

"You can't repeal that laws of change. You can only manage them. We're trying to manage," he said. "Some things are going to wcrk. Some things aren't going to work."

But U.S. Rep. Peter DeFazio, D-Ore., said most of that $1.2 billion isn't a new infusion of cash.

Instead, it's money from other government programs repackaged as timber aid, he said.

"They're sticking a lollipop in the mouths of rural communities so they won't scream as loudly about shutting down their forests," said Dan Goldy, former director of Oregon's Economic Development Department.

Where is the money? The government can't say—it doesn't keep track.

White House response: Clinton officials say the administration's timber recovery plan takes time.

The Brewers: The Darrington logging family has tried to get government aid, but they face roadblocks.

Monday: A web of government bureaucracy captures people in its net.

Tuesday: Much of the timber money has paid for consultants, studies and administrative costs.

Wednesday: Some people have found solutions through retraining programs or community efforts.

NOBODY CAN EXPLAIN WHERE THE MONEY HAS GONE

TIMBER RETRAINING: GOVERNMENT AGENCIES CANNOT ACCOUNT FOR THE MILLIONS OF DOLLARS EARMARKED FOR COMMUNITY AND WORKER RECOVERY PROGRAMS

(By Trask Tapperson and Bob Partlow)

"Where has the money gone?"

Patti Hicklin, a part-time instructor at a job retraining center in the timber town of Forks, isn't alone in asking that question.

From union offices to university halls, people want to know how much the government has spent to help workers and communities rebound from sweeping logging cutbacks ordered mostly to protect the threatened northern spotted owl.

And they want to know if the money has done any good.

They aren't getting many answers because government officials at every level cannot or will not release bottom-line figures.

After a three-month investigation, The Olympian and The Bellingham Herald estimate that governments have channeled more than $100 million since 1989 to the recovery programs.

But that's only a guess because no clearinghouse exists to track the spending or results of training programs—either in the federal government or in Washington, Oregon and Northern California.

The newspapers filed 53 Freedom of Information requests with state and federal agencies in the three states to pursue the money trail.

"It's going to be tough for them to get the information you want because some of them don't know where their records are," said Lauri Hennessey, spokeswoman for President Clinton's forest plan. "They were never tracking it or keeping it in one place."

The newspapers followed up with repeated calls to officials at the top agencies to renew the request for numbers.

A sample of the newspapers' questions:

How much money did the agency receive, and how much did it spend?

How much did the agency use for administrative costs and how much for timber worker retraining programs?

How many people got jobs after retraining, and how long did they last?

The newspapers also tried to trace the money through dozens of people in and out of government, including officials at private industry councils and economic development associations.

In all, 42 of the agencies eventually responded to the written requests—from the giant U.S. Department of Labor to the tiny town of Naches north of Yakima.

They sent information in a variety of governmnt forms or no forms at all, producing a three-inch stack of reports on taxpayer dollars spent.

The information included actual contracts with consultants to spreadsheets (one handwritten), newsletters and newspaper clippings. They often trickled in weeks after the initial request—and even more than two months in some cases.

Some agencies put a price tag on their response.

"We estimate that gathering this information will take two full-time people five full days," wrote Jennifer Kang, spokeswoman for the Oregon Economic Development Department. "I'm guessing, but this could run you up to $1,000."

Ray Daffner, executive director of the Oregon—based WPPC, and association of businesses that make finished wood products, said Oregon officials want to keep the door

closed. "They don't want any scrutiny,' he said. "If they wanted to they could tell you."

Other agencies replied, only to flatly refuse to provide any information short of a court fight.

"We must decline because your request is not focused on a specific issue or problem," wrote the Resources Agency of California, a leader for regionwide effort to help displaced timber workers.

Many agencies said they simply didn't keep track of the numbers.

"In response to your request for a head count of all persons who obtained new employment as a result of money spent, a head count of all types of new employment obtained and the length the jobs were held, please be advised that we do not have any records responsive to that request," wrote the Economic Development Administration of the U.S. Department of Commerce.

Even Robert Rheiner couldn't supply numbers. He is co-chairman of the Regional Economic Revitalization Team in Portland, Ore., created by the Clinton administration to route federal money to timber workers looking for help.

In the end, only fragmentary figures emerged, but they show a startling lack of accountability.

In many cases, government agencies didn't follow up to see if their programs helped timber workers find jobs in new professions, ranging from nurses to small-business owners.

In other cases, they knew people found jobs, but didn't know if the workers received a living wage or how long they were employed.

That's true even for programs cited by the government as models in the retraining effort, such as Lane County Community College in Eugene, Ore.

Program Director Patty Lake cited statistics to show how well former timber and millworkers are doing after attending her school's programs:

Since 1989, about three-fourths of the 2,200 laid-off wood products workers who took classes have new jobs; three-fourths of them are in their retraining field and most make at least 90 percent of their previous wage—averaging $9 to $9.50 per hour. But the program surveys students in the first three months of leaving school. After that, nobody knows.

The federal government won't begin until this fall to track the results of worker retraining and community renewal programs, said Laura McFarland, a Rheiner aide.

A long-term look at how workers are faring isn't expected for almost five years, she said.

U.S. Sen. Mark Hatfield, R-Ore., questioned how wisely the Clinton administration can spend a planned $1.2 billion on timber relief during the next five years when the current spending records are so incomplete.

"That's a whole other story," Hatfield said. "If you find out the answer, let me know."

FAMILY WILLING TO TRY ANYTHING TO SURVIVE

LEARNING TO COPE: "IF YOU WANT HELP, YOU'VE GOT TO LOOK AT THE END OF YOUR SLEEVES," RON BREWER SAYS

(By Trask Tapperson)

DARRINGTON.—After more than two decades immersed in Washington's timber culture, Ron and Shari Brewer consider logging as much a lifestyle as a livelihood.

The Brewers enjoyed both from the woods as they logged in the Mount Baker-Snoqualmie National Forest under contracts with the U.S. Forest Service.

They didn't get rich working in the 1.7-million-acre stretch along the western slopes of the Cascade Mountains.

But they could afford ballet lessons for daughter Rhonda, now 14; flights on rented light planes with Ron at the controls; a family vacation to the Southwest desert so Shari could see wildflowers in bloom.

No more.

The Brewers may join tens of thousands of people in the Northwest's coastal woodbelt who must find another line of work.

That's because the Mount Baker-Snoqualmie Forest is now reserved mostly for recreation, said U.S. Rep. Al Swift, D-Bellingham. Logging has all but ended as legal protection of forestland increases.

The protections range from scenic river corridors and wilderness areas to habitat preserves for northern spotted owls—goals of predominantly urban residents and groups, Swift said.

"You live on Queen Anne Hill (in Seattle) and it's really great to save all the trees around the people in Darrington," Swift said sarcastically.

TIGHT TIMES

The Brewers, Whatcom County natives, just sold some land they have owned for years near Acme. The money may help pay for a small farm they are looking at east of the mountains.

Shari, 43, envisions running the farmhouse as a bed-and-breakfast for tourists while her husband works the farm.

Ballet lessons, recreational flying and desert vacations got squeezed out of the family's tight budget more than a year ago.

Those luxuries flowed in the mid-1980s when their R.L. Logging and Land Clearing business had 12 full-time employees and six log-truck drivers under contract, grossed an average $500,000 and netted about $50,000 a year. Like virtually all small-time operators reliant on timber-harvest contracts, the Brewers experienced tough times even before the logging bans.

A bankrupt logging company owed them $180,000. They were involved in an unrelated lawsuit that temporarily tied up collateral to refinance their house, which they then lost.

By the start of the '90s, they lived in a rented home and worked for others. Their savings dwindled.

By February, Ron's unemployment benefits ran out. By spring, Shari's part-time job at an Arlington nursing home dropped to a few days a month, barely making it worth the 28-mile round-trip drive.

Today, they put food on the table with pickup work.

Last month, Shari did occasional jobs for the U.S. Navy, conducting guided nature tours at a naval reservation in the forest. Ron does odd jobs with his bulldozer—clearing land, building ponds, fixing roads and excavating building sites. "What it boils down to is, if you want help, you've got to look at the end of your sleeves," he said.

RON'S JOB HUNTING

The two have hit dead ends in more than a half-dozen attempts in the past several years to get government aid—despite millions of dollars poured into the Northwest for timber worker retraining and community renewal.

Ron's job hunting as well as his self-employment efforts have been rebuffed, the Brewers believe, in some cases because Ron is 46. Examples include.

Helicopter logging pilot: Ron has a private pilot's license and said he needs about $4,000 to $6,000 to get rated for choppers. The role of helicopters in logging may grow with the new emphasis on selective harvests in roadless areas.

Ron said he asked for help form the Snohomish County Private Industry Council, which has received several hundred thousand dollars in grants to help timber workers.

Council Executive Director Emily Duncan said she didn't recall Brewer or his request.

Applications of that sort go to the state Employment Security Department, but Duncan said she doubted the training would receive approval because of its "higher-than-average training costs."

Another deterrent is that the helicopter job would leave Brewer in the same precarious job field, said Kathy Kerkvliet, an Employment Security Department official in Mount Vernon.

Environmental engineer: Every Sunday, Ron sees several openings for environmental engineers listed in Seattle newspaper ads. He asked the Employment Security Department for retraining help to qualify for such work but was told it would take too long and cost too much.

"The intent of the program is more vocational in nature," Kerkvliet said. "There isn't the funding to fund a person for a four-year degree. There's thousands more people than there are funds."

A LOOK AT YOUR TAX DOLLARS AT WORK

The incomplete numbers tell only part of the timber story.

They don't disclose questionable spending practices or the human cost of the decision to ban logging on at least 7 million of acres in Washington, Oregon and Northern California.

The three-month investigation by The Olympian and The Bellingham Herald found these examples of how governments spent tax dollars to help dislocated timber workers and their communities:

Three loggers learned how to become scuba divers in 1992 through a state of Washington program. Price tag: $30,000, including a week of warm-water diving in the Mexican resort town of Cozumel and another week in Houston to attend a scuba equipment convention. "It was a waste of money, but I had a good time," said Carl Gockerell, one of the loggers.

Gockerell now has a job marking trees for sale in forests. Of the other two loggers, one is unemployed and the other works as a crab fisher.

Thousands of dollars went to economic development seminars. In addition to the usual speakers, a three-day Timber Communities Conference in Ellensburg last April included a series of games with plastic mice, paper airplanes and water pistols.

Price tag: $12,114.76.

Economic development activists in Grays Harbor bought self-esteem tapes to boost the confidence of unemployed timber workers and others. Price tag: $43,200 in public and private money.

A six-week government-sponsored "career assessment" program offered by Grays Harbor College included a one-day physical obstacle course on the Wynochee River. During the Outward Bound-type exercises, loggers go scurrying up ropes in a class to build their self-confidence. Price tag: $500 for each student. The college also uses state money to defray costs.

CLINTON ADMINISTRATION ON TIMBER CRISIS: JUST WAIT FOR RESULTS

GOVERNMENT RESPONSE: WHITE HOUSE OFFICIALS SAY THEY ARE REBUILDING THE TIMBER PROGRAM, BUT IT TAKES TIME

(By Trask Tapperson and Bob Partlow)

The White House is trying to reinvent the government's response to the timber crisis to avoid past failures, Clinton administration officials say.

But with more than one-third of the president's term already over, they can't provide numbers that show improvements since Clinton took office.

Yet they insist their project to retrain timber workers is turning around and blame the Bush administration for leaving them with a program in disarray.

"The alternative is to do nothing. That's unacceptable," said Tom Tuchmann, the Poland, Ore.-based White House official in charge of Clinton's forest plan.

"If we started doing this five or six years ago, we wouldn't have a crisis. We inherited a train wreck," Tuchmann said. "You can't change that overnight. It took us a year to put this plan together. In forest planning, that's fast."

U.S. Labor Secretary Robert Reich said the administration is "rebuilding the track, lining up the trains and putting on a new locomotive."

But for those already hit by the train, it's too late. "A lot of people are hurting," Reich said.

Tuchmann and other federal forestry officials said they should be judged only on what the federal government has done since November 1993, when their Economic Adjustment Initiative began.

That's the name of the people side of Clinton's two-sided approach to solving the Northwest's forest crisis. It deals with worker retraining and community renewal.

The program's other half deals primarily with the environment and other forest management concerns.

The initiative grew out of the administration's so-called Option 9 plan for Northwest forests that put more than 7 million acres of public land into reserves.

"Give us until the end of the year, when we've been at this a year, and we will be a lot more accountable," Tuchmann said.

Yet a top administration official already has touted the success of the initiative. White House Deputy Chief of Staff Roy Neel trumpeted it to 13 other top Clinton appointees in a Nov. 29, 1993, memo.

He called for a "full-court press' strategy to ensure the effective implementation of the plan. The administration has already made some significant progress on this front."

He also noted that "the plan is complex and there is little margin for error."

Away from government offices in Portland's glass skyscrapers, the common view is that the Clinton administration's revamping isn't an improvement over what came before.

"Tuchmann doesn't see it," said Portland forest economist Dan Goldy, former director of the Oregon Economic Development Department. "He's got Option 9 blinders on. Over 50 percent of Oregon lands are publicly owned. We're looking at an economic catastrophe in this state."

Said U.S. Sen. Mark Hatfield, R-Ore., "There is no accountability, I haven't seen it (in the government programs)."

Chris Chandler, state coordinator of the Salem, Ore.-based Oregon Lands Coalition, said she has no evidence that the Clinton forest plan is any better.

The coalition's 65 member groups include union locals and timber, ranching and mining interests that are promoting a larger timber harvest than allowed under the Clinton plan.

"Retraining is the hardest thing in the world to get information about," Chandler said.

But Shari said her husband got another reason, unofficially.

"A gentleman at Employment Security told him that even if he did take classes and finished at the top, he would more than likely be passed over for a younger person with the same qualifications," she said.

Equipment operator: Ron has spent 25 years running everything from giant bulldozers to yarders that pull downed trees to collection points.

"I have experience in climbing trees and operating chain saws. I have worked in all kinds of inclement weather. I am a nondrinker/nonsmoker," said his letter two years ago to the Snohomish County Public Utility District.

He didn't get the equipment operator job.

The same utility soon offered job-training classes for workers at an Everett pulp mill that Weyerhaeuser Co. was about to close. Ron would have welcomed a chance to attend those sessions, but he wasn't eligible.

Road worker: The state Department of Natural Resources is tearing up 72 miles of old logging roads in northwest Washington and leasing new equipment to do the job. "Why don't they give a logger that job so they can make payments on their own equipment?" Ron asked.

The agency has no prohibition against that, said Northwest-area spokesman Mark Morrow. "But we can't think of anyone who's met the criteria of being a displaced timber worker and had their own equipment."

SHARI'S JOB HUNTING

Shari's efforts to get the family on its feet have hit other government snags.

Like Ron, she looked at returning to school. She applied in 1990 to Skagit Valley Community College and the county Private Industry Council for assistance to get a two-year degree in parks and recreation administration.

"There was only $400 in support money for the entire two years," she said. "Round-trip mileage to the college was 120 miles a day. I didn't even begin.

She cited a string of roadblocks to a three-year effort get her "Off the Beaten Track" forest guide service up and running.

The Private Industry Council promised to help her with marketing for one year if she completed a 100-hour business course, she said.

She did, but "six weeks after the classes ended, I got a letter that said, 'We're sorry, we're out of funding, and the marketing help is not available,'"she said.

She spent $500 of the family's savings for brochures. They're gathering dust as permits and other requirements to start operations remain enmeshed in a thicket of government restrictions.

One she cites is a state constitutional ban on investing public money in private businesses such as her fledgling enterprise.

"I could be up and running for about $15,000" she said. That includes $12,000 for a used tour van, $3,000 for marketing, $600 for liability insurance and $85 for Forest Service permits. Without the insurance, the Forest Service balks at giving her permission to take people into the woods.

"All the timber dollars that have come in here have paid people to tell us how to do it," Shari said. "There's nothing for individual persons in start-up loans.

"I think it would be better spent than hiring people to come up here and tell me how to do it," she said. "They've sunk maybe $50,000 into counselors, who don't know the needs of the community. That would have started up three businesses."

Shari said she earned about $1,500 for her family last year picking wild berries. In April, she said the Natural Resources Department denied her a permit to enter Ash and Squire Creek roads to her prime berry area because they are managing it more restrictively for wildlife.

"The bottom line is you're on your own," she said.

WHERE DID $100 MILLION COME FROM?

ACCOUNTABILITY: THE OVERALL ESTIMATE OF TIMBER AID IS AN EDUCATED GUESS BASED ON FIGURES SUPPLIED BY A STATE AGENCY

(By Bob Partlow and Trask Tapperson)

The Olympian and Bellingham Herald have estimated that government agencies in Washington, Oregon and Northern California spent more than $100 million from mid-1989 to mid-1994 to aid workers and towns.

But that's only an educated guess because no state or federal agency in the region has any precise, reliable figures.

The Washington Department of Community Trade and Economic Development supplied the best numbers, saying about $34 million had been spent on the timber problem in the state during the past five years.

Estimates for Oregon and California are a guess because agencies there would not respond to requests for information or would do so only at a high cost.

Government officials and industry leaders say Washington loggers and communities feel about one-quarter of the impact of logging cutbacks. About 60 percent of the impact falls on Oregon and the rest on California, they say.

If Washington's numbers are correct, a figure of more than $100 million is a conservative estimate for the three-state region. A congressional source who asked not to be named said that estimate is probably accurate, although he indicated no overall figures exist.

The newspapers received a wide variety of responses to requests made under the Freedom of Information Act and state public records laws.

Some agencies gave clear, concise information about their small corners of the multi-million-dollar effort:

The Eastern Washington Partnership, for example, provided information about its $107,405 grant to retrain workers: length of the grant, actual expenditures, administrative costs, number of people who participated, what happened to them after they received training and the cost per participant.

They spent only $102,773 of the money allocated.

The U.S. Department of Labor also provided data that mapped how much money was spent in Washington and Oregon the past half decade under the Worker Adjustment Program. Its charts detailed the number of participants, how many weeks the average participant was trained, average hourly wage before the program and hourly wage at the program's end, total program costs and a follow-up employment rate, among other things.

"People have a right to know how their dollars are being spent," said Tom Tuchmann, President Clinton's forest plan czar.

But even the Department of Labor didn't keep track of workers after 13 weeks—and department money is only part of the government pie divided up in the states.

The lack of detailed numbers comes despite Gov. Booth Gardner's creation of a "timber team" in Washington in 1989 to bring together public agencies and private groups to coordinate a response to help timber communities.

The team produced one detailed report in December 1992 but didn't follow up after that.

STATE TIMBER WORKERS LAST TO GET FEDERAL AID

SLICES OF THE PIE: AT LEAST 156 AGENCIES VIE FOR FEDERAL TIMBER DOLLARS

(By Bob Partlow and Trask Tapperson)

Veteran U.S. Sen. Mark Hatfield of Oregon doesn't know how much money is being gobbled up by bureaucrats that is supposed to help timber workers and their towns.

Because he can't get answers, he just says it's quite a bit.

Laurence Larsen, the owner of a Darrington hardware store, also doesn't know but said money thrown at the problem gets whittled down like a "silver dollar to a dime."

With at least 156 agencies with a finger or two in the governmental pie cooked to help loggers and their towns, every bureaucraft and consultant seems to get a piece before the last few crumbs are sent to help timber workers.

Kristi Reece, a U.S. Forest Service employee in Darrington, said her agency is typical.

"Money comes from Congress," she said. "The Washington office takes its share. Then the regional office gets its share. Then the supervisor's office gets a percentage. Then the district office gets a percentage. By the time it gets to the workers, it's not the full amount Congress allocated. People may not like it, but that's the way it is. That's the way it's always been."

Congressional reports studying retraining programs such as those for timber workers have called them wasteful, duplicative, overlapping, late in providing help, mismanaged and inefficient.

The Clinton administration says it is trying to sort out the competing bureaucratic interests and get everybody pulling together.

Whether it can or will work remains an open question.

"This may look like a piecemeal approach to you," Reece said. "You should have seen the way it was before."

Bob Partlow, 47 has been the state government reporter for The Olympian for the past 10½ years.

He covers the Legislature, state government and politics, and has done extensive investigative reporting.

Before moving to Olympia, he held a similar job for six years with the Herald. He also was a radio reporter in Blaine and Anacortes for four years and attended Western Washington University from 1965–69.

Trask Tapperson, 55, began his newspaper career 33 years ago as a reporter for the St. Louis Post-Dispatch. Among his jobs: political, legislative and government correspondent. He also was a member of the newspapers' Editorial Board. Tapperson joined The Bellingham Herald in 1982 as environment and energy reporter and was city editor for five years before becoming business editor and special projects reporter.

Dick Milligan, 56, has been a photographer at The Olympian for the past 18 years and is now the chief photographer. Before being hired by The Olympian, Milligan spent 20 years in the Marine Corps as a photographer. In his career, he has photographed everything from politicians to posies, and he shows a strong preference for the posies.

CLINTON ADMINISTRATION ADDS TO BUREAUCRATIC JUNGLE

MORE GOVERNMENT: THE PRESIDENT'S SOLUTION FOR THE TIMBER CRISIS HAS ADDED LAYERS OF GOVERNMENT

(By Bob Partlow and Trask Tapperson)

No less than 156 bureaucracies help carry out President Clinton's Northwest forest plan, 98 alone to help timber workers and towns.

Some agencies are public, such as government departments; others are private, such as industry councils; still others are a blend of both, such as economic development councils.

The public players are at all levels of government—federal, state and local. Some are in separate governments, such as Indian tribes.

Together they have spent more than $100 million during the past five years on dozens of programs in a mostly unsuccessful effort to steer loggers, millworkers and their communities to new lives.

Their old lives are falling prey to logging cutbacks in Northwest forests that stem mostly from a move to protect the northern spotted owl.

BUREAUCRATIC MAZE

The maze of agencies is one of the top reasons why government officials can't say where the money has gone and whether it has done any good.

"You put a silver dollar in the end of the pipe and somehow a dime comes out the other end," said Laurence L. Larsen. He owns Darrington's only hardware store and has served on state economic development committees.

Streamlining the bureaucracy was one of the Clinton administration's early claims of success. From the president down, federal officials talked about how they were reinventing government systems.

What the administration invented for the timber crisis was at least five more layers of bureaucracy on top of the 156 departments, bureaus, administrations, boards, councils, consortia and tribes.

At the behest of the White House, the federal government and three Northwest states created "economic revitalization teams" to coordinate about 1,200 applications for money and other help for distressed communities and worker groups.

The state teams feed the applications to the regional team based in a Portland, Ore., skyscraper. The regional team, in turn, feeds them to various components of the federal bureaucracy.

"We feel we're not creating bureaucracy, we feel we're making bureaucracy run much more efficiently," said Robert Rheiner, co-chairman of the regional team.

Yet a few blocks away in another Portland skyscraper is another White House creation: the Inter-Agency Office of Forestry and Economic Development. Its director, former U.S. Senate staffer Tom Tuchmann, oversees the president's timber plan to manage Northwest forests and renew timber economies.

The Clinton administration has identified 47 barriers to effective retraining and community development. They range from muddled chains of command to different criteria for approval of the same kinds of requests.

NOT THE ANSWER

Adding more bureaucratic tentacles isn't the answer, said Linda Morra, director of education and employment issues for the General Accounting Office, the investigative arm of Congress.

"Coordinators frequently carry costs," Morra said. "It's not quite clear that the most efficient way out of this maze is to have people coordinated. You're dealing with a system that's fragmented and inefficient."

Then why perpetuate it? Larsen is among those who thing they know.

"They spread all this money around, a mile wide and in inch deep," he said. "It doesn't do any good, but it does have political benefit."

That's borne out by the types of officials chosen to serve on the various revitalization teams, said David Ford, president of the Western Forest Industries Association. The group represents 100 small mill owners in 12 Western states.

"Look at their makeup," Ford said. "They're all government people looking for ribbon-cutting projects—a new sewer, lighting, paving, infrastructure things—without looking at maintaining the tax base that they have."

A big reason for that, Ford said, is that Clinton's forest plan "was cobbled together. They threw money at a problem, hoping it would go away. They start from the premise the industry will die."

In fact, Ford said, by its approach to relief "the administration is saying the industry already is dead."

Meanwhile, no one is monitoring the bottom line for cash flowing through the government programs and what the money is buying. For example:

When the U.S. Department of Labor puts federal tax dollars into state programs, the states are left to track how those dollars are spent and what they buy, said Armando Quiroz, the department's top employment and training official for Washington and Oregon.

Of 135 timber-related studies and plans performed in Washington since 1989, the state tracked the results of only 12. Local officials were left to figure out what taxpayers got for their money in the other 123.

Tuchmann said the Labor Department is a "money distributor, not a money monitor."

Government waste may be a great deal more costly than the $100 million-plus spent on the timber crisis. Several reports from the General Accounting Office criticize government job retraining programs in general.

They cite:

Complexity.

Failure to tailor programs to match worker needs.

Administrative inefficiencies.

Lack of accountability.

Particularly worrisome is the high administrative costs that agencies spend solving the same problem, according to the General Accounting Office.

Washington state numbers show costs of administering assistance programs for timber workers and towns range from little or nothing to about 12 percent. Neither Tuchmann nor officials in the three Northwest states could or would say what they are.

General Accounting Office officials said administrative costs of some other federal retraining programs are in the same range, while others are in the range of 15 percent to 20 percent.

The problem isn't just costs. There are serious problems with the way the governments set up some programs.

For example, governments typically require displaced workers to go through retraining to receive extended unemployment benefits. So they enroll in school, often community colleges. But the benefits frequently run out before their retraining programs are completed.

"Then we have to choose between survival and education," said Kevin Browning, a former logger from Roseburg, Ore. He wanted to get a business degree but now is caught in such a bind.

Many involved in the retraining programs—from timber workers to those in local businesses that depend on them—feel the bureaucrats who administer them ignore the human element.

When workers do get training for new jobs, it's often for positions that don't exist. Examples include the glutted fields of truck driver and diesel mechanic. To rectify that, Washington state was supposed to do a market study of jobs available. It hasn't been done, state officials said.

Scott Haugen, a former logger in Forks, said the only reason he successfully trained to become a diesel mechanic is because "I had every break in the world."

He overcame several bureaucratic obstacles—including having to pay for most of his tools after the government said it would provide them.

Not all the problems arise with the bureaucrats.

Another obstacle to successful retraining is the ingrained reluctance to change or relocate among those working in rural timber towns.

Often their roots sink deeper than an old-growth Douglas fir's. Already hostile toward a government they say has denied them a living, many are in no mood to leave—no matter what the cost.

"I have four or five generations of my relatives buried here," said Coin King of Forks, a onetime firebrand timber activist.

He still carries the torch but is busy nowadays trying to scrape together a living in the woods. "Why should I have to go move to become a VCR repairman in Seattle?" he asked.

George Bernard Shaw Jr. spent a quarter century falling timber in Oregon and Washington. He lost his last job in December and now is struggling to get a two-year degree at Peninsula Community College in Port Angeles.

It's part of his effort to find a new way to make a living—and a desperate attempt to avert a move to more populous places with more job opportunities.

"I don't want to live in the city," he said. "I just can't do it. I'd live out here and starve first."

RETRAINING PROGRAM TURNED OUT USELESS

SURVIVING: THE LYNCHES OF HOQUIAM HAVE FOUND A WAY TO SURVIVE—WITHOUT THE GOVERNMENTS'S HELP

(By Bob Partlow)

HOQUIAM.—If ever a man looked like a logger, it was Larry Lynch.

A 1989 photo shows him with a bushy beard, suspenders, plaid shirt, standing in a forest.

"He was the American logger," said his wife, Renee Lynch. But he lost his job in February 1990. The couple and their three children almost went bankrupt and had to cash in their insurance policies. The winter of 1980-90 was "an absolute nightmare," Renee said.

An advocate for devastated timber families, she recalls sorting out rotten potatoes from good ones at the local food bank. Her family also was getting help from the food bank. "People lived on cleaned-up pig food—that's how most of us made it," she said.

Lary, 40, decided to retrain as a nurse, thinking it was a job with stability.

He started at Grays Harbor College in spring 1991. But a year later just as he was making progress, the rules changed for awarding school grants and his money ran out. He finally gave up.

On his own, he found a job building and maintaining guardrails on state highways in 1992. It paid the mortgage, but kept him away from home for long periods. That job ended this year, and he finally found a similar job in Alaska.

The state lists him as successfully retrained, said Renee, 31.

But the Lynches are selling their home and moving near Anchorage, Alaska, to start over.

Renee has little use for retraining programs or the government that sponsored them.

"It's an absolute joke," she said, "Try retraining a Sioux Indian not to be a Sioux Indian. It can't be done."

SMALL-TIME LOGGING OUTFITS WILL BE SHUT OUT OF SALES

LOGGING SALES: OPERATORS SAY GOVERNMENT TIES THEIR HANDS WITH BOND REQUIREMENTS

(By Trask Tapperson)

A federal judge last month lifted a three-year court ban on U.S. Forest Service timber sales along the Northwest coast, but that won't set chain saws screeching anytime soon.

That's because legal challenges and sale preparations must come first.

When the trees do go on the block, perhaps next year, few of the small, often family-run logging businesses are likely to benefit much, their operators say.

The reason: The federal government thwarts its goal of helping timber businesses by the scale of its timber contracts and bond requirements.

The federal government puts no ceiling on the size of its timber sales but is trying to structure smaller contracts, said Robert Rheiner, a Clinton administration forest official.

The government also is advertising logging sales of more than $25,000 in local areas so smaller logging companies have a chance at them, Rheiner said.

But loggers claim that won't help them because they can't come up with the 10 percent performance bond required by the government to protect against improper job performance.

"When it's a big contract—$250,000 to $500,000—that's a $25,000 to $50,000 bond," said Shari Brewer, a former contract logger in Darrington. "Small operators just don't have it."

The government could do some simple things to open more doors, loggers said.

For example, they said, the government could:

Set aside a percentage of contracts for small logging operators, just as it does for businesses selling to the government and for women- and minority-owned businesses.

Put into escrow some of the money it plans to pay a contractor (say, 15 percent of the contract's value), then pay it out only as the work is approved.

Raise the minimum amount of a contract at which operators must pay prevailing union-level wages in the area in cases involving a dislocated logger.

Some of those changes would require action by Congress, Rheiner said.

Other steps within the power of the administration must await its "learning process," he said.

Meanwhile, Rheiner said, "It's just not going to be possible to save everybody."

IT SEEMED LIKE THEY PROMISED YOU EVERYTHING AT THE START

(By Bob Partlow)

FORKS—Scott Haugen, 35, successfully started a second career as a diesel mechanic after working as a logger all his life.

But he wouldn't have made it through a government retraining program without the help of family and friends.

In 1990, he signed up for a two-year diesel mechanic course at Peninsula Community College.

A state-funded training program promised him $2,000 for tools, but he got closer to $500. He borrowed the rest of the money from his dad to buy them.

His unemployment benefits ran out during his program. His family kicked in to keep him going.

He needed a space to start the business. His best friend, Dave Westerlund, provided it.

And his wife has a good job as an administrative secretary will the Quillayute Valley School District.

"It seemed like they promised you everything at the start," Haugen said. "As time went by, you because more of a case number. I quit listening to them after awhile."

The best way to help out-of-work loggers is to put them back in the woods where they belong, he said.

"How many people my age in Seattle stopped a well-paying job they enjoyed, took two years out of their life and started working another job—just to satisfy somebody else's idea of what is right and wrong?" he asked, referring to those who want to protect the northern spotted owl.

"I miss logging, I really do. There was something about it. What has happened is something like an excerpt form the 'Geraldo Rivera' show."

I HAVE NO DESIRE TO WORK AND BE POOR

A LIVING WAGE: THE COLLEGE STUDENT WILL RUN OUT OF UNEMPLOYMENT INSURANCE BEFORE HE COMPLETES HIS DEGREE

(By Trask Tapperson)

SEQUIM—George Bernard Shaw Jr. points out where the big trees used to stand as he strolls across the Peninsula Community College campus. He knows because he cut down many of them in his logging days.

Shaw, 41, now lugs a book bag instead of a chain saw as he seeks to replace his shattered, 25-year career as a timber feller. It ended when he lost his last job in December, began collecting $290 a week in unemployment benefits and enrolled in school to seek a four-year environmental policy and assessment degree offered through Peninsula by Western Washington University's Huxley College.

Shaw proved he knew how to study 19 years ago when he earned a two-year associate degree in applied sciences at Clatsop Community College. He still knows. Shaw's earned almost straight A's at Peninsula.

No matter. His re-education is becoming a tangled mess because the government-organized retraining system is out of sync.

"It's difficult to have an objective, and then they'll take you only part way," he said.

His first degree left him 30 credit hours shy of the requirements to begin working toward the Huxley degree, which he sees as a certain key to a steady living.

But limited course offerings and enrollment pressures have stretched out Shaw's preparation for the Huxley program. And come September, when he'd like to begin it, only senior-level courses will be offered, he said. That means waiting until September 1995 for the junior-year courses to roll around.

In the meantime, Shaw said, the government allows him only 18 months of unemployment benefits, which run out this summer. Without that money, Shaw said, he can't pay his bills without leaving school and building up some on-the-job hours to qualify for more unemployment benefits.

As the prospect of his environmental degree stretches out, Shaw may help his wife, Dorothy, 43, make earrings and Christmas ornaments. That $2,000-a-year enterprise "is something we can fall back on." He also can pick up about $1,500 a year trimming trees and is looking for some work with his back hoe.

"It's difficult to see what we're going to have to do to generate a living wage," Shaw said. "I have no desire to work and be poor. I'm not that noble."

BROKEN PROMISE: FAMILY STILL WAITS

COPING: THE PRESIDENT VOWED TO PUT WALTER BAILEY OF HAYFORK BACK TO WORK. THAT HASN'T HAPPENED. AND A PLAN TO PUT HUNDREDS OF TOWNSPEOPLE TO WORK IS STYMIED BY A FEDERAL HOLDUP

(By Bob Partlow)

HAYFORK, CALIF.—More than a year ago on national television, President Clinton promised to put logger Walter Bailey back to work.

The family still is waiting for Clinton to make good on that pledge.

Bailey, 46, no longer has a steady job in the industry where he worked since he was 24. The timber-falling business he and his wife, Nadine, started in 1985 is gone.

It once employed 15 people with an annual payroll of $360,000.

The Baileys may lose property that has been in the family for three generations.

"This is our government, and I just can't believe our government is going to do this to us," Nadine Bailey said.

But in February 1993, the couple had hope.

Their 11-year-old daughter, Elizabeth, had written a letter to a logging magazine and was invited to an ABC show, "President Clinton Answering Children's Questions," televised live from the White House.

Elizabeth stood up and faced Clinton. Using her school yearbook, she underlined the number of kids affected by government and court actions to curb logging—140 students—about 70 percent of the school.

"She told him of all her friends' fathers who were going to lose their jobs, mothers who weren't at home for them any more, fathers who had to work miles and miles away," Nadine Bailey said. "That was how she saw it. It was pretty stark. It's not numbers. It's people."

Clinton told Elizabeth he agreed some places could be logged, but said some places also needed protection.

The promise he made then was to keep "a significant number of people working in the woods," a "stable logging industry," and "large numbers of people working and still save the owls."

The next month, Nadine Bailey was invited to take a spot on a panel at Clinton and Vice President Al Gore's timber summit in Portland, Ore.

The administration called the national meeting to discuss possible solutions to the timber industry shutdown caused by court injunctions to halt logging to protect the northern spotted owl.

Bailey, 37, returned home with a mission.

"We were ready to do anything we could to make this plan work," she said.

Hayfork, a 3,500-resident dot in the Sierra Nevada between Redding and Eureka, has been a logging community since the 1920s. It started out as an agricultural community, then slowly switched. But controversy over the spotted owl and the resulting logging slowdown in Northern California's Trinity National Forest had rocked the town.

Bailey decided to find a way to preserve both the town's livelihood and the surrounding forest land. That meant joining forces with the other side—Hayfork environmentalist Joseph Bower.

They and a handful of others in the community met daily for almost two months. Their plain; fireproof the forests and replant trees.

They would cut small trees on 40,000 acres in Tinity National Forest. The trees posed a potential fire danger if not thinned.

They plan also would put people to work maintaining the 3,500 miles of logging roads in the national forest. Dirt from the roads was washing into rivers and streams, spoiling fish habitat.

"Our plan would put 500 people to work for the next 20 years," Bower said.

It also would eliminate the need for new logger retraining programs, he and Bailey said.

But their idea remains in limbo. They tried to sell it to the Clinton administration, but U.S. Forest Service officials said they don't have the money.

The problem is that the plan requires moving money from one bureaucracy to another, and that's disallowed by federal law, said John Veevaert, assistant district ranger for the Forest Service in Hayfork.

Money intended to help fish, for example, can't go to fix logging roads. "Congress has to catch up," he said.

He believes a version of Bailey and Bower's proposal can work and urged them to keep working despite the ponderous bureaucracy.

"What they are striving for is exactly what we want," Veevaert said.

The experience has outraged Baily nonetheless.

"I think the population of Hayfork has increased 10 percent since people learned that all this federal grant money was available," she said. "We've got consultants writing grants for almost everything, mostly studies. If I read one more grant proposal for a feasibility study, I think I'll throw up.

"My personal favorite was a proposal for $20 million to build a major movie studio in Hayfork—$10 million for the property and $10 million for the studio. For $20 million, you could have the whole town of Hayfork and get me thrown in for the bargain."

Now, Bailey calls the Clinton plan a "smoke-and-mirrors-type solution that has everybody fooled."

She no longer trusts Clinton, Gore or Tom Tuchmann, the administration's timber czar who came to Ukiah in Northern California last spring and tried to convince residents that the president's plan is working.

At the meeting, Bailey disputed his contention.

Tuchmann has said the administration is doing all it can to work out solutions so people in timber communities can find work again. It's beginning to work, he said, though much remains to be done.

But Bailey wants Clinton to follow through on his promise. Her husband is doing a logging job on the ranch of a friend, but it runs out in a couple of months.

"Elizabeth said the other day, It will be a while before I trust again,'" she said.

EX-MILLWORKER MUST CHOOSE BETWEEN SCHOOL OR SURVIVAL

(By Bob Partlow)

Portland, OR.—Kevin Browning, 28, lost more than his job at the Roseburg, Ore., mill in 1992.

The upheaval that followed included a split with his wife, a plunge in self-esteem and a lost sense of direction.

He thought he was back on track, getting retrained to open a business that could hire other displaced timber workers.

He began attending Umpqua Community College, earning a 3.85 grade-point average in business administration.

But in May, he testified at a congressional hearing on retraining that his future was in jeopardy.

"Unfortunately, all my dreams and hard work may come to naught," he told U.S. Sen. Mark Hatfield, R-Ore.

"The funds that have kept a roof over my head and food on my table are running out. I have only about six weeks of unemployment insurance and still another year of my education to go.

"This places me in an extremely awkward situation—whether to keep a roof over my head and food on my table or complete my education.

"While my situation is dramatic, I do not feel it is unique.

"In recent weeks, I have seen many of my fellow students lament over having to make the same decision. Unfortunately, most are forced to pick survival over their education. And some will be forced to return to the industry which spawned their unemployment in the first place.

"This prospect truly saddens me.

"I feel that the sociological repercussions of this emotional roller coaster will be devastating, encompassing everything from a rise in domestic violence to drug abuse and education."

LOGGERS SAY NEW TIMBER PLANS HAVE NO MAGIC FORMULA

COMMON SENSE? STUDIES AND CONSULTANTS SEEM ALL THE CRAZE, BUT MANY LOGGING FAMILIES FEEL IT'S ALL BUREAUCRATIC BLUSTER

(By Bob Partlow and Trask Tapperson)

When government officials want to help timber workers and their communities, they go to study hall.

And they usually take a consultant with them.

Consultant Eric Hovee, who did five community studies in Washington and two dozen or more in Oregon said "there's not a lot of magic" in the studies. But Washington did 135 the past half decade.

Consultants typically take the pulse of the community, hold a meeting or two, then issue a report. Much of what they recommend is "common sense," Hovee said, but the report helps focus the community.

"Yuppie bonding," Forks logger Colin King said of a community meeting he attended in Port Angeles.

He and others find little value in the studies, consultants or timber conferences done

by those in government or private business who want to redirect loggers into other occupations.

"They want to make them eco-slaves," said Sarah Smyth of Olympia, whose family owns a sawmill between Olympia and Shelton. She was referring to temporary jobs in the woods the government is offering some workers.

In addition to studies and consultants, timber workers and their towns also get a healthy dose of self-esteem tapes and motivational programs such as New Chance at Grays Harbor College.

Supporters say workers need such a psychological boost. But others, such as Forks logger-turned-diesel-mechanic Scott Haugen, think the only boost timber workers need is to get back in the woods.

IS TIMBER MONEY BEING WASTED ON SILLY GAMES AT CONFERENCES

ACCOUNTABILITY QUESTION: SOME PARTICIPANTS OF A GOVERNMENT-SPONSORED MEETING WERE INSULTED BY THE CHILDREN'S GAMES; OTHERS LIKED THE SEMINAR

(By Bob Partlow)

ELLENSBURG.—Porridge in the pot! Porridge in the pot!

Jelly in the jar! Jelly in the jar!

About 60 men and women lined the walls of a conference room at Central Washington University and intoned the childhood chant—first loudly, then softly.

It was the second day of a three-day Timber Communities Conference in April. Nine state employees staffed it.

The seminar was billed as a way to help timber communities cope with financial hardship, but not a calk boot or hickory shirt was in sight.

The public employees and consultants who dominated the conference played games with plastic mice, flew paper airplanes and made luggage tags out of business cards—all in the name of revitalizing economically depressed timber towns.

They also listened to speeches from people familiar with economic development, held a mock townhall meeting in the format of the "Phil Donahue" show and tried to revitalize a fictional town called Stump Hollow.

THE PURPOSE

The conference was the brain-child of the state Department of Community, Trade and Economic Development and the U.S. Forest Service.

Apart from the games was a "core curriculum" to show people how to redirect their economies, said Maury Forman, the department's training coordinator.

That include tips on starting and expanding business and how to attract new enterprises.

"We teach all elements of economic and community development, and we try to teach through interactive learning and exercises," Forman said.

Grace Hathaway, Darrington's city planner, sat in the middle of the room while most of the others sung the porridge chant.

"I think it was an insult," Hathaway said. "This group thought they were dealing with a bunch of provincial, unsophisticated ignoramuses."

Joby Winans, a department trainer, called the chanting "an energizer" to wake people from their midafternoon doldrums, but Hathaway call the activity "ridiculous. We'd just had a break."

Hathaway got fed up with the porridge and jam and with so-called "ice breakers" the night before at the conference.

The group was divided by the different colors of plastic mice they received at the start, as well as by hair color, shoe color and shoe style, she said.

They flew planes and went on a scavenger hunt—looking for an oak leaf, foreign coin and feather, among other items.

The next day, conference leaders passed out water pistols to members of the audience to shoot at speakers if they went overtime.

Winans said her colleagues asked her to come up with ways to bring people together.

"The conference was built around sharing information from experts...and from communities because they've tried to develop some ways and found things that worked and didn't work," she said.

The $12,114.76 spend on the conference should have gone somewhere else, Hathaway said.

"Take all the salaries these people are making to put these things on and you could pay for several timber workers for a year instead of making paper airplanes or putting porridge in the pot," she said. "I have a lot of problem seeing where the money is going. We've gone way past the realm of reality."

OUT OF CONTEXT?

Michele Brown, unit manager for local development assistance with the department, said the games should be put in context.

But measuring the success of economic development work such as the Ellensburg gathering is difficult to do.

Forman runs similar conferences in which he uses educational games based on "Wheel of Fortune," " Jeopardy!" and "The Dating Game."

"I know how this is going to look in the paper," he said of using "The Dating Game" format. "But it really works."

He has letters from people who say such conference training helped their communities keep or attract business.

Micki Colwell, executive director of the Hoquiam Development Association, attended the Ellensburg meeting to make contacts.

"It's a good way to meet people in other towns," she said, "and, of course, you get to know state people, which is important when you submit grants."

The success of economic development studies also is tough to gauge.

In the past five years, 135 such studies have been done in Washington, but the state has done little follow-up.

Although the state pays for many of the studies, "the accountability really rests with the counties," Brown said. "They are asking for them."

Neither she nor Forman could estimate how many jobs are created by economic development activities.

"It's messy, it's long-term and it doesn't get you from Point A to Point B very quickly," Brown said.

CONFERENCE COSTS

The State Department of Community, Trade and Economic Development provided this accounting of costs for the Timber Communities Conference:

WHAT MONEY CAME IN

$5,110.76 from timber funds. Department officials didn't elaborate.

$2,000 from the U.S. Forest Service.

$5,004 from registration fees. The fees ranged from $75 for community participants such as consultants and economic development officials to $150 for state and federal employees.

WHERE THE MONEY WENT

$8,461—room and board.

$800—speaker fees.

$1,200—conference handouts.

$264—conference brochures and notebooks.

TIMBER WORKERS OFFERED NEW CHANGE PROGRAM

EDUCATION: A PROGRAM OFFICIAL CITES SUCCESS STORIES BUT HAS NO NUMBERS TO BACK UP THE CLAIM

(By Bob Partlow)

ABERDEEN—What kind of chance do timber workers have to rebuild their lives?

A "New Chance," if a motivational program by that name works as touted.

During the past two years, the program at Grays Harbor College has put 504 students through a six-week course to help prepare them for further career training and education, said co-coach Cleo Norris.

"We have some really good success stories," Norris said.

But Roger Reidel calls it the "Last Chance" program.

"It makes people feel better while they're standing in the unemployment line," scoffed Reidel, a laid-off millworker who now helps other displaced timber workers for the Washington State Labor Council, the umbrella association for the state's labor unions.

The project isn't a retraining program, but a "career assessment" designed to help timber workers take their first steps into a new future.

It helps them with basic reading, writing and math skills, gives them some computer training and runs them through a rigorous one-day obstacle course on the Wynoochee River.

The course includes the "pamper pole"—a 21-foot rope that participants climb. Once they reach the top, they jump onto a net.

"It teaches teamwork and builds trust," Norris said. "We spend all day up there bonding. They become family. They meld together."

Norris said the program is a success but project officials don't have any statistics yet to back up the claim. They hope to get some during a survey of all graduates.

Norris believes a majority of their graduates are attending school. The ones she knows about—she didn't have any specific numbers—have a grade-point average of 3.23.

Some public officials point to New Chance graduation ceremonies as inspirational, a sign that retraining has its bright spots.

A good attitude is important, said Dan Wood of The Umbrella Group, a coalition of organizations focusing on land-use and property-rights issues. It also advocates opening forests to more logging.

But people need jobs, Wood said.

"Hope without income isn't going to last," he said. "You raise people's hopes, and they are going to crash down again. And it's going to be worse than the first time. They get self-esteem and positive thinking. They have a good time in class. Students tell people they are great. They got a B for the first time in their life or spoke in front of a class.

"I've attended those graduations. I'm sitting in the audience saying, 'Great, but where are the jobs?' When the excitement is gone, how will it feed your family?"

The Hoquiam Development Association, a private agency that gets some public money to develop Hoquiam's economy, also has a self-esteem program.

The association paid the final $3,200 on a $40,000 set of motivational tapes from the Seattle-based Pacific Institute. Private money paid the rest of the cost.

The tapes give people a sense of worth and help lift their spirits so they can move forward, said association Executive Director Micki Colwell.

Jim Coates, who distributes food to 28 food banks in Grays Harbor and Pacific counties, remembers when the ITT Rayonier Inc. mill closed in November 1992, putting more than 600 people out of work. The mill has partially reopened and employs about 230 people.

After the mill shutdown, "my phone was ringing off the hook with consultants and other people wanting to sell me computer programs, motivational tapes, one thing or another," Coates said.

"That kind of thing is sickening. Everybody was looking to make a fast buck. Everyone wants a piece of the pie."

"Everybody talks about bringing up esteem. (But you) put them through school and they can't find a job. Is their esteem lower than it would have been" Coates asked. "You bet it is."

RETRAINED TIMBER WORKER ONCE AGAIN WITHOUT WORK

(By Bob Partlow)

DEMING.—A state report listed only one man successfully retrained in Whatcom County under its "Dislocated Timber Worker and Employment Training Program" from mid-1991 to mid-1993.

Cost: $12,144.

The state Employment Security Department—which ran the program—took 3½ weeks to track the worker down when asked to supply his name: Philip King, 27, of Deming.

But today, King is out of work.

He first lost his job with Baker Bay Logging in Whatcom County in late 1989 because of logging cutbacks to protect spotted-owl habitat, he said. He spent a few months looking for another logging job but couldn't find one.

The state offered him a year of education, but he turned it down because he thought he needed more time to learn a new trade. So, the state offered retraining through the Department of Natural Resources, promising him some work in the woods marking trees for sale while teaching him some computer skills.

King marked trees for six months, received almost no computer training and talked his way into three more months of work fighting fires for the state.

His salary dropped from $13.75 an hour as a logger to $5.50 an hour working for the state. Then it dropped to zero when the job ran out in 1990.

He went back to the state for help but was denied further training, he said.

"'We don't have to think about you any more—we're through with you,' that's my impression of the program," King said.

He has gotten a couple of other jobs since then but injured himself on the last one and is out of work and fighting for unemployment benefits.

STATE TAKES THE CREDIT FOR CARVER

DENNIS CHASTAIN: THE WOOD CARVER SAYS THE HELP ON A LOAN WAS A FLUKE AND NOT THE ONLY REASON HE'S IN BUSINESS

(By Bob Partlow)

FORKS—After Dennis Chastain, 52, began carving out a new life for himself, the state began taking credit for it.

A 1992 issue of Timber Towns, a now-defunct newspaper put out by the state, touted Dennis and his wife, Margaret, as a success story of timber retraining.

The couple received a loan through a private revolving fund. The fund's administrators work closely with the state to help small businesses.

Chastain worked in the woods for 24 years before his last logging job on the Olympic Peninsula dried up six years ago. Margaret Chastain saw some chain-saw wood carvings she liked, and Dennis thought, "I can do that."

He was right.

He began chain-saw carving regularly and now has produced thousands of pieces, including a 12-foot-tall carving for a logger's memorial next to the visitor center in Forks."I found I had some talent and ability," he said.

Along the way, Chastain was looking for about $12,000 to help expand the business. The revolving fund provided it, but Chastain said it wasn't an essential ingredient to making a success of Den's Wood Den on state Highway 101 south of Forks.

"If it hadn't been them, it would have been somebody else," he said. "They popped up exactly when I needed them. It was a fluke."

He got a 12 percent loan, a figure that surprised him when he went to sign the papers.

"They strongly implied it would be a low-interest loan," he said.

But the state took credit for it in its newspaper article. Chastain, now making about $30,000 a year, said it's not quite what they say.

"I'm not going to come in on them, but I'm not going to brag on them, either."

CONFERENCES HELD FOR TIMBER TOWNS: IT WAS A JOKE

SMALL-BUSINESS HELP: WORKSHOPS WERE HELD IN WASHINGTON CITIES WITH FEW TIMBER CONNECTIONS

(By Trask Tapperson)

DARRINGTON—The state paid Washington newcomer M. Kathleen Duttro to arrange 10 small-business workshops, though she had no training or experience to perform the work.

Duttro said she received $2,500 "because that was the maximum they could pay for a non-bid program" awarded by the state without competition.

Her payment came out of general state training money, but Duttro viewed her work as part of the state's effort to help timber families and their communities get or stay on their feet.

Duttro acknowledged she had no background dealing with either.

She did her first workshops in Darrington about a year ago; within six months after moving from York County, Penn., to settle on a 24-acre spread near the foot of Whitehorse Mountain outside Darrington.

She called the sessions "Bootstrap Businesses and Tourism" and a "Home-based Business Workshop." She charged residents of the struggling timber-based community a "cut-rate price" of $10 to $15 for the two sessions—below the $25 admission charged others for the one-day sessions, Duttro said.

At state's behest, Duttro took her workshops on the road from September through April, but at least four of the areas and their residents had little or nothing to do with timber. They included Pullman and Walla Walla in Washington's wheat belt; Olympia; and Island County, home to a U.S. Navy air station, bedroom communities and farms.

She said she had no follow-up system to check how trainees benefited from her teaching—except for surveys at the end of the workshops that indicated people wanted more conferences.

Richard Anderson, who runs Sauk River Sporting Goods in Darrington, paid $20 last year to attend a Duttro course.

It led him to offer a fly-fishing clinic in June. It netted him $60, he said.

Grace Hathaway, Darrington's city planner, said Duttro's workshop on creating home-based businesses apparently had few results.

"I know there were none created in Darrington," said Hathaway, who prepares and helps administer the city's grant requests for timber community assistance. "It was a joke."

Maury Forman, the state official who hired Duttro, acknowledged the absence of accountability. He said it's up to the people to make connections with economic development promoters to get help after the workshops.

Duttor's arrangement with the state for workshops ended last year, but now she's applying for more grant-financed work this fall with the formation of a nonprofit organization called Threshhold.

"I decided to invent myself a job," Duttro said.

"If I get my nonprofit running, I will have invested myself a job. We've written a proposal for a program. We're looking for money to start it."

She said she wants a dependable source of cash because the financially shaky people of timber towns are an unreliable source of income.

"It's almost impossible to do it on the backs of the people who need it and make a living out of it," Duttro said.

COURSE FUNDED BY STATE ANGERS DISPLACED WORKER

COLLEGE COURSE: THE CLASS WAS DESIGNED TO GIVE DISPLACED WORKERS SELF-ESTEEM

(By Trask Tapperson)

ELVIRA, ORE.—Danele Welsh has worked in four wood mills for more the 13 years.

She graduated through the ranks from hydraulic log loader in a sawmill to plant forewoman of a specialty products plant to inventory controller at a Eugene, Ore., mill of forest products giant Weyerhaeuser Co.

That ended in 1991, when the mill closed and Welsh sought help to regain employment through a course at Lane Community College. She attended the decade-old Choices and Options program for displaced timber workers, financed with state lottery money.

Welsh, 42, wanted practical job-search guidance. But mostly, she and about 25 men got a steady dose of self-esteem promotions—daily inspirational readings from the writings of humorist Robert Fulghum, getting-to-know-you games.

Her tolerance waned on the first day of the two-week course when the instructor said, "we needed to evolve beyond the timber industry. Evolve."

"He thought we were stupid millworkers, primate material. Like we needed to evolve," she said.

Welsh rose to her feet. "I was going to scratch my sides, like an ape." Instead all she could muster were the words; "How dare you!"

College officials defended the program. "When they lose their jobs, they're angry," said staff member John Huberd. "It helps get their head back on straight . . . boost self-esteem. The members start bonding and become a support group."

Welch has had only one paying job since, and that business folded. But she said she won't become "a system sucker," her term for people who continue in government-run displaced worker programs.

"Why don't they just bundle up their assets, go out there and take their best shot?" she asked.

NONPROFIT CORPORATION'S AIM IS TO HELP CREATE JOBS

PORT ANGELES: THE DIRECTOR SAYS THE CORPORATION WILL TRANSFORM THE ECONOMY

(By Trask Tapperson)

PORT ANGELES—Dominating the walls of Gus Kostopulos's office at WoodNet headquarters are three photos and two signed letters from President Clinton.

That's in sharp contrast with the contempt that often greets the mention of Clinton's name in logging towns on the Olympic Peninsula.

The president spoke enthusiastically to Kostopulos at his timber summit in Portland, Ore., last year. The executive director of the 3-year-old nonprofit corporation had just explained to Clinton how WoodNet would help transform the peninsula's floundering timber-based economy.

WoodNet's goal: linking its 350 members to wholesalers and others who might buy their products, ranging from custom doorknobs and other specialty wood products to jewelry and other non-wood adornments.

His means: primarily a slick catalog. The first one, sent last year to 8,500 wholesale buyers, cost $62,500 in cash and another $30,000 in staff time to produce. Of that, $22,500 came from the product ads placed by craftspeople and companies.

That's almost $11 per recipient, plus postage.

Since 1991, the state has sunk $206,000 into the operations of WoodNet, a frequent object of glowing publicity for its innovative manufacturing network. Much of that money came from the two departments most responsible for helping timber workers and their towns recover.

Yet Kostopulos says he doesn't know—or care—how many of the 92 sellers in the catalog are displaced loggers.

"They weren't asked," he said. "I personally don't care how many displaced loggers work at Posey Manufacturing. WoodNet was never set up to help displaced loggers. We want to help a company that creates jobs."

TIMBER MONEY TRACED TO SEVERAL STUDIES DONE FOR WASHINGTON CITIES

ACCOUNTABILITY ISSUE: THE STATE TRACKED ONLY 12 OF 135 STUDIES DONE DURING THE PAST FIVE YEARS

(By Bob Partlow)

A close look at the government response to the region's timber woes appears to show more about consultants and studies than loggers and jobs.

Taxpayers paid for 135 timber-related studies or plans in Washington alone from 1989 to mid-1994, according to figures from the state Department of Community, Trade and Economic Development.

The Olympian and The Bellingham Herald asked state governments in Washington, Oregon and Northern California for a detailed accounting of the studies and their success.

Washington sent incomplete information, and Oregon and California didn't respond to the request.

Among the Washington studies were 12 surveys to assess the so-called "SWOT" of rural timber communities: strengths, weaknesses, opportunities and threats

Those studies cost $96,306, an average of $8,025,50 apiece. The state didn't say how much good they did or exactly how the communities spent the money.

Consultants interviewed people, held meetings in communities affected by timber cutbacks and then did reports.

Darrington had a $12,000 SWOT study done. It duplicated a separate study done by the city and was a waste of money, said Darrington hardware store owner Laurence Larsen, who is active on state boards involved in helping timber communities and workers.

"We could go out and get money for studies, but we won't finance a business or get somebody started," Larsen said.

The city of Sultan had a different experience. Its SWOT study pointed out a good direction and was widely distributed, said City Clerk Laura Koenig. "We had a lot of interest in it," she said.

Eric Hovee, principal of the Vancouver, Wash.-based E.D. Hovee & Associates, did five SWOT studies in Washington for $40,300. He estimates he has done up to 30 similar studies in Oregon.

"A lot of it is often common sense," he said. "There's not a lot of magic to it."

The surveys are only as good as the people in the communities make them, he said.

"The study doesn't produce any jobs, but the follow-up is where there is going to be job creation," he said. "That's where the value comes in. The extent to which these studies are used or sit on a shelf . . . depends on the people in the community."

Hovee said he does no follow-up.

In Washington's other 123 studies, money went to local agencies and the state doesn't monitor what happens after that, said Liz Mendizabal, spokeswoman for the Department of Community, Trade and Economic Development.

Forks had two studies done—one for $12,500 in 1991 to look at the city's future and another for $20,000 in 1992 to look at timber supply.

At the northwest tip of the Olympic Peninsular, Forks has been the self-styled "Timber Capital of the World" until the virtual shutdown of the woods in the 1990s.

In the first study, "almost all of it was stuff we already knew and many of the statistics were way out of line," said Sandra Kint, Forks economic development director. "I don't think anybody was happy with the results."

In the second study, "it gave us a lot of information in writing signed by a consultant that told us what we already knew," said Dan Lienan, Forks city clerk and treasurer.

In addition to the studies, the state had handed out 138 grants to timber communities since 1989, according to the Department of Community, Trade and Economic Development. It didn't provide a dollar figure.

One $20,000 grant went to the Hoquiam Development Association, which receives some public money to help boost the local economy.

But Executive Director Micki Colwell said the money "didn't create any jobs, except for mine." The communications graduate and former reporter moved from part time to full time.

THE FORKS STUDY AT A GLANCE

The first Forks community study, done by Gilmore Research Group of Seattle, said: "Forks is encouraged to create both short- and long-term economic strategies as part of its work program."

It recommended "short-term priorities" such as:

"The implementation of strategies which respond to the nature of the existing market, both from internal and competitive standpoints."

"The implementation of strategies which better position Forks for future growth."

"The implementation of strategies which create a series of small business successes, for example, the expansion of an existing business or the opening of a new business with five or 10 jobs."

The 107-page study also spent considerable space talking about building Forks' image and promoting tourism.

COMMUNITIES SEE HOPE AS THEY TURN AWAY FROM TIMBER

RAYS OF LIGHT; MANY IN TIMBER TOWNS ARE MOVING ON, FINDING SECURITY OUTSIDE OF THE FOREST

(By Trask Tapperson and Bob Partlow)

In the darkness of the Northwest's timber towns, some rays of light can be found:

In the persistence of Richard Anderson, who has moved into his Darrington sporting-goods store and is selling tourists everything from vibrating monkeys to fly-fishing lessons in a last-ditch effort to keep the struggling business open.

In the doggedness of people such as Jack Shipley of Grants Pass, Ore., Mike Jackson of Quincy, Calif., and Nadine Bailey of Hayfork, Calif.

They are putting aside deep differences with opponents to force agreements that will provide loggers with jobs and the forest with a chance to grow in a new and different way.

In the new chances being given to people in Prineville, Ore. They are taking advantage of an opportunity to start again in plants making wood products through a retraining program started by businesses.

They all agree the problems are daunting and the future uncertain at best, but they are trying to create a new life out of a new economy.

"We're going to get through this thing," said Shipley, a founder of The Applegate Partnership in Oregon, which hopes to create jobs and a new kind of forest. "It's going to be a major, uphill battle."

A TOWN TIED TO TIMBER INDUSTRY IS FORCED INTO A NEW WAY OF LIFE

COMMUNITY

"Darrington's got a wonderful future. It's just how soon it's going to get here," says Richard Anderson, a small-business owner.

(By Trask Tapperson and Bob Partlow)

DARRINGTON—Travelers will find the drive easier between Interstate 5 and this timber town after September when crews finish $2.5 million in improvements to Highway 530 East.

People here wonder what the traffic will bring.

Until recently, it was predictable: Scores of log trucks hauling out the bounty of the federal forest, a smattering of tourists bound for the mountains and residents with business "down below" in Everett, the lowland Snohomish County seat.

But in Darrington today almost nothing is predictable as the town undergoes wrenching change wrought by the virtual end to logging in the midsection of the Mount Baker-Snoqualmie National Forest.

In the future, many expect commuters to make up most of the new traffic; locals heading to Everett for new jobs and urbanites who find the trip to Everett and Seattle preferable to the hassles of big-city life.

SIGNS OF DECLINE

Some telling signs of Darrington's decline:

Worried timber wives sharring family crises at the "Kitchen Talk" program at the Darrington Community Support and Resource Center.

"A lot of it is fear," said center director Wyonne Perrault. "If you're born and raised

here, there's a fear of losing this closeknit, family-oriented community and thinking of trying to make it somewhere else."

She cited one longtime Darrington family who lost their house to the bank by foreclosure last spring. Mom, Dad and the kids left town in the dead of night because they couldn't face their friends and neighbors, she said.

A 300 percent increase in visits at the Darrington Food Bank since 1986.

But even the threefold jump doesn't reflect the extent of hardship today, food bank managers said. "In an area like this, people won't ask for help unless they're really desperate," Geraldine Inman said as she handed out commodities behind a counter. Above it, a sign reminds volunteers: "We are serving people at this food bank, many of whom are hurting, angry or frustrated. This is often through no fault of their own."

A building that doubles as Richard Anderson's home and his Sauk River Sporting Goods store. He lives at the store now after selling his house and spending the proceeds to keep his business going.

"Darrington's got a wonderful future," Anderson said. "It's just how soon it's going to get here."

In the meantime, he has started hawking trinkets such as vibrating monkey and T-shirts for tourists.

But they aren't coming. And when they do, they don't bite.

"We had 79 (river) rafters in the store," Anderson said. "They drank free coffee, messed up the septic tank with Styrofoam popcorn and spent $6."

He's now thinking of renting out hot tubs.

Andy Thompson, who manages the Highway 530 construction from an Everett office, sums up the town's dilemma with the succinctness of a knowledgeable outsider.

"If they don't figure out a way to adapt, they're going to get pushed right out of there," he said.

DARRINGTON AT A GLANCE

Location: Eastern Snohomish County

Population: About 1,000

Rank in county: Third smallest (ahead of Woodway and Index)

Projected growth rate: 45 percent through 2020 (compared with county rate of 77 percent)

Predominant Industry: Timber

Largest employer: Summit Timber Co. (350 employees)

Median household income, 1979: $17,226 (compared with $20,760 countywide)

Median household income, 10 years later: $24,294 (compared with $29,369 countywide)

Housing construction, 1980-88: 101, including 37 mobile homes (of 46,335 homes built countywide)

Average price of house (1988): $56,422 (compared with $93,864 countywide)

Almost everyone in Darrington knows that. But the uncertainty over how to change generates sometimes intense second-guessing and bickering.

The closest thing to consensus is criticism of the government's response to their eroding lifestyle. Many residents say state and federal governments have spent too much on the wrong things, such as:

Planning sewers, industrial parks, and other expensive infrastructure without any clear hope for a return on the investment.

Touting tourism for visitors who may never come or bring enough money to even begin replacing lost timber dollars that yielded family-level wages.

Government officials push this alternative the hardest, seeing a potential in scenic forest and mountain settings of many timber towns. Few have more spectacular vistas than the Darrington area—with its views of Whitehorse, Gold Hill, Prairie, Higgins and North mountains and the stunning Glacier Peak.

Though Darrington did receive a small share of the federal government's $20 million "Jobs in the Woods" program, assessments by key local leaders are harsh.

"They spread all this money around a mile wide and an inch deep. It doesn't do any good, but it does have political benefit," said hardware store owner Laurence Larsen, Darrington's top civic leader for economic revitalization.

"It's just a great big wheel, and we're getting caught in the spokes," said Mayor Charlie White.

The state and federal timber relief program is "a support system for the state and federal agencies, not for the timber communities which it was intended to help," said city planner Grace Hathaway. "There's no accountability about who's giving money to whom."

EFFORT CRITICIZED

A frequent target of townfolks' frustrations is the three-year economic development effort led by Kathy Kerkvliet, a state Employment Security Department worker.

She became Darrington's grant-funded economic development official in 1990, several months after a Larsen-led citizens committee completed a 20-year vision for the town.

"There was a fair amount of criticism" of that nine-month effort, Larsen said. "They were concerned we were spending money on tourism and not enough on displaced workers. Unfortunately, a lot of the programs from the state were for studies, but we couldn't finance a business."

By the time Kerkvliet left a year ago, $105,400 had been spent on salaries and overhead for her effort—part of about $405,000 in government grants she said the community received.

"I went in there as a novice," Kerkvliet said. "I knew how to work with dislocated workers, but I had never done economic development."

Although the problems of the timber workers are worsening, Kerkvliet said she left because "I was an outsider. I understood my role to get resources and bring people in, but after awhile you can only have outside help for so long."

What did the taxpayers get for their money?

Already in hand: Lots of grants, studies, workshops and publications.

Yet to come: The new sewers, hopes for new industry at a possible industrial park, more tourists and possible new restrooms to accommodate them—which the government is willing to build if the community can pay to maintain them.

Kerkvliet is long on enthusiasm but short on specifics of how the town has repositioned for life after timber. She can't cite any jobs resulting from her economic development efforts.

Her prediction: "In five years, it will stay a nice, lazy, laid-back little town—more of a bedroom community. People are willing to travel to have that environment to live in."

White's vision for the resident logging families isn't so rosy.

White, 80, recalled his life in the woods that began at age 14 with a job as a signal-whistle blower and lasted through the Great Depression when "there were stump farms and no jobs."

"I got a fear that it might happen again," he said. "And you've got a different class of people today. In those days, people looked after one another."

To City Clerk and Treasurer Lyla Boyd, they may not be around to do so.

"My worse-case scenario is the timber people won't get jobs and move away," she said. "We'll become a bedroom community for Everett and the Navy base. If people can't get jobs, they'll go away. Or they'll commute."

WHAT'S AHEAD: SOME PEOPLE HAVE FOUND SOLUTIONS THROUGH RETRAINING PROGRAMS OR COMMUNITY EFFORTS

What's next: It's been 7½ years since the environmental group GreenWorld first petitioned the U.S. Fish and Wildlife Service to list the northern spotted owl as an endangered species.

Since then, loggling has virtually stopped in the owl habitat of federal forests.

The Clinton administration now plans a long term logging ban on 7 million acres in Western Washington, Western Oregon and Northern California.

But the debate over how to use public lands in the Northwest is far from over. Key actions are coming on the judicial, legislative and administrative fronts. They include:

The Clinton plan: Logging interests say it goes too far; some environmentalists say it doesn't go far enough. Both sides filed lawsuits challenging the plan. U.S. District Judge William Dwyer of Seattle is scheduled to hear their arguments Sept. 12. Both sides expect an appeal—a process that could delay a decision on the future of the forests well into next year.

East of the mountains: Dozens of government experts are drafting a land-use plan for millions of acres of federal forests east of the Cascade Mountains. Their plan, still months away, could rival the timber setasides west of the mountains—if they follow the recommendations of some environmentalists.

Logging road bans: Environmentalists continue to push hard for congressional action to ban future road construction in any 5,000-acre area of federal forest now free of roads. Such legislation hasn't fared well so far in committee but still could win approval this session, congressional sources said.

Worker relief legislation: No new initiatives to help displaced timber workers and their towns are expected in the foreseeable future in Congress, sources said.

"We start from the position that the administration's plan is the plan that will be in place," said Jim Hoff, chief of staff for U.S. Rep. Jolene Unsoeld, D-Olympia. "The challenge is to get that plan up and running."

State economic development: In the state of Washington, "our tack will continue to be to try to get businesses into the (timber) impacted areas," said Jordan Dey, deputy press secretary to Gov. Mike Lowry.

But so far, the state has no specific action plan.

I MADE A VOW TO MYSELF I WOULDN'T LOG

NEW BUSINESS: DEBRA AND LARRY HAGEN HOPE TO SAVE ENOUGH TO GET THE LOAN NEEDED TO BUY A PIZZA PARLOR

(By Trask Tapperson)

DARRINGTON.—As logging here dries up, Debra and Larry Hagen are watering a homegrown future for themselves.

They don't want to move away, so they turned to a new commodity: pizza.

Even by their own worst-case scenario for Darrington—a shutdown of top employer Summit Timber Co.—the Hagens are convinced their pizza parlor could survive—and perhaps even prosper.

"If the mill went down, the town would really be in a hole," said Larry, 21. "But the

growth is moving up I-5, and it will hit all the crannies."

Debra has spent only one of her 22 years away from Darrington, at a Kirkland business school.

"It was an experience, but we want to spend the rest of our lives here, raise our kids here," she said, as Larry nodded in agreement.

Her family has logged in Darrington for four generations. His father, Les, leads the Glad Tidings Assembly of God flock. The couple rooted for the Darrington Loggers sports teams before graduating from high school.

Both had jobs at Pizza Plus before they got married last year. When the owners put the place on the block, the Hagens tried to buy it.

The restaurant was netting almost $30,000 a year and "making more and more every year, and we didn't plan on changing anything," Larry said. But they had no equity, so the bank turned down the $125,000 loan to buy it.

Unfazed, they got a $3,000, two-year personal loan from the bank, cut a deal with the owners last October to lease the business and will get first crack at buying it.

With the "for sale" sign still outside, the Hagens work 11-hour days, five days a week. Helping out when they can are Larry's parents, his brother and Debra's two sisters.

"It's hard, but it's worth it," Debra said.

In their first quarter of business, they made the $900-a-month payments to the owners, the $150-a-month payments to the bank for the loan and still took home $8,500.

"I think we'll be all right," Debra said.

The childless couple is trying to save as much money as they can to help cut the loan needed to buy the place, which they plan to rename "Pizza Hagen."

That beats by far the routes traditionally taken by so many of Darrington's young people.

"When you live here what you do is marry a logger," Debra said.

"I made a vow to myself I wouldn't log," Larry said. "They don't have a life. Daybreak to darkness they're working. And when your whole income is based on something you could lose over an animal, an owl, it's frightening."

Both still want to get college degrees some day—Larry in law enforcement; Debra perhaps in business.

But with only a year of college under each of their belts, the pizza parlor "is the best thing we could hope for," Debra said.

"We had confidence, it was here for the taking it's nice to work for yourself and we can stay in town," she said.

BUSINESS TRAINING PROGRAM DEEMED SUCCESSFUL

JOBS: FOUR STUDENTS PRAISE THE OREGON PROGRAM FOR ITS PRACTICAL TRAINING AND PROMISE OF EMPLOYMENT

(By Bob Partlow)

PRINEVILLE, OR.—Timber retraining programs sometimes work.

They do in the semi-arid scrub land of eastern Oregon, home to two large companies that make doors, window sills and many other products out of wood.

"We need good employees." said Gevin Brown, a board member of WPCC, an Oregon association of about 80 such businesses.

With training identified as a priority, the association began recruiting workers this year. They screened 56 applicants down to 26 students.

Eighteen people eventually completed a 54-hour, seven-week course and graduated last month. All are guaranteed jobs at a living wage at a variety of plants in central Oregon. The second class begins in September.

WPCC worked with a community college to produce the first graduating class. But the training was done on site at the American Molding Co. plant in Prineville.

Employees worked with the students and focused on jobs at the plant.

"The people that come through this program will know more than 80 percent of the employees who are working here," said plant manager John Lang.

Among those who successfully completed the program:

Lizabeth Brown, a 32-year-old single mother with three children, ages 3, 5 and 7.

"I wanted to support the family without having to rely on anybody else," she said.

She had been running a day-care center but found it was too much to handle while raising her own kids. "I wanted something for me," said Brown, who has a bachelor of arts degree in general studies.

The training program focused on survival skills needed in the plant—right down to learning the basics of how to use a tape measure, she said.

"I was impressed with how much energy they were putting into the program and how much time," Brown said.

She has been offered two wood-products jobs but wants to wait until she gets one that will put her on the day shift.

Ray Atkinson, 55, also is a single parent, raising an 8-year-old boy. The mill in Bend where he worked for nearly three decades shut down, putting him on the streets and into shock.

"I hadn't been laid off in 28½ years," he said.

He probably could have found another sawmill job, he said, but that would have meant relocating.

"I didn't want to go back to school, and I would have had to move to get back into the sawmills," he said.

He is now working for Bend Wood Products.

George Thompson, 56, "worked in the woods nearly all my life," primarily as a "gyppo" logger moving from one place to another.

The most money he ever made was about $38,000, but he loved "the individual, free-wheeling life."

Then the downturn in the industry and a desire for more stability led him to look elsewhere.

He found the WPCC retraining program and discovered "a free ride to take a new chance in life."

With a bachelor of arts degree in education, he could have gone back to the classroom to teach, but he liked working in wood products.

He was expected to begin a job in mid-July.

Dawn Helmholtz, 18, was on a fast track to nowhere in the fast-food industry, where she worked the past four years at Burger King.

With her active 1-year-old bouncing on and off her lap, she talked about her father's work at American Molding and how much she wanted to follow him.

She also liked the idea of being part of a group that is making something tangible.

And she gets benefits and steady hours, making it easier to get a baby sitter than in the past.

She is working at American Molding now.

All four of the students agreed with Helmholtz's assessment of the program: "I'm very, very impressed."

WHY DOES IT WORK

"We offer a guaranteed job in central Oregon at a choice of companies with flexible hours paying a family wage with a career path," reads a WPCC advertisement.

That means people in the program:

Have an immediate job upon successful completion of the seven-week course. The students must pass a written test. The average score was 92 percent for the first class.

Earn a living wage—about $10.50 an hour on average, or about $22,000 a year.

Got hands-on training from people working in the industry. Students and instructors said their rapport is high.

"Where it is down to our level, it makes a big difference," student George Thompson said of the teaching.

The fees are reasonable. Each student pays $100. The cost of the program is about $1,200 for each person, but WPCC absorbs most of the cost. The rest is covered by public money.

The $1,200 figure included start-up costs. That total should fall to $400 for the next group of students.

Program developers hold students accountable. Students must attend every hour of every class. But the instructors don't talk down to students. "They make you feel right at home," said student Ray Atkinson.

OPPOSITE VIEWS ON ONE ISSUE

(By Trask Tapperson and Bob Partlow)

Though adversaries over timber-cutting policies often clash, both sides can recognize the suffering spreading through towns on forest fringes.

Here are two views—from Colin King, a self-employed logger, and Elliott A. Norse, former chief ecologist of The Wilderness Society, one of the leading national environmental organizations. He is now chief scientist of the Redmond-based Center for Marine Conservation.

King's home is in Forks, the heart of the Olympic Peninsula forest. Norse's home is in Redmond, the heart of the high-tech belt east of Seattle.

THE ECOLOGIST

"We need to make sure timber communities don't become welfare havens of alcoholism and despair. These things torture me. I don't see easy answers."

His concern doesn't mean he and other key environmental leaders are ready to sacrifice their forest-protection goals to ease the economic and emotional pain woods workers and their communities feel.

"How much are they victims and how much did they create their own fate?" asked Norse, author of the book, "Ancient Forests of the Northwest."

He comes down on the side against bailing them out.

"Was it really the business of the American people to bail out Chrysler? We did it. And it worked. But I ask myself, 'Should we allow institutions and people to fail?' I think they should be allowed to fail.

"There used to be towns that made their living whaling. People went to sea."

Like their counterparts in logging, "it was dangerous. A lot didn't come back. They made good money, and they put their lives on the line. Whales disappeared, and people had to find another way," Norse said.

One answer "is to take the people who unwittingly destroyed the forest and put them to work restoring it. Don't teach them to be hamburger flippers or poets.

"It's a partial answer. If we add up all the partial answers, we're still going to have people hurt by these changes and we'll have to bite the bullet, let them sink or swim. That may sound heartless, but I can't think of anything else they can do.

"We see the anti-tax hysteria. The country's infrastructure is falling apart because people won't pay more taxes. you can't support people indefinitely."

THE LOGGER

King is bitter about what the government has done to shut down the forests and hasn't done with programs invented by bureaucrats to alleviate the suffering it has caused.

"Those programs won't do the job because those running then are so out of touch.

"They've got to talk to someone who's suicidal," he said mentioning a 22-year-old logger who hanged himself in the Forks jail. "They've got to talk to some women who's been beat up at home. You've got to talk to people who've just been evicted and they've got three kids."

He asked urban people with their jobs to consider what could happen to them "What if (the government) took your job away and it became politically incorrect to be a reporter, and for five or six years they said you were the most worthless sadistic SOB that ever lived? And they took away your living? then they said, 'Well, that's OK, we'll make a VCR repairman out of you,'"

Like many others in the industry, King believes in the words of a song sometimes heard around timber communities: "It's not just what we do, it's who we are."

That's why he thinks the only real solution is to allow loggers back into the woods to cut timber in acceptable amounts.

"You're taking those people's lives—their souls—these people are loggers."

ENVIRONMENTALISTS, LOGGERS DECIDE TO WORK TOGETHER ON CRISIS

COPING: TWO SIDES LAY DOWN ARMS TO WORK OUT A SOLUTION TO TIMBER TROUBLES

(By Bob Partlow)

Fuel for fires has become fuel for cooperation to resolve the timber crisis in some West Coast communities.

The Applegate Partnership in southern Oregon and the Quincy Library Group in Northern California traded acrimony for accord.

Environmentalists and loggers agreed that some trees must be cut down to reduce the danger of devastating forest fires. That, in turn, will create jobs and keep the forests healthy for generations to come.

"Whining is not going to get it done," said Mike Jackson, a water-rights attorney in Quincy, Calif., who describes himself as a "flaming, left-wing environmental wacko."

Working in the same town with loggers and timber-dependent families, he decided a strategy of talking, not fighting, would lead to results.

"This is a small town," Jackson said. "You walk down the streets and see these people, and you see them at the kids' baseball games. I just decided after awhile that flipping people off three times a day gets old."

Jack Shipley, a retired public official in Grants Pass, Ore., and member of several environmental groups, came to the same conclusion as he thought about the 500,000-acre Applegate River watershed.

"The (federal) agencies had their own vision. The environmentalists had their own vision. The timber industry had its own vision," Shipley said. "Everybody had part of the truth, but nobody had the truth singly. If we were going to solve the problem, we were going to have to solve it together."

Shipley and Jackson believed that the best solution was to get people involved at the grass roots. The two also followed an initial strategy: Keep politicians and reporters away from the discussions.

The Oregon partnership's nine-member group, including three federal officials, put in 8,000 hours the first year alone.

In California, "We met until we quit arguing. We had (the plan) outlined before we let them into the meeting," Jackson said of two government officials.

A crucial element of both plans was addressing a U.S. Forest Service policy that calls for crews to immediately douse forest fires—even those caused by lightning or other natural events.

The two groups devised a response: Remove the kindling for the fires—mostly small trees—that leaves the forests tinder-dry and ripe for catastrophe.

A key to the discussions: defining what part of the forest should be logged.

Both groups advocated cutting down smaller trees and clearing out areas near streams and rivers. That provides good management and good jobs, they said.

"It's not a question of taking a person who's been a timber faller all his life, training him to be a computer operator and shipping him to Phoenix, Ariz.," Shipley said.

Neither plan has come easily.

The Oregon group has worked for months to get one sale of 500,000 board feet in the 500,000-acre Applegate River watershed. Another sale of 1.5 million board feet is pending.

Shipley said the area probably produced 500 million board feet annually at its peak.

The California group fashioned a classic compromise—the industry agreed not to log areas near sensitive watersheds or places without logging roads. In return, environmentalists agreed to support a level of cutting in other areas that would sustain the forests and hundreds of jobs for years to come. The government must buy off on it.

Shipley also said he and others in the local environmental movement had to overcome an attitude from national environmentalists who didn't trust their ideas.

"They started to get heartburn because the local people were taking control," he said.

Echoing a complaint made often by loggers in small towns. Shipley said, "Too often, folks in rural America are viewed like we fell off the turnip truck yesterday. It's a rural-urban perspective."

But he and Jackson believe the results will be worth the work and can become models for other towns.

"Every place is different," Jackson said. "So the substances of any solution might be different in Bellingham, Wash., than it is in Quincy. But what we have is an exportable commodity."

CLINTON OFFICIALS PULL OUT OF TALKS

The Clinton administration recently pulled all federal officials from community groups that are trying to fashion local solutions to timber cutbacks.

Those include the Applegate Partnership in southern Oregon and the Quincy Library Group in Northern California.

The reason: The Clinton administration has been sued by timber industry groups who argue that the government forest plan was designed in secret—against the provisions of federal law.

"Until we figure out a way to protect ourselves legally, we have to play it safe," said Lauri Hennessey, a spokeswoman for the Clinton administration's timber plan.

Jack Shipley, a founder of the Applegate Partnership, said the move was disappointing.

"The very thing we've been trying to do is keep an open public dialogue," Shipley said. "Now they're saying it's unlawful? Something is out of whack."

Several groups that are trying to work out new forest plans in their areas met earlier this month in Redding, Calif.

Shipley said he came away from the meeting with optimism.

"We're going to get through this thing," he predicted. "All it did is give us more resolve. I expect (the federal officials) will be reinvolved with us in some way within 60 days. But these things are never easy. It's an uphill battle."

PUBLIC OFFICIALS SOUND UPBEAT ABOUT AID TO HELP TIMBER WORKERS

Some samples of news releases put out by members of Congress and others to hail their roles in directing federal money to help timber towns and worker retaining efforts:

"Unsoeld Proposes Jobs Program for Timber Communities; Swift Joins As Original Co-Sponsor"—U.S. Reps. Jolene Unsoeld and Al Swift, November 1991.

"Murray Gets Economic Development Funds for Timber Towns"—U.S. Sen. Patty Murray, September 1993.

"Economic Recovery Board Charts Course for Timber Communities"—Office of Gov. Booth Gardner, December 1991.

"Timber Retraining Benefits Expanded, Washington State Employment Security Department Says"—PR News Wire, May 1993.

"Unique Center Responds to Closures"—Grays Harbor Career Transition Center, May 1993.

"Work Force Training will Benefit Area"—Centralia College, August 1993.

"Good News for 21 Timber Distressed Counties: Jobs-In-Environment Grants Offered"—Washington Department of Natural Resources, January 1994.

"Jobs for the '90s Task Force Gathers Valuable Information on Timber and Local Economy"—Washington State House Republican Media Services, August 1991.

TIMBER SERIES SPRANG FROM LOGGER ANGER

(By Jack Keith)

The memo was dated Nov. 29, 1991.

Bellingham Herald writer Trask Tapperson, fresh from several conversations with timber workers, had been struck by the frustration they faced.

About fewer trees to cut? Definitely. About job layoffs or cuts? Certainly.

But what irked the workers most was that the loudly professed political "solutions" to the timber issue were failures, by and large, Tapperson's memo to editors said.

The "answers" of retraining grants and special seminars and VCR repair training were not solving the problem.

Worse, the failure was expensive; wasting taxpayer dollars left and right, the angry people said.

"Lots is getting spent with little to show for it," Tapperson wrote in his summary of the workers' comments.

We saw a story there, but we knew it was complex and difficult to get a handle on.

Today on Page A1, we begin publication of a dramatic four-day series uncovering a frightening lack of accountability in the government's effort to retrain timber workers for new jobs.

More than $100 million worth of government programs has been poured into the Pacific Northwest. But no one in government can tell us exactly who got what and how many workers have been retrained and are now working in a new field.

Tapperson and Bob Partlow, the Herald's Olympia bureau reporter, spent three

months pounding on agency doors to try to find someone who was keeping track of the massive program.

Somebody thinks it's working just fine. The Clinton Administration plans to spend $1.2 billion more to help loggers over the next five years.

But when you ask—as Tapperson and Partlow did in 53 Freedom of Information requests—no one can provide the numbers.

And out in the towns of the Northwest, there is bitterness, Partlow says.

"It's very bleak out there. There's a real sense of anger with the government, a lack of trust. The same government that cost them the job was going to retrain them."

Among the contacts that prompted the series was a letter Tapperson received from a frustrated timer worker.

"One thing is very hard to understand is why 2-4 year college degree programs are not available to the displaced worker. Every week there are jobs in the paper for civil engineering/environment degrees. The only thing being offered (displaced timber workers) is less than one year schooling.

"The money being spent looks like job security for those in the (state and federal programs)."

The series continues through Wednesday.

Farewell: This is Tapperson's final series for the Herald. He turned 55 this spring and has decided to take early retirement.

He has been a key figure in Whatcom County since his arrival in Bellingham in 1982.

His early reporting included an in-depth look at the decline of the Northwest timber industry, a series that won a National Arbor Day Award. He was part of a Herald reporting team that examined the Hanford Nuclear Reservation and told Whatcom County readers of the incredible cleanup costs involved.

Tapperson served as city editor for five years, helping refocus the Herald's local coverage. In his final years with the newspaper, he returned to reporting and covered investigative and in-depth stories on a variety of topics.

Tapperson always followed the notion that a reporter's sole allegiance was to readers. He worked tirelessly to that end.

Jack Keith, managing editor of The Bellingham Herald, writes a Sunday column.

THE CRIME BILL

Mr. GORTON. Mr. President, I should like to remark informally on the responsible action of the House of Representatives today in rejecting, at least temporarily, the passage unchanged of a crime bill.

This Congress has spent the better part of 2 years in attempting to come up with a series of proposals that do something positive for the American people in restraining, and not sanctioning crime, and especially crimes of violence.

This Senator voted with considerable enthusiasm for the bill as it passed the Senate, even though there were a number of elements in that bill to which this Senator was opposed.

The House bill, and perhaps even to a greater extent the conference committee, added on, and added on, irrelevant cargo to this particular ship to the point at which it is about to sink, to the point today at least the House of Representatives caused it to sink, moving from a bill primarily concerning itself with law enforcement to one primarily concerning itself with various porkbarrel social projects, duplicative of, but independent of, others of a similar nature almost, a number of which could have passed either House of Congress alone or without being subsumed under the title of a crime bill.

Now, leaders in both Houses must go back and determine whether or not there are some things they can do to revive the good portions—and there are good portions of this bill on crime.

I would strongly suggest to the leadership in both Houses and to the conference committee that exactly that be done; that half—let us just say half of the porkbarrel social programs be stripped from the bill so it is something that can actually be enforced; that the law enforcement provisions of the bill, the aid to local law enforcement, be enhanced to a certain degree; and that some of the very important substantive provisions, like those requiring truth in sentencing on the part of State courts, like those sponsored by this Senator to track sexual predators after they have been released from jail to notify their communities that they are present, be restored to this proposal.

I think it is particularly ironic and particularly tragic that that sexual-predator-tracking provision, those notification provisions to families and communities, were removed from the conference committee report on the very day that Megan Kanka, a 7-year-old girl, was murdered by a sexual predator unknown to her and to her family, who had moved in across the street from her in a town in New Jersey.

As a consequence, an independent bill on the subject now has, I believe, the unanimous support of the New Jersey delegation in both Houses of Congress.

It can be revived, however, and made a part of this crime bill if there is enough resolution and enough leadership in the House of Representatives to do so.

That, truth in sentencing, and a slimming down of the immense pork fat in the bill will turn something which now spends far more money that we do not have than it is worth into something which can be a positive factor in the war against violent crime in the United States.

We have been given a second chance. Let us take that second chance and run with it.

MESSAGES FROM THE HOUSE

At 7:03 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the amendments of the Senate to the bill (H.R. 1933) to authorize appropriations for the Martin Luther King, Jr. Federal Holiday Commission, and to support the planning and performance of national service opportunities in conjunction with the Federal legal holiday honoring the birthday of Martin Luther King, Jr.

The message further announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 4277) to establish the Social Security Administration as an independent agency and to make other improvements in the old-age survivors, and disability insurance program.

MEASURES REFERRED

The Committee on Labor and Human Resources was referred to the Committee on Commerce, Science, and Transportation pursuant to the order of March 3, 1988, for not to exceed 30 session days.

S. 2344. A bill to authorize appropriations for the National Science Foundation, and for other purposes.

MEASURES PLACED ON THE CALENDAR

The following bill was read the second time and placed on the calendar.

S. 2374. A bill to improve the United States private health care delivery system and Federal health care programs, to control health care costs, to guarantee access to health insurance coverage for all Americans, and for other purposes.

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–3204. A communication from the President and Chairman of the Export-Import Bank of the United States transmitting, pursuant to law, a report on a transaction involving U.S. exports to the Republic of Argentina; to the Committee on Banking, Housing and Urban Affairs.

EC–3205. A communication from the Director of Employee Benefits of the Farm Credit Bank of Baltimore, Maryland, transmitting, pursuant to law, the annual reports of Federal Pension Plans for calendar year 1993; to the Committee on Governmental Affairs.

EC–3206. A communication from the Director of the Office of Management and Budget, Executive Office of the President, transmitting, pursuant to law, the cumulative report on rescissions and deferrals, dated August 1, 1994; pursuant to the order of January 30, 1975, as modified by the order of April 11, 1986, referred jointly to the Committee on Appropriations, the Committee on the Budget, the Committee on Agriculture, Nutrition and Forestry, the Committee on Armed Services, the Committee on Banking, Housing and Urban Affairs, the Committee on Commerce, Science and Transportation, the Committee on Energy and Natural Resources, the Committee on Environment and

Public Works, the Committee on Finance, the Committee on Foreign Relations, the Committee on Governmental Affairs, the Committee on the Judiciary, and the Committee on Small Business.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-613. A resolution adopted by the Senate of the Commonwealth of Massachusetts; to the Committee on Banking, Housing, and Urban Affairs.

"RESOLUTIONS MEMORIALIZING THE UNITED STATES CONGRESS TO DEFEAT THE ONE DOLLAR COIN ACT OF 1993.

"Whereas, the One Dollar Coin Act of 1993 under consideration in the United States Congress would, if enacted in its present form, mandate the elimination of the one dollar bill, and the replacement of the bill with a one dollar coin; and

"Whereas, the Commonwealth of Massachusetts has, for over one hundred years, produced the paper from which United States currency, including the one dollar bill, is made, and takes great pride in the product; and

"Whereas, the elimination of the one dollar bill would have a severely negative impact on the local economies of the western region of the Commonwealth and on the Commonwealth's economy at large; and

"Whereas, the economy of the western region of the Commonwealth has suffered greatly in past years due to manufacturing job reductions and attendant economic impacts; and

"Whereas, the "benefits" claimed by proponents of the dollar coin are highly suspect, and would come at the overall expense of the people of the Commonwealth; and

"Whereas, the paper from which currency is made comes from renewable resources and recycled industrial products, while the metals to produce coins come from environmentally damaging hardrock mining; and

"Whereas, the prices of coin operated machines will likely rise with the replacement of the dollar bill with a dollar coin, thereby negatively impacting those least able to afford such price rises; and

"Whereas, the overwhelming majority of Americans have consistently opposed replacing the dollar bill with a dollar coin; now therefore be it

"*Resolved*, That the Massachusetts Senate calls upon the members of its congressional delegation to withdraw any support of H.R. 1322, and to work actively to defeat such legislation or any other measure which mandates elimination of the one dollar bill; and be it further

"*Resolved*, That a copy of these resolutions be transmitted forthwith by the Clerk of the Senate to the Presiding Officer of each branch of Congress and to the members thereof from this Commonwealth."

POM-614. A resolution adopted by the City of Superior, Wisconsin relative to railroad transport; to the Committee on Commerce, Science, and Transportation.

POM-615. A joint resolution adopted by executive committees of societies of professional biologists relative to human overpopulation; to the Committee on Foreign Relations.

POM-616. A joint resolution adopted by the General Assembly of the State of Illinois; to the Committee on Labor and Human Resources.

"HOUSE JOINT RESOLUTION NO. 98

"Whereas, The U.S. Railroad Retirement Board is located in the City of Chicago, the County of Cook, employing hundreds of Illinois citizens; and

"Whereas, The railroad industry is acknowledged as the originator of private company pensions in the United States; and

"Whereas, In the 1930's, the United States Congress assumed the responsibility for developing a federally administered retirement program to place the various railroad pension plans on a solid financial basis; and

"Whereas, The railroad retirement system today covers over one million individuals who have contributed over the years in good faith and who have legitimate expectations of receiving their benefits; and

"Whereas, *The National Performance Review* in its report, 'From Red Tape to Results: Creating a Government That Works Better & Costs Less,' proposes to transfer the functions of the Railroad Retirement Board to the Social Security Administration, to other federal agencies, and to 'private section service providers'; and

"Whereas, This proposal would privatize and terminate a program that has worked well and provided retirement security to millions of people for nearly 60 years; and

"Whereas, It now costs less money per benefit dollar to administer Railroad Retirement than it costs to administer Social Security, and, consequently, the proposal is likely to increase costs to the taxpayer; and

"Whereas, The transfer would violate the federal government's stated commitment to 'serving the customer' as current and future Railroad Retirement beneficiaries vehemently oppose the transfer; and

"Whereas, This action threatens to disrupt earned and needed benefits for 1.3 million active, retired, and disabled rail workers and their families; and

"Whereas, This proposal would adversely affect all active and retired railroad employees and their families in the great State of Illinois; therefore, be it

"*Resolved, by the House of Representatives of the Eighty-eighth General Assembly of the State of Illinois, the Senate concurring herein*, That we assert that (1) a continued federal commitment to the railroad retirement system is essential to assure the integrity of the railroad retirees' benefits; and (2) the preservation of the present structure of the railroad retirement system, including the administrative framework of the Railroad Retirement Board, is necessary to fulfill the time-honored responsibility of the federal government; and be it further

"*Resolved*, That suitable copies of this resolution be presented to the President pro tempore of the U.S. Senate, the Speaker of the U.S. House of Representatives, and each member of the Illinois Congressional Delegation."

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HOLLINGS, from the Committee on Commerce, Science, and Transportation:

Harold Jennings Creel, Jr., of Virginia, to be a Federal Maritime Commissioner for the term expiring June 30, 1999;

Delmond J.H. Won, of Hawaii, to be a Federal Maritime Commissioner for the term expiring June 30, 1997;

Dharmendra K. Sharma, of California, to be Administrator of the Research and Special Programs Administration, Department of Transportation;

Alan Sagner, of New Jersey, to be a Member of the Board of Directors of the Corporation for Public Broadcasting for the remainder of the term expiring January 31, 1998;

Ricardo Martinez, of Louisiana, to be Administrator of the National Highway Traffic Safety Administration;

Peter S. Knight, of the District of Columbia, to be a Member of the Board of Directors of the Communications Satellite Corporation until the date of the annual meeting of the Corporation in 1996; and

Rear Admiral William L. Stubblefield for appointment in the grade of rear admiral (lower half), while serving in a position of importance and responsibility as Deputy Director, Office of NOAA Corps Operations, under the provisions of title 33, United States Code, section 853u.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. HOLLINGS. Mr. President, for the Committee on Commerce, Science, and Transportation, I also report favorably three nomination lists in the Coast Guard, which were printed in full in the CONGRESSIONAL RECORD of May 17 and July 27, 1994, and ask unanimous consent, to save the expense of reprinting on the Executive Calendar, that these nominations lie at the Secretary's desk for the information of Senators.

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

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of May 17 and July 27, 1994 at the end of the Senate proceedings.)

By Mr. BIDEN, from the Committee on the Judiciary:

Thomas Joseph Maroney, of New York, to be United States Attorney for the Northern District of New York for the term of four years;

Charles Redding Pitt, of Alabama, to be United States Attorney for the Middle District of Alabama for the term of four years;

H. Lee Sarokin, of New Jersey, to be United States Circuit Judge for the Third Circuit;

Alexander Williams, Jr., of Maryland, to be United States District Judge for the District of Maryland;

Larry Reed Mattox, of Virginia, to be United States Marshal for the Western District of Virginia for the term of four years; and

Walter Baker Edmisten, of North Carolina, to be United States Marshall for the Western District of North Carolina for the term of four years.

(The above nominations were reported with the recommendation that they be confirmed.)

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BAUCUS, from the Committee on Environment and Public Works, with an amendment in the nature of a substitute:

S. 1165. A bill to provide for judicial review of Nuclear Regulatory Commission decisions on petitions for enforcement actions, and for other purposes (Rept. No. 103-331).

By Mr. BUMPERS, from the Committee on Small Business, with an amendment in the nature of a substitute and an amendment to the title:

S. 2060. A bill to amend the Small Business Act (Rept. No. 103-332).

By Mr. BIDEN, from the Committee on the Judiciary, without amendment:

S. 2222. A bill to grant the consent of Congress to the Texas Low-Level Radioactive Waste Disposal Compact.

S. 2369. A bill to grant the consent of the Congress to amendments to the Central Midwest Interstate Low-Level Radioactive Waste Compact.

By Mr. BIDEN, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 185. A joint resolution to designate October 1994 as "National Breast Cancer Awareness Month."

S.J. Res. 192. A joint resolution to designate October 1994 as "Crime Prevention Month."

S.J. Res. 198. A joint resolution designating 1995 as the "Year of the Grandparent."

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. FEINGOLD (for himself and Mr. KOHL):

S. 2379. A bill to prohibit the use of certain assistance provided under the Housing and Community Development Act of 1974 for employment relocation activities; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. METZENBAUM (for himself, Mr. HATCH, and Mr. FEINGOLD):

S. 2380. A bill to encourage serious negotiations between the major league baseball players and the owners of major league baseball in order to prevent a strike by the players or a lockout by the owners so that the fans will be able to enjoy the remainder of the baseball season, the playoffs, and the World Series; read the first time.

By Mr. COHEN:

S. 2381. A bill to require the Secretary of Health and Human Services to provide health care fraud and abuse guidance, and for other purposes; read the first time.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. FEINGOLD (for himself and Mr. KOHL):

S. 2379. A bill to prohibit the use of certain assistance provided under the Housing and Community Development Act of 1974 for employment relocation activities; to the Committee on Banking, Housing, and Urban Affairs.

THE PROHIBITION OF INCENTIVES FOR RELOCATION ACT OF 1994

Mr. FEINGOLD. Mr. President, I am today introducing legislation, the Prohibition of Incentives for Relocation Act of 1994, with my colleague from Wisconsin, Senator KOHL, designed to prevent Community Development Block Grant and other HUD funds from being used to assist businesses in moving jobs from one State to another. This measure is based upon legislation authored in the House of Representatives by Wisconsin Representatives TOM BARRETT and JERRY KLECZKA which was approved in the House-passed HUD reauthorization legislation, H.R. 3838. Representatives BARRETT and KLECZKA have been deeply involved in developing this approach to curbing what is simply an unacceptable use of Federal funds, and I am very pleased to be proposing companion legislation in the Senate.

Mr. President, our concern about this issue was generated by the recent announcement that a major Wisconsin employer, Briggs and Stratton, was closing a Milwaukee plant and terminating some 2,000 workers. This devastating news was compounded by the subsequent discovery that many of these jobs were being transferred to plants which were being expanded in two other States and that Federal community development block grant [CDBG] funds were being used to facilitate the transfer of these jobs from one State to another.

This is a totally inappropriate use of Federal funds which this legislation is designed to halt. The CDBG program is designed to foster community and economic development; not to help move jobs around the country. Obviously, during this period of plant closings, downsizing of Federal programs, and defense conversion, there is tremendous competition between communities for new plants or expansions to offset other job losses. State and local communities are doing everything they can to attract and retain new businesses. But it is simply wrong to use Federal dollars to help one community raid jobs from another State. There is no way to justify to the taxpayers in my State that they are sending their money to Washington to be distributed to other States to be used to attract jobs out of our State, leaving behind communities whose economic stability has been destroyed. Thousands of people whose jobs are directly or indirectly lost as a result of the transfer of these jobs out of our State are justifiably outraged by this misuse of Federal funds.

Mr. President, this legislation is very similar to a provision in the Housing and Community Development Act of 1974 which prohibited urban development action grants from being used for projects intended to move jobs from one community to another. Section 5318(h) of title 42 of the United States Code provides that no assistance may be provided for urban development action grants "intended to facilitate the relocation of industrial or commercial plants or facilities from one area to another" unless it is determined that the relocation does not significantly and adversely affect the unemployment or economic base of the area from which the industrial or commercial plant or facility is to be relocated.

This provision, which is referred to as the "antipirating provision", should be made applicable to all federally-funded economic development grant programs. Clearly, the rationale for including such a provision when the urban development action program was established is equally applicable to other economic development programs. The legislation we are proposing would make it applicable to the CDBG program and other existing development programs such as empowerment zones, enterprise communities, and HUD special purpose grants. When the Senate takes up S. 2281, the Housing Choice and Community Investment Act of 1994, I intend to offer this language as an amendment to these programs and to the new LIFT proposed to be established in S. 2281.

Mr. President, this is an issue of fairness and sound public policy. Federal funding for economic development projects should be directed toward projects that expand employment opportunities and economic growth, not simply move jobs from one community to another. This legislation is designed to ensure that community development funds are appropriately used for that purpose. I ask unanimous consent that the text of the bill along with an editorial from the Milwaukee Journal dated July 3, 1994, discussing this issue be printed in the RECORD.

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

S. 2379

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC. 1. SHORT TITLE. This Act may be cited as the "Prohibition of Incentives for Relocation Act of 1994".

SEC. 2. PROHIBITION OF USE OF CDBG ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.

(a) AUTHORIZATIONS.—Section 103 of the Housing and Community Development Act of 1974 (42 U.S.C. 5303) is amended—

(1) by inserting "(a)" before "The Secretary"; and

(2) by adding at the end the following new subsection:

"(b) PROHIBITION OF USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.—Notwithstanding any other provision of law, no amount from a grant made under section 106 in fiscal year 1994 or any succeeding fiscal year may be used for any activity (including any infrastructure improvement) that is intended, or is likely, to facilitate the relocation or expansion of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation or expansion will result in a loss of employment in the area from which the relocation or expansion occurs.".

SEC. 3. SPECIAL PURPOSE GRANTS.—Section 107 of the Housing and Community Development Act of 1974 (42 U.S.C. 5307) is amended

by adding at the end the following new subsection:

"(g) PROHIBITION OF USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.—Notwithstanding any other provision of law, no amendment from a grant made under this section in fiscal year 1994 or in any succeeding fiscal year may be used for any activity (including any infrastructure improvement) that is intended, or is likely, to facilitate the relocation or expansion of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation or expansion will result in a loss of employment in the area from which the relocation or expansion occurs.".

SEC. 4. GUARANTEE OF LOANS FOR ACQUISITION OF PROPERTY.—Section 108 of the Housing and Community Development Act of 1974 (42 U.S.C. 5308) is amended by adding at the end the following new subsection:

"(r) PROHIBITION OF USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES—Notwithstanding any other provision of law, no amount from a loan guaranteed under this section in fiscal year 1994 or in any succeeding fiscal year may be used for any activity (including any infrastructure improvement) that is intended, or is likely, to facilitate the relocation or expansion of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation or expansion will result in a loss of employment in the area from which the relocation or expansion occurs.".

SEC. 5. ECONOMIC DEVELOPMENT GRANTS.—Section 108(q) of the Housing and Community Development Act of 1974 (42 U.S.C. 5308(q)) is amended by adding at the end the following new paragraph:

"(5) PROHIBITION OF USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.—Notwithstanding any other provision of law, no amount from a grant made under this subsection in fiscal year 1994 or in any succeeding fiscal year may be used for any activity (including any infrastructure improvement) that is intended, or is likely, to facilitate the relocation or expansion of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation or expansion will result in a loss of employment in the area from which the relocation or expansion occurs.".

SEC. 6. COMMUNITY INVESTMENT CORPORATION DEMONSTRATION.—Section 853 of the Housing and Community Development Act of 1992 (42 U.S.C. 5305 note) is amended by adding at the end the following new paragraph:

"(17) PROHIBITION OF USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.—Notwithstanding any other provision of law, no amount from assistance provided under this subsection in fiscal year 1994 or in any succeeding fiscal year may be used for any activity (including any infrastructure improvement) that is intended, or is likely, to facilitate the relocation or expansion of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation or expansion will result in a loss of employment in the area from which the relocation or expansion occurs.".

[From the Milwaukee Journal, July 3, 1994]

DON'T LET TAXPAYERS STEAL BRIGGS JOBS

The use of American tax money to help lure jobs away from Milwaukee is nothing less than an outrage, which the Federal Government must halt. It was revealed last week that federal funds are playing a role in the loss of 2,000 jobs at the Briggs & Stratton Corp. here. For shame.

When one locality steals jobs from another, the net gain to the United States is zilch. So why should the US subsidize the move? What's more, it's blatantly unfair and absurd to have Milwaukee area taxpayers contribute money to entice jobs away from their own community.

In its bombshell in May, Briggs said it would relocate the 2,000 jobs from Wauwatosa to Poplar Bluff, MO, and Murray, KY, and to three other sites not yet disclosed. Now it turns out that Poplar Bluff is due to get $209,000 in federal community development funds to improve a sewer system to accommodate the expansion of the Briggs plant and workforce there. And in Murray, company and municipal officials have agreed to apply for up to $650,000 in community development funds to help with Briggs' expansion.

Milwaukee's mayor, John Norquist, and congressional Reps. Tom Barrett and Jerry Kleczka are rightly irate. The US Department of Housing and Urban Development must honor their call to forgo awarding the grant to the Kentucky locale and to rescind the award to the Missouri community. And Congress must bar the use of community development funds to assist in the relocation of jobs from one state to another. When used for economic development, such funds should be confined to the creation of new jobs in pockets of poverty—a purpose much more in the spirit of the Community Development Act.

By Mr. METZENBAUM (for himself, Mr. HATCH, and Mr. FEINGOLD):

S. 2380. A bill to encourage serious negotiations between the major league baseball players and the owners of major league baseball in order to prevent a strike by the players or a lockout by the owners so that the fans will be able to enjoy the remainder of the baseball season, the playoffs, and the World Series; read the first time.

THE BASEBALL FANS PROTECTION ACT OF 1994

Mr. METZENBAUM. Mr. President, the most exciting season in a decade is about to come to a crashing halt. Fans everywhere who love baseball are about to be bitterly disappointed when the players walk off the field because the owners drove them to it. Instead of watching exciting pennant races go down to the wire, the fans will all be watching sit-com reruns. Our national pasttime deserves better; the people of this country deserve better.

I do not think we in the Congress can do anything to prevent the baseball players from going on strike tomorrow, But, we can do something to get the players back on the field and the owners back in line.

So, in hopes of preserving the pennant race, some pretty exciting playoffs and the World Series, I am introducing legislation today with Senator HATCH to encourage the players and owners to resolve their differences.

This bill is very simple. It is not complicated.

It does not eliminate the players right to strike, or the owners right to lock them out. Instead, the bill allows the antitrust laws to be invoked if the owners impose a salary cap or any other terms and conditions on the players. This should take away the owners' incentive to play hard ball and impose unilateral conditions on the players. It should also relieve the players' fear that they need to strike in order to prevent a salary cap from being shoved down their throats when the season ends. Once the owners and players resolve their differences and sign a new agreement, the bill expires. It comes to an end. It no longer is effective.

As everybody knows, I fought hard for years to lift baseball's antitrust exemption. I still believe revoking the owners' antitrust immunity is the best long-term solution to the mess the players and the owners have made of major league baseball. However, I decided to offer this compromise bill with Senator HATCH so that we can bring this strike to an end quickly.

And, no, I am not doing this just because the Cleveland Indians are within striking distance of first place. And I am not doing this because Roger Maris' home run record could finally be broken this season.

The fact is this legislation has only one purpose—to protect the season for all the fans, not just Cleveland fans. It also is not for or against: A salary cap, revenue sharing, or any other proposal the owners have made to the players, and it does not tip the balance of ongoing labor negotiations in favor of the owners or the players.

The fact is I do not have any special sympathy for the overprivileged owners or the overpaid players. I do care about the fans. A strike will ruin the season for the fans.

Right now, the big league players cannot use the antitrust laws. If they could, the owners would have to deal with them fairly or face the consequences in a court of law. In other words, what this bill does is give the players another tool they can use to avoid striking, or to bring a strike to a quick end.

The last seven times the baseball players and owners have met at the bargaining table there has been a work stoppage: A strike or lockout. This has not happened in other professional sports because those players could use the antitrust laws to settle labor disputes. Professional basketball players have avoided a strike for 24 years by using the antitrust laws. Professional football players have not struck since 1987 because they could use the antitrust laws to settle their differences. There has never been a strike in professional hockey over labor issues.

If the antitrust laws applied to baseball, the owners could not force the players to accept unreasonable terms and conditions of their labor negotiations hit impasse. The players could challenge the owners unreasonable demands by launching an antitrust suit instead of shutting down the season. Frankly, that is a much better deal for the fans.

Passing this compromise legislation is the best, maybe the only, hope we have of saving the season for the fans. But, it is up to the players and the owners to come to the bargaining table and work out their differences. We, in Congress, cannot make them do that. All we can do is level the playing field so that the owners do not have an unfair advantage over the players because they are immune from our fair competition laws. I, like every other fan in America, want the players to play ball and the owners to play fair. I believe that our bill can do that.

It should be noted that when the antitrust bill having to do with baseball was in our committee and the vote was taken to report the bill out, I voted to report it out. My colleague on the Judiciary Committee, Senator HATCH, voted against it. So we certainly were not in accord on exactly how to deal with this issue, but we are in accord that possibly this legislation may provide a way to get the players back on the field and keep the game going.

Mr. HATCH. Mr. President, I think the Senator from Ohio is introducing this bill because the Chicago White Sox fans are probably hopeful for this type of legislation as well.

I am pleased to introduce, along with Senator METZENBAUM today, the Baseball Fans Protection Act of 1994. Baseball fans throughout this country rightly dread the imminent prospect of a players' strike, especially in this season of record-threatening offensive performances. I urge baseball owners and players to engage in serious negotiations as soon as possible in order to resolve their disputes. The national pastime deserves no less; the fans deserve no less.

Unfortunately, existing law discourages the prompt settlement of this labor dispute. On the one hand, professional baseball enjoys a unique and longstanding immunity from the antitrust laws. I have opposed repeal of this immunity, and I continue to do so. On the other hand, the owners retain the right under our current labor laws to impose unilaterally new terms and conditions of employment once an impasse in the bargaining has been reached.

I am concerned that the unique combination of these two legal roles, which occurs in no other industry, has the effect of inviting delay and of discouraging prompt resolution of the pending labor dispute. The Baseball Fans Protection Act that Senator METZENBAUM and I are introducing would correct this legal anomaly. It would spur owners and players to resolve their dispute as soon as possible and without any unnecessary interruption of the baseball season.

This is an important small bill, an important step in the right direction. It does not choose one over the other. Frankly, we are not taking sides at all. We are just trying to make sure that the unique situation of baseball under the antitrust and labor laws does not encourage delay. We want the parties to get to the bargaining table, and whatever deal they decide to strike is up to them.

Frankly, as I have made it clear, baseball's unique antitrust immunity combines with labor laws to produce a situation that occurs in no other industry. This particular legislation is limited to this particular labor dispute.

So this is an important piece of legislation at this time, and we hope it will encourage both sides to get together to resolve their difficulties. I hope we can get it up as soon as possible.

By Mr. COHEN:

S. 2381. A bill to require the Secretary of Health and Human Services to provide health care fraud and abuse guidance, and for other purposes; read the first time.

HEALTH CARE FRAUD AND ABUSE GUIDANCE ACT

Mr. COHEN. Mr. President, today I am introducing legislation to provide health care providers with guidance on how to comply with health antifraud and abuse requirements.

A recent investigation by my staff on the Senate Special Committee on Aging found that fraud is rampant throughout the health care system, and that our Federal health care programs—particularly Medicare and Medicaid—and private health care plans are rife with abuse. As much as $100 billion is lost each year to fraud and abuse, driving up the cost of health care in America for millions of patients and families—as well as for the American taxpayer. Losses over the last 5 years are almost four times the total costs to date of the entire savings and loan crisis.

During the health care debate, very little attention has been paid to the pervasiveness of health care fraud and how ripping off the system has become the way to do business for some providers.

Our investigation focused on major schemes perpetrated by specific health care provider groups and industries. What we learned was that defrauding Federal and private health care programs in shockingly simple, and that Medicare, Medicaid, and private insurers are leaving their doors wide open to abuse, inviting scam artists to rip off the system. We lose as much as $275 million each day—or more than $11.5 million each hour—to health care fraud and abuse.

Major patterns of fraud that plague our system are: massive overbilling for equipment and services; billing for services never provided to patients; unbundling one item or procedure—such as wheelchair or surgery—and billing separately for individual component parts; upcoding, whereby the provider submits a bill to Medicare or an insurance company for a more expansive item or service than was actually provided; paying kickbacks to doctors for referring patients; and submitting claims for ghost patients or providing phantom therapy sessions.

The report I recently released entitled "Gaming the Health Care System: Billions of Dollars Lost to Fraud and Abuse Each Year," which I am inserting in the RECORD today, provides 50 case examples of scams that have recently invaded our health care system, resulting in higher health care costs, higher premiums, and, at times, serious risks to patients' health and safety.

For example, the physician-owners of a clinic in New York stole over $1.3 million from Medicaid by billing for more than 50,000 phantom psychotherapy sessions never given to patients. Nursing home operators charged swimming pools, jewelry, and a family nanny to Medicaid cost reports. Six million dollars' worth of pacemakers that were already beyond their expiration date or intended for animal use only were distributed for use in human patients. Doctors were given entertainment, trips, and other inducements for the heart devices in the patients. Scam artists set up a phony billing service and billed insurance companies for over $2 million in bogus claims for lab services that were never performed. The scam artists stole hundreds of claims forms, patient's medical information, and doctors' billing numbers to perpetrate their scheme and got away with payments of over $1.5 million before their scam was detected.

These types of scams are just the tip of the very large iceberg of fraud and abuse that is costing the taxpayers and patients dearly—and freezing out millions of Americans from affordable health care coverage.

Since we are losing about $275 million per day on ripoffs like this, we cannot afford to wait any longer to crack down on health care fraud and abuse. Our investigators have learned that some unscrupulous providers are already positioning themselves to take advantage of health care reform in even more creative ways.

There are steps that we can and must take now to curb this abuse, such as giving prosecutors stronger tools and tougher statutes to combat criminal health care fraud; allowing health care plans and the Government to kick the bad apples out of the system; creating tougher civil penalties and remedies for fraud and abuse; establishing a more coordinated enforcement program and beefing up investigative resources, which are now woefully inadequate. While the HHS' Office of Inspector General, the FBI and other agencies are trying their best to win the battles against fraudulent providers, their forces are sorely outnumbered; and tightening up Medicare

rules for items they can purchase at any drug store for a fraction of the cost that Medicare is allowing providers to charge.

Many of these proposals are included in S. 867, which I introduced last year. I am pleased that Senator DOLE's health care reform proposal, the Mainstream Coalition's proposal, and Senator MITCHELL's legislation have incorporated these provisions.

The vast majority of health care providers are honest professionals whose highest priority is quality care for patients. Unfortunately, health care fraud has become a very lucrative business and some dishonest providers will do all they can to game the system. We have to act now to beat unscrupulous providers who are bleeding billions of dollars from taxpayers, and driving up the cost of health care for all Americans.

There is an additional element, however, that is important to complement our efforts to crack down on fraud and abuse. Specifically, adequate guidance should be given to health care providers on how to comply with antifraud statutes and regulations. I sincerely believe, Mr. President, that the broad spectrum of health care providers are honest and dedicated professionals and although I strongly believe that fraudulent and abusive activity in the health care system is a pernicious and costly problem, I also recognize that some providers have difficulty in trying to precisely comply with existing regulatory and statutory requirements. That is why today I am introducing legislation that is designed to augment current guidance procedure on compliance issues to health care providers particularly as it relates to the Medicare/Medicaid antikickback statute.

The antikickback statute makes it a criminal offense to knowingly and willfully pay or receive anything of value in exchange for the referral of Medicare or Medicaid business. The statute requires the Secretary of Health and Human Services [HHS], in consultation with the Attorney General, to issue safe harbors specifying payment practices that would not be treated as an offense under the antikickback statute.

To date, the HHS' Inspector General has issued 13 final safe harbors and solicited comments on 8 additional proposed safe harbors, for a total of 21. In addition, the HHS' Inspector General has issued three special fraud alerts describing activity which is suspect under the antikickback statute.

The bill I am introducing would provide mechanisms for further guidance to health care providers on the scope and applicability of the antifraud statutes. The further guidance would be provided by: modification of existing safe harbors and promulgation of new safe harbors; interpretive rulings providing the HHS' inspector general's interpretation of antifraud statutes; and special fraud alerts setting forth activities that the inspector general considers suspect under the antifraud statutes.

For modification of existing safe harbors and publication of new safe harbors: The bill sets forth a procedure for the modification of the existing safe harbors and for the issuance of new safe harbors. The Department of Health and Human Services would annually solicit proposals from the public for such modifications and new safe harbors. The bill sets forth the specific criteria to be considered when determining whether the submitted proposals should be adopted.

In addition to publishing proposed and final rules based on the proposals from the public, the Department would be required to report to Congress on the proposals and on the Department's response. By providing a regularized mechanism for the public to make proposals regarding safe harbors, the bill would ensure that the Department is informed of the evolving areas which should be considered for safe harbors and the reasons why they should be protected.

For interpretive rulings: The bill would provide the public with an opportunity to request interpretive rulings from the inspector general on the meaning of provisions of existing antifraud statutes. These rulings would represent the inspector general's interpretation of specific provisions of the statutes. The interpretive rulings would allow the inspector general to provide timely guidance on areas of ambiguity or potential conflict.

For special fraud alerts: The bill sets forth a procedure for the issuance of special fraud alerts describing conduct which the inspector general considers to be suspect or of particular concern under the antikickback statute. The Department would solicit proposals for special fraud alerts and be required to consider whether to issue them based on specific criteria. The special fraud alerts would provide guidance to the public by highlighting activity that the Department considers to be potentially illegal and subject to prosecution.

By creating a triad of procedures devised to assist providers, I believe that any concerns over adequate guidance will be addressed. With over $275 million being lost each day to health care fraud and abuse, we cannot afford to wait to toughen our defenses against those unscrupulous providers. Conversely, I believe that we must do all we can to try to assist those who are trying to comply with the law and I believe that this legislation does just that. I have included this bill in the Dole proposal and the mainstream coalition proposal. It is my hope that this legislation will be incorporated into the Mitchell fraud and abuse section as well.

Thank you, Mr. President. I ask unanimous consent that a copy of my legislation and a copy of the minority staff report of the Senate Special Committee on Aging be printed in the RECORD.

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

S. 2381

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. HEALTH CARE FRAUD AND ABUSE GUIDANCE.

(a) SOLICITATION AND PUBLICATION OF MODIFICATIONS TO EXISTING SAFE HARBORS AND NEW SAFE HARBORS.—

(1) IN GENERAL.—

(A) SOLICITATION OF PROPOSALS FOR SAFE HARBORS.—Not later than January 1, 1995, and not less than annually thereafter, the Secretary of Health and Human Services (hereafter in this section referred to as the "Secretary") shall publish a notice in the Federal Register soliciting proposals, which will be accepted during a 60-day period, for—

(i) modifications to existing safe harbors issued pursuant to section 14(a) of the Medicare and Medicaid Patient and Program Protection Act of 1987 (42 U.S.C. 1320a–7b note);

(ii) additional safe harbors specifying payment practices that shall not be treated as a criminal offense under section 1128B(b) of the Social Security Act (42 U.S.C. 1320a–7b(b)) and shall not serve as the basis for an exclusion under section 1128(b)(7) of such Act (42 U.S.C. 1320a–7(b)(7));

(iii) interpretive rulings to be issued pursuant to subsection (b); and

(iv) special fraud alerts to be issued pursuant to subsection (c).

(B) PUBLICATION OF PROPOSED MODIFICATIONS AND PROPOSED ADDITIONAL STATE HARBORS.—After considering the proposals described in clauses (i) and (ii) of subparagraph (A), the Secretary, in consultation with the Attorney General, shall publish in the Federal Register proposed modifications to existing safe harbors and proposed additional safe harbors, if appropriate, with a 60-day comment period. After considering any public comments received during this period, the Secretary shall issue final rules modifying the existing safe harbors and establishing new safe harbors, as appropriate.

(C) REPORT.—The Inspector General of the Department of Health and Human Services (hereafter in this section referred to as the "Inspector General") shall, in an annual report to Congress or as part of the year-end semiannual report required by section 5 of the Inspector General Act of 1978 (5 U.S.C. App.), describe the proposals received under clauses (i) and (ii) of subparagraph (A) and explain which proposals were included in the publication described in subparagraph (B), which proposals were not included in that publication, and the reasons for the rejection of the proposals that were not included.

(2) CRITERIA FOR MODIFYING AND ESTABLISHING SAFE HARBORS.—In modifying and establishing safe harbors under paragraph (1)(B), the Secretary may consider the extent to which providing a safe harbor for the specified payment practice may result in any of the following:

(A) An increase or decrease in access to health care services.

(B) An increase or decrease in the quality of health care services.

(C) An increase or decrease in patient freedom of choice among health care providers.

(D) An increase or decrease in competition among health care providers.

(E) An increase or decrease in the ability of health care facilities to provide services in medically underserved areas or to medically underserved populations.

(F) An increase or decrease in the cost to Government health care programs.

(G) An increase or decrease in the potential overutilization of health care services.

(H) The existence or nonexistence of any potential financial benefit to a health care professional or provider which may vary based on their decisions of—

(i) whether to order a health care item or service; or

(ii) whether to arrange for a referral of health care items or services to a particular practitioner or provider.

(I) Any other factors the Secretary deems appropriate in the interest of preventing fraud and abuse in Government health care programs.

(b) INTERPRETIVE RULINGS.—

(1) IN GENERAL.—

(A) REQUEST FOR INTERPRETIVE RULING.—Any person may present, at any time, a request to the Inspector General for a statement of the Inspector General's current interpretation of the meaning of a specific aspect of the application of sections 1128A and 1128B of the Social Security Act (hereafter in this section referred to as an "interpretive ruling").

(B) ISSUANCE AND EFFECT OF INTERPRETIVE RULING.—

(i) IN GENERAL.—If appropriate, the Inspector General shall in consultation with the Attorney General, issue an interpretive ruling in response to a request described in subparagraph (A). Interpretive rulings shall not have the force of law and shall be treated as an interpretive rule within the meaning of section 553(b) of title 5, United States Code. All interpretive rulings issued pursuant to this provision shall be published in the Federal Register or otherwise made available for public inspection.

(ii) REASONS FOR DENIAL.—If the Inspector General does not issue an interpretive ruling in response to a request described in subparagraph (A), the Inspector General shall notify the requesting party of such decision and shall identify the reasons for such decision.

(2) CRITERIA FOR INTERPRETIVE RULINGS.—

(A) IN GENERAL.—In determining whether to issue an interpretive ruling under paragraph (1)(B), the Inspector General may consider—

(i) whether and to what extent the request identifies an ambiguity within the language of the statute, the existing safe harbors, or previous interpretive rulings; and

(ii) whether the subject of the requested interpretive ruling can be adequately addressed by interpretation of the language of the statute, the existing safe harbor rules, or previous interpretive rulings, or whether the request would require a substantive ruling not authorized under this subsection.

(B) NO RULINGS ON FACTUAL ISSUES.—The Inspector General shall not give an interpretive ruling on any factual issue, including the intent of the parties or the fair market value of particular leased space or equipment.

(c) SPECIAL FRAUD ALERTS.—

(1) IN GENERAL.—

(A) REQUEST FOR SPECIAL FRAUD ALERTS.—Any person may present, at any time, a request to the Inspector General for a notice which informs the public of practices which the Inspector General considers to be suspect or of particular concern under section 1128B(b) of the Social Security Act (42 U.S.C. 1320a-7b(b)) (hereafter in this subsection referred to as a "special fraud alert").

(B) ISSUANCE AND PUBLICATION OF SPECIAL FRAUD ALERTS.—Upon receipt of a request described in subparagraph (A), the Inspector General shall investigate the subject matter of the request to determine whether a special fraud alert should be issued. If appropriate, the Inspector General shall in consultation with the Attorney General, issue a special fraud alert in response to the request. All special fraud alerts issued pursuant to this subparagraph shall be published in the Federal Register.

(2) CRITERIA FOR SPECIAL FRAUD ALERTS.—In determining whether to issue a special fraud alert upon a request described in paragraph (1), the Inspector General may consider—

(A) whether and to what extent the practices that would be identified in the special fraud alert may result in any of the consequences described in subsection (a)(2); and

(B) the volume and frequency of the conduct that would be identified in the special fraud alert.

GAMING THE HEALTH CARE SYSTEM: BILLIONS OF DOLLARS LOST EACH YEAR TO FRAUD AND ABUSE

(Investigative staff report of Senator William S. Cohen)

EXECUTIVE SUMMARY

For the past year, the Minority Staff of the Senate Special Committee on Aging under my direction has investigated the explosion of fraud and abuse in the U.S. health care system. This report examines emerging trends, patterns of abuse, and types of tactics used by fraudulent providers, unscrupulous suppliers, and "professional" patients who game the system in order to reap billions of dollars in reimbursements by Medicare, Medicaid, and private insurers.

The consequences of fraud and abuse to the health care system are staggering: as much as 10 percent of U.S. health care spending, or $100 billion, is lost each year to health care fraud and abuse. Over the last five years, estimated losses from these fraudulent activities totaled about $418 billion—or almost four times as much as the cost of the entire savings and loan crisis to date.

Our investigation revealed that vulnerabilities to fraud exist throughout the entire health care system and that patterns of fraud within some provider groups have become particularly problematic. Major patterns of abuse that plague the system are overbilling, billing for services not rendered, "unbundling" (whereby one item, for example a wheelchair, is billed as many separate component parts), "upcoding" services to receive higher reimbursements, providing inferior products to patients, paying kickbacks and inducements for referrals of patients, falsifying claims and medical records to fraudulently certify an individual for government benefits, and billing for "ghost" patients or "phantom" sessions or services.

This report provides 50 case examples of scams that have recently infiltrated our health care system. While these are but a small sampling of schemes that were reviewed during this investigation, they serve to illustrate how our health care system is rife with abuse, and how Medicare, Medicaid and private insurers have left their doors wide open to fraud.

Patients—and, in the case of Medicare and Medicaid, taxpayers—pay a high price for health care fraud and abuse in the form of higher health care costs, higher premiums, and at times, serious risks to patients' health and safety. For example,

Physician-owners of a clinic in New York stole over $1.3 million from the State Medicaid program by fraudulently billing for over 50,000 "phantom" psychotherapy sessions never given to Medicaid recipients;

A speech therapist submitted false claims to Medicare for services "rendered to patients" several days after they had died;

A home health care company stole more than $4.6 million from Medicaid by billing for home care provided by unqualified home care aides. In addition to cheating Medicaid, elderly and disabled individuals were at risk from untrained and unsupervised aides;

Nursing home operators charged personal items such as swimming pools, jewelry, and the family nanny to Medicaid cost reports;

One thousand five-hundred workers lost their prescription drug coverage because a scam drove up the cost of the insurance plan for their employer. The scam involved a pharmacist who stole over $370,000 from Medicaid and private health insurance plans by billing over one thousand times for prescription drugs that he did not actually dispense;

Large quantities of sample and expired drugs were dispensed to nursing home patients and pharmacy customers without their knowledge. When complaints were received from nursing home staff and patient relatives regarding the ineffectiveness of the medications, one of the scam artists stated "those people are old, they'll never know the difference and they'll be dead soon anyway";

Durable medical equipment suppliers stole $1.45 million from the New York State Medicaid program by repeatedly billing for expensive orthotic back supports that were never prescribed by physicians;

A scheme involved the distribution of $6 million worth of reused pacemakers and mislabeled pacemakers intended for "animal use only." The scheme involved kickbacks to cardiologists and surgeons to induce them to use pacemakers that had already expired; and

A clinical psychologist was indicted for having sexual intercourse with some of his patients and then seeking reimbursement from a federal health plan for these encounters as "therapy" sessions.

Our investigation found that scams such as these are perpetrated against both public and private health plans, and that health care fraud schemes have become more complex and sophisticated, often involving regional or national corporations and other organized entities. No part of the health care system is exempt from these fraudulent practices, however, we found that major patterns of fraud and abuse have infiltrated the following health care sectors: ambulance and taxi services, clinical laboratories, durable medical equipment suppliers, home health care, nursing homes, physicians, psychiatric services, and rehabilitative services in nursing homes. Our investigation further concludes that fraud and abuse is particularly rampant in Medicaid, and that many of the fraudulent schemes that have preyed on the Medicare program in recent years are now targeting the Medicaid program for future abuse.

Greater opportunities for fraud will exist under health care reform

As our health care system moves toward a managed care model, opportunities for fraud and abuse will increase unless enforcement efforts and tools are strengthened. The structure and incentives of a managed care system will result in a concentration of particular types of schemes, such as the failure

to provide services and quality of care deficiencies in order to cut costs. In addition, while efforts toward simplification and electronic filing of health care claims offer tremendous savings, they also pose particular opportunities for abuse. Thus, it is crucial that any such system be designed with safeguards built in to detect and deter fraud and abuse.

FINDINGS OF INVESTIGATION

Deficiencies in the current system expose billions of health care dollars of fraud and abuse

A. Current Criminal and Civil Statutes Are Inadequate to Effectively Sanction and Deter Health Care Fraud

Federal prosecutors now use traditional fraud statutes, such as the mail and wire fraud statutes, the False Claims Act, false statement statutes, and money laundering statute to prosecute health care fraud. Our investigation found that the lack of a specific federal health care fraud criminal statute, inadequate tools available to prosecutors, and weak sanctions have significantly hampered law enforcement's efforts to combat health care fraud. Inordinate time and resources are lost in pursuing these cases under indirect federal statutes. Often, even when law enforcement shuts down a fraudulent scheme, the same players resurface and continue their fraud in another part of the health care system.

This cumbersome federal response to health care fraud has resulted in a system whereby the mouse has outsmarted the mousetrap. Those defrauding the system are ingenious and motivated, while the government and private sector responses to these perpetrators have not kept pace with the sophistication and extent of those they must pursue.

B. The Fragmentation of Health Care Fraud Enforcement Allows Fraud to Flourish

Despite the multiplicity of Federal, State and local law enforcement agencies, and private health insurers and health plans involved in the investigation and prosecution of health care fraud, these enforcement efforts are inadequately coordinated, allowing health care fraud to permeate the system. While some strides have been made in coordinating law enforcement efforts, immediate steps must be taken to streamline and toughen our response to health care fraud.

RECOMMENDATIONS

Based on our investigation and findings, we recommend the following to reduce fraud and abuse throughout the health care system:

1. Establish an all-payer fraud and abuse program to coordinate the functions of the Attorney General, Department of Health and Human Services, and other organizations to prevent, detect, and control fraud and abuse; to coordinate investigations; and to share data and resources with Federal, State, and local law enforcement and health plans.

2. Establish an all-payer fraud and abuse trust fund to finance enforcement efforts. Fines, penalties, assessments, and forfeitures collected from health care fraud offenders would be deposited in this fund, which would in turn be used to fund additional investigations, audits, and prosecutions.

3. Toughen federal criminal laws and enforcement tools for intentional health care fraud.

4. Improve the anti-kickback statute and extend prohibitions of Medicare and Medicaid to private payers.

5. Provide a greater range of enforcement remedies to private sector health plans, such as civil penalties.

6. Establish a national health care fraud data base which includes information on final adverse actions taken against health care providers. Such a data base should contain strong safeguards in order to ensure the confidentiality and accuracy of the information data contained in the data base.

7. Design a simplified, uniform claims form for reimbursement and an electronic billing system, with tough anti-fraud controls incorporated into these designs.

8. Take several steps to better protect Medicare from fraudulent and abusive provider billing practices and excessive payments by Medicare. Specifically, Revise and strengthen national standards that suppliers and other providers must meet in order to obtain or renew a Medicare provider number;

Prohibit Medicare from issuing more than one provider billing number to an individual or entity (except in specified circumstances), in order to prevent providers from "jumping" from one billing number to another in order to double-bill or avoid detection by auditors;

Require Medicare to establish more uniform national coverage and utilization policies for what is reimbursed under Medicare, so that providers cannot "forum shop" in order to seek out the Medicare carrier who will pay a higher reimbursement rate;

Require the Health Care Financing Administration to review and revise its billing codes for supplies, equipment and services in order to guard against egregious overpayments for inferior quality items or services; and

As we revise the health care system, give guidance to health care providers on how to do business properly and how to avoid fraud.

Adoption of these recommendations will go far in shoring up our defenses against unscrupulous providers, patients, and suppliers who are bleeding billions of dollars from our health care system through fraud and abuse. Since Medicare and Medicaid lose as much as $31 billion annually to fraud and abuse, the savings from reducing fraud in these programs would go far toward paying for much needed reforms in our health care system, such as providing access to health care coverage for the uninsured, prescription drug benefits for the elderly, or long-term care for the elderly and individuals with disabilities.

We must not wait to fix these serious problems in the health care system until we see what form health care reform takes. We are losing as much as $275 million each day to health care fraud, and effective steps can be taken within the current system to curb this abuse. With billions of dollars and millions of lives at stake, we can no longer afford to wait.—William S. Cohen, United States Senator, July 7, 1994.

I. INTRODUCTION AND SCOPE OF INVESTIGATION

When the Senate Special Committee on Aging sought an expert on health care fraud in 1981, it turned to a cardiologist from Philadelphia. His credentials were impeccable; a noted physician, he was also a convicted felon who had defrauded both public and private health insurers in three states for more than $500,000 by submitting $1.5 million in claims for medical services he had never performed.

"The problem is that nobody is watching," the doctor testified. "Because of the nature of the system, I was able to do what I did. The system is extremely easy to evade. The forms I sent in were absolutely outrageous. I was astounded when some of those payments were made."

Apparently, we did not learn much from this doctor's testimony. For now, thirteen years later, he is allegedly still up to his old tricks. Last month, he was arrested by FBI agents in Philadelphia and charged once again with defrauding health insurers for millions of dollars by filing claims for procedures that were never performed. Bail was set at $2 million, and he is currently awaiting trial.

According to the U.S. Attorney in Philadelphia, since 1974, this physician has had a total of several arrests and five convictions for fraud in New York, Connecticut, and Texas. Despite his record, four years ago he was able to get his Pennsylvania physician's license reinstated. He might very well still be in business today if a former patient, who was angry about the false billings, hadn't agreed to go undercover.

How was this physician, with his long record of arrests and convictions for fraud, able to continue to perpetrate the same kinds of schemes against the health care system? Why weren't his blatantly fraudulent activities detected earlier? How could he get a previously suspended license reinstated in one state when he had been convicted for fraud in three others?

The vast majority of health care providers are honest and dedicated professionals, but the alleged activities of this physician is typical of the "bad apples" that threaten to corrupt the entire system.

Therefore, as Congress continues its work on omnibus crime legislation and crafts health care reform, the answers to these questions reveal flaws in our health care systems that we simply cannot afford to ignore.

For the past year, under my direction the Minority Staff of the Senate Special Committee on Aging has investigated the growth of fraud and abuse in the U.S. health care system and has worked to identify deficiencies in current federal, state, and private sector efforts to combat these crimes. To demonstrate the scope of the outrageous fraudulent behavior currently plaguing the health care system, this report will detail recent cases in which individuals and companies have been either indicted, convicted or fined. Those cases that have been adjudicated represent the tip of the iceberg of what has to come to light—many more go undetected or are still under investigation. For example, in the area of home health care fraud, the New York Special Prosecutor states that "We've just scratched the surface." The Minority staff is continuing its investigation of the areas of abuse identified in this report, and will issue a series of reports on particular industries engaged in abusive practices.

In addition, this report will examine emerging trends, patterns of abuse, and types of tactics used by fraudulent providers; the inadequacy of current law and enforcement resources and the need for better coordination; and how the move toward managed care presents new and different opportunities for unscrupulous providers to defraud the system. And finally, the report will offer recommendations for correcting the current deficiencies, in the system that allow fraud and abuse to flourish.

According to the General Accounting Office, each year as much as 10 percent of total health care costs are lost to fraud and abuse. With annual health care costs in the United States now exceeding $1 trillion, fraud and abuse is costing taxpayers and policyholders about $100 billion each year. Over the last five years, estimated losses from health care fraud and abuse totaled about $418 billion—or almost four times as much as the entire savings and loan crisis has cost to date. With

amounts this large at stake, we simply cannot afford to wait any longer to toughen our response to health care fraud.

We would like to thank, among others, the Office of Inspector General of the Department of Health and Human Services, the Department of Justice, the Federal Bureau of Investigation, the Drug Enforcement Administration, the Postal Inspection Service, the National Association of Attorneys General, the Medicaid Fraud Control Units, and the General Accounting Office, as well as numerous health care industry representatives, for their assistance with this investigation and report.

II. BACKGROUND—CURRENT LAW: HOW THE GOVERNMENT INVESTIGATES AND PROSECUTES HEALTH CARE FRAUD AND ABUSE VIOLATIONS

A. Brief overview of health care fraud and abuse statutes

A number of Government health care programs are regular targets for fraud. Medicaid is financed jointly by the federal and state governments with states contributing up to 50 percent of the program's funding. Medicare is a federal program financed by a combination of federal payroll taxes, general revenues and beneficiary premiums. Other government-sponsored programs include benefits provided to federal employees, retired and active military and dependents, and veterans. Although government health care programs are often targeted, many unscrupulous providers are indiscriminant about who pays.

As this report illustrates, health care fraud and abuse encompasses a wide range of practices including overcharging for services, billing for services not rendered, and rendering services that are unnecessary or inappropriate. Paying kickbacks to physicians for referring patients and routinely waiving copayments or deductibles from patients are also considered fraudulent activities by the Medicare and Medicaid programs. Because kickbacks constitute payments to induce services, they increase insurers' vulnerability to claims for unnecessary services. By forgiving patient copayments and billing an insurer directly, unscrupulous providers may be able to misrepresent services rendered without the patient's knowledge.

While there currently is no specific federal health care fraud statute, Justice Department prosecutors do use traditional criminal and civil authorities, including mail and wire fraud statutes, the False Claims Act, and false statements statutes to prosecute health care fraud and abuse.

There are also criminal statutes directed specifically to prevent fraud and abuse within Federal health care programs. Such authorities include criminal penalties for false claims and statements specifically involving the Medicare and Medicaid programs, and the Medicare and Medicaid anti-kickback statute. The anti-kickback statute prohibits an individual or entity from offering, paying, soliciting, or receiving remuneration with the intent to induce Medicare or Medicaid program business.

The Department of Health and Human Services' (HHS) Inspector General (IG) is responsible for imposing the majority of health care administrative sanctions authorized under the Social Security Act. The Omnibus Budget Reconciliation Act of 1981 specifically authorized the IG, acting on behalf of the Department, to impose civil monetary penalties and assessments against health care providers who have filed false or improper claims for reimbursement under the Medicare, Medicaid, or Maternal and Child Health Block Grant programs. The law authorizes penalties of up to $2,000 for each false claim, and an assessment of up to twice the amount improperly claimed by the health care provider. The law provides a major deterrent to fraudulent and abusive activity.

The Medicare and Medicaid Patient and Program Protection Act of 1987 further increased the Department's authority to exclude both individuals and entities from participation in Medicare and State health care programs for fraudulent activities. It amended the existing mandatory and enacted new discretionary (permissive) exclusion authorities. The mandatory provisions cover program-related and patient abuse convictions and require program exclusions of no less than 5 years.

The permissive provisions cover a variety of offenses including convictions for fraud, loss of a license, and kickbacks. Once a decision has been made to impose an exclusion, the provider is given notice and advised of the right to request a hearing before an administrative law judge (ALJ). If the provider is dissatisfied with the ALJ's decision, he may request review by the Departmental Appeals Board and, if still dissatisfied, may take his case to the U.S. District Court.

Program exclusions or civil penalties are often the appropriate remedy to be utilized to address health care fraud and abuse.

The HHS Inspector General refers investigative findings directly to the Department of Justice or individual U.S. Attorneys for possible criminal or civil prosecution. Once the Department of Justice has completed or declined criminal or civil prosecution, HHS can consider imposing administrative sanctions. Successful prosecutions may take years, involve an investment of considerable staff time and resources and, in some cases, may never result in actual recovery of federal health care dollars lost to fraud.

B. "Divided We Fall"—Law enforcement agencies suffer from overlapping and unclear jurisdiction

The responsibility for investigating and prosecuting health care fraud and abuse is currently dispersed among many agencies at both the federal and state levels. The HHS IG and the FBI, the two federal law enforcement agencies with primary jurisdiction in health care anti-fraud efforts, each devote between 222 and 228 full-time equivalent (FTE) positions to health care fraud investigations.

More than 4 billion claims are processed annually. Although the IG has authority over only federal health programs, the FBI has plenary authority for all health care plans—that means less than 450 federal FTE's are devoted to investigating alleged improprieties in federal public health programs, which represent 40 percent of the nation's health care bill, and to investigate over 1,000 private payers. Thus, the two predominant health care anti-fraud enforcement agencies have only one FTE per approximately 8,890,000 claims. Agencies with some jurisdiction in anti-fraud and abuse enforcement efforts are as follows:

The Inspector General of the Department of Health and Human Services audits and investigates health care providers accused of fraud against federally-sponsored programs, primarily Medicare and Medicaid. It is authorized to conduct civil, administrative and criminal investigations of frauds associated with the federal program.

The Federal Bureau of Investigation has plenary authority to investigate all health care fraud offenses and includes all victims of the crime, whether against Federal programs or private insurance companies, business entities or individuals. Allegations of criminal conduct in the health care industry, at the onset, are presented to the U.S. Attorney's office for a prosecutive opinion. Based on the U.S. Attorney's decision, the FBI either proceeds with the investigation or closes the case.

The Drug Enforcement Administration monitors and investigates the diversion, misuse, and abuse of pharmaceutically controlled narcotic substances;

The Department of Justice combats fraud by pursuing criminal or civil proceedings when appropriate. Even if health care fraud does not constitute criminal activity, the Justice Department may try to recover damages by seeking the payment of civil penalties and restitution. Exclusions, suspensions or administrative civil penalties are still within the purview of the Department of Health and Human Services' Inspector General.

The Food and Drug Administration regulates the prescription drug market for noncontrolled prescription medications as well as certain medical devices.

The Postal Inspection Service enforces a number of statutes which allow them to take action against fraudulent practices involving the use of the mails (the criminal mail fraud statute and the civil postal false representations statute). Since the majority of claims filed by providers (as well as subsequent payments) flow through the mail, the Postal Inspection Service is an active component of health care fraud investigations.

The Inspector General of the Department of Labor investigates cases involving workmen's compensation claims or fraud in health plans administered by labor unions.

The Inspector General of the Office of Personnel Management investigates when fraud is suspected in federal employee health plans, to which the federal government contributes billions of dollars annually.

The Defense Criminal Investigative Service seeks to ensure the integrity of all Department of Defense programs, including the military health care system (CHAMPUS).

The Inspector General of the Railroad Retirement Board Office handles cases regarding railroad workers fraud.

Forty-two States currently operate with Medical Fraud Control Units.

The Minority committee staff finds that agencies authorized with primary enforcement duty, such as the HHS IG, are seriously underfunded and are urgently in need of additional resources in order to keep pace with the growth in the health fraud crime problem. Many of the agencies dedicated to this effort are stretched thin and are unable to keep pace with the growing number of claims and the evolving relationships of providers and entities as our health care system moves more toward a managed care environment. The committee staff is concerned about the lack of coordination and unnecessary duplication of efforts among agencies with overlapping jurisdiction.

Historically, turf battles have existed, potentially undermining investigations and cases. A muddled chain of command and the decentralized nature of some health care fraud investigations allow many fraudulent actors to perpetrate their schemes without detection. Recently, health care fraud working groups have formed at the national, regional and local levels. Many of these groups include federal and state prosecutors and investigators from FBI, HHS IG, Medicaid Fraud Control Units, and other agencies. We have found that where a task force or working group exists to coordinate investigations

of a specific fraudulent or abusive practice, the overall investigation and prosecutorial effort are positively affected.

III. "TIP OF THE ICEBERG"—SELECT CASES OF FRAUDULENT AND ABUSIVE SCHEMES

As stated above, the GAO estimates that fraud and abuse accounts for as much as 10 percent of U.S. health care spending. With health care costs approaching $1 trillion, approximately $100 billion will be lost to fraud and abuse annually. The FBI calculates that fraud accounts for between 3 percent and as much as 15 percent of total health care spending, costing the United States tens of billions of dollars each year. Despite the enormity of the problem, GAO concludes that only a small fraction of the fraud and abuse committed against the health care system is identified.

Those instances that have been detected have involved substantial sums of money, risked patients' health and lives, diverted scarce resources, and contributed significantly to national health care costs. In addition to these tangible costs, health care fraud and abuse by providers can dangerously erode the trust of patients in the quality and integrity of the health care system. The cases described in this report are cases which are based on either recent convictions, indictments or fines so as to not disrupt or prejudice ongoing investigations which may result in future convictions. The committee staff is, however, continuing its investigation of ongoing cases.

A. Durable Medical Equipment (DME)

Over the past several years, the durable medical equipment industry has been repeatedly cited as a major source of fraudulent and abusive practices in the health care system. Ongoing investigations by the Minority committee staff revealed shocking evidence of unscrupulous DME sales practices, often resulting in the sale of unnecessary, overpriced, and even dangerous equipment to Medicare beneficiaries.

While the DME industry has recently taken steps to stamp out abuse, our current investigation of health care fraud cases has concluded, unfortunately, that major abuses continue to occur within this industry. The overwhelming majority of the nation's more than 160,000 DME suppliers are dedicated and honest professionals, but the rapid growth and sheer size of the industry has greatly increased the potential for fraud and abuse. Our investigation reveals that not only do these problems continue to plague the Medicare program, but they are being replicated not only in Medicaid, but in private insurance programs as well.

DME providers are not required to be certified or licensed. In fact, until recently, they have not had to meet any kind of standards whatsoever. Medicare carrier oversight of suppliers has also been lax. Most carriers do not keep track of their suppliers, and their billing numbers are rarely canceled, even when the supplier has been excluded from the Medicare program. Insufficient carrier oversight also enables suppliers to be issued multiple billing numbers, allowing them to double bill, overbill, or avoid being caught for fraudulent activities.

Largely as a result of Congressional pressure, the Health Care Financing Administration (HCFA) has taken some action to curb fraud and abuse in the Medicare DME program. HCFA has reduced the number of Medicare carriers processing DME claims from 34 to 4, which should bring greater uniformity and consistency to coverage and payment decisions. In addition, all claims must now be submitted to the carrier serving the area where the beneficiary resides and uses the item, thus eliminating the ability of suppliers to engage in "carrier shopping" to locate the carriers paying the highest reimbursement rates in order to get the best price for their overpriced items.

These new requirements are a step in the right direction, however, Medicare and Medicaid clearly remain vulnerable to abuse, and there is more that we can and should do to strengthen the participation requirements and administrative and payment policies for durable medical equipment.

Specific areas of abuse by DME suppliers include billing Medicare and Medicaid for inferior products, billing for items never provided, paying kickbacks to physicians for referring patients to DME suppliers, forging physician signatures or falsifying prescriptions for equipment, and tainting health care products.

Inferior Products.—The problem of selling inferior products at inflated prices is an ongoing problem that this industry still has not cleaned up.

A DME supplier in Texas defrauded Medicare of over $1 million by charging Medicare for "body jackets," when what he actually provided were wheelchair pads. Legitimate custom-fit orthotic body jackets are used to treat injuries such as vertebra fractures and compressions or to aid in healing following surgery on the spine. A wheelchair pad is a cushioned seating support for the wheelchair. This supplier billed Medicare close to $1,300 for each pad, which actually cost between $50 to $100 to manufacture—representing a mark-up to Medicare of as much as 2,500 percent.

Body jacket scams have become increasing popular, prompting the HHS IG recently to conduct an inspection to determine whether Medicare was being appropriately billed for orthotic body jackets. The Medicare claims paid remained relatively steady until 1990. Then, the number of claims submitted to Medicare skyrocketed 6,400 percent by the end of FY 1992—from 275 claims in 1990 to 17,910 claims in 1992. Total allowed charges also increased significantly, from $217,000 in 1990 to $18 million in 1992—an 8,200 percent increase.

The IG found that 95 percent of the jacket claims filed in a one year period were for "jackets" which did not meet the construction and medical necessity requirements to be reimbursed by Medicare. According to the IG, an orthotic body jacket costs only approximately $100 to manufacture, while Medicare pays approximately $800 for this item. In 1991, total Medicare payments for jackets that did not meet construction and medical necessity requirements exceeded $7 million.

Medicare requires that a patient's physician complete a prescription—known as a "Certificate of Medical Necessity" (CMN) before a DME can be approved for payment. The IG found that the body jackets were marketed by salespersons before the CMN's were completed by physicians. Typically, DME salespersons marketed their devices to nursing homes for use by their residents.

The IG found that salesperson presented their products to nursing home directors and physical therapists as restraint alternatives to help patients sit upright in wheelchairs. When a patient agreed to purchase a device, salesmen either completed the CMN or gave nursing home staff the proper wording to use and they completed the CMN. The nursing home staff then sent it to a physician for signature. This practice in itself is strictly illegal because, under current law, physicians—not suppiers—are required to complete the CMN.

To market this non-legitimate device as an "orthotic body jacket," DME suppliers took advantage of nursing homes' desires for restraint alternatives. They also took advantage of the fact that these primarily Medicare and Medicaid patients did not have to pay out-of-pocket for the products and also of the fact that physicians are often far too lax in their attention to the CMN requirements.

Billing for items never provided.—Our investigation found that there are still many cases of sham companies billing for products that are never delivered. This is particularly a problem when nursing home residents are targeted for the sale of items that they never receive and, in some instances, never even ordered.

The manager of a California DME company billed Medi-Cal, in just less than seven months, for more than $500,000 for merchandise allegedly delivered to needy beneficiaries. In fact, the company was supplying nothing and the beneficiaries had no actual medical need for any of the supplies. An audit revealed that the operation was a virtual sham from its inception, and that the company had never even purchased an inventory of supplies from which deliveries could have been made. All Medi-Cal monies that were received were pocketed by the owner who used the funds to support a heavy gambling habit.

A search warrant was recently issued in New York after a number of Medicare beneficiaries complained to their local carrier that they never received durable medical equipment listed on their Explanation of Medicare Benefits form as having been delivered to them by a New York DME company. Instead the company often provided non-reimbursable substitute items, such as angora underwear, power massagers, air conditioners and microwaves, in order to induce the beneficiaries to give them their Medicare number.

Medicare beneficiaries would contact the DME company and its sales representatives to learn how they could obtain the "free" household items. After receiving telephone calls from the beneficiaries, the sales representatives would then visit them in their homes and show them household items from a catalog. More expensive reimbursable durable medical equipment, such as hospital beds, wheelchairs, and patient lifts, which were never delivered would then be billed to the carrier using the beneficiaries' Medicare numbers.

It is estimated that Medicare overpaid $1.5 million for the items, but this figure is only based on those beneficiaries who complained to their carrier. The DME company is also accused of conducting an elaborate money laundering scheme in order to obscure the proceeds of the Medicare fraud.

Kickbacks.—Under the Medicare and Medicaid anti-kickback statute, it is illegal to offer or pay a profit distribution to physicians to deliberately induce them to refer business under Medicare or any State health care program. However, the practice continues.

A cardiologist has been charged with receiving $125,000 in kickbacks from a DME company for referrals that enabled the company, which supplied oxygen and respiratory aids, to bill government programs for hundreds of thousands of dollars. The indictment claims the doctor received kickbacks in the form of cash payments, jewelry, and other gifts in exchange for referrals.

A group of Florida DME companies supplied respiratory equipment to Medicare beneficiaries without any prior physical examinations of the patients or authorization for the equipment. After the companies delivered the equipment, they paid kickbacks to physicians who agreed to write prescriptions for the equipment and medication, without ever seeing the patients. The companies then used the prescriptions as supporting documentation to obtain over $5.2 million in Medicare reimbursements.

Item not medically necessary/forging or falsifying certificates of medical necessity.—Durable medical equipment is reimbursable by Medicare and Medicaid only if prescribed by physicians as medically necessary. Unscrupulous suppliers circumvent physicians into signing CMN's, persuading physicians to act in complicity with a fraudulent scheme, or forging physician signatures.

Two New York DME owners stole $1.45 million from the New York State Medicaid program by repeatedly billing for expensive orthotic back supports that were never prescribed by physicians. The DMI sales force used an aggressive personal solicitation and telemarketing campaign, offered free "angora underwear" to Russian immigrants in Brooklyn, in exchange for their Medicaid I.D. numbers. The State was then charged for costly medical supplies that were never authorized by doctors and only rarely, if ever, delivered to patients. As described in a previous case, angora underwear was again used as an inducement to obtain beneficiaries' Medicaid numbers.

The sales team recruited the Medicaid recipients in the streets with promises of the free underclothes, and then billed Medicaid for high-priced, medically unnecessary orthotic back supports—charging nearly $400 per claim. One of the owners also pleaded guilty to stealing an additional $300,000 over two years by submitting numerous false reimbursement claims from another DME company by stating that the company had provided hundreds of Medicaid patients with oxygen concentrators and nebulizers that were similarly, in fact, never ordered by physicians.

The owner of a DME company in New York was sentenced to five months in jail for Medicare fraud and ordered to pay $100,000 in restitution for falsifying blood tests to justify claims for oxygen equipment and inflating hours of oxygen use to obtain higher reimbursement.

In Florida, an investigation of physicians, middlemen and DME companies involved in selling and buying Certificates of Medical Necessity led to indictments and imprisonment. One physician was sentenced for selling the certificates for patients he neither examined nor treated, knowing full well they would be used in filing Medicare claims. Other individuals and companies are also under indictment as part of the overall investigation.

B. Other Practices of Suppliers

Unbundling and upcoding.—Unbundling is the practice through which providers submit bills piecemeal rather than for the procedure or product as a whole. These illegal practices add enormous costs to the public health care programs. Upcoding is the process of billing for a service by using a reimbursement code for a similar but more complicated service. This results in a higher reimbursement to the provider.

The case of a Pennsylvania DME company illustrates how providers have used the techniques of "unbundling" and "upcoding" to defraud Medicaid. The DME company billed Medicaid for "incontinence liners" when it was in fact providing residents of a youth home and elderly nuns in a convalescent home with disposable washcloths. The supply company misrepresented the products supplied in order to receive a higher reimbursement. During interviews at the homes, investigators also discovered considerable amounts of durable medical equipment supplied by the same DME outfit, including wheelchairs, geriatric chairs, and accessories.

A review of the Medicaid bills submitted revealed that the wheelchairs, particularly the motorized ones, had been "unbundled": the supplier was billing separately for components of a wheelchair that are generally provided as standard items. The supplier also billed for more expensive equipment than was actually provided. Company owners were convicted for this fraud.

Our investigation revealed several fraudulent billing schemes involving reimbursement for incontinence supplies. For example, a husband and wife in Michigan allegedly stole more than $25 million from Medicare in false claims for providing incontinence supplies for nursing home patients. Each time the Medicare carrier initiated proceedings to review claims before paying them, the couple allegedly incorporated a new billing company in order to avoid detection by Medicare.

Tainting of health care products.—Our investigation also revealed instances in which Medicare and private insurers have been billed for products that pose potentially serious risks to patients, such as through the sale of "tainted" products.

A former pharmaceutical salesman who was the owner of a company that distributed human heart cardiac pulse generators and human heart pulse generator leads was convicted of altering and misbranding expired pacemaker boxes to make the product appear new. By the owner's estimate, over an eight-year period, he sold about $6 million worth of pacemakers.

Former employees testified he often acquired low cost older models that were near expiration and relabeled them—a process that meant not only implanting pacemakers with older batteries but also jeopardizing the devices' sterility and putting the patient at risk of infection. In addition, accounts stated when authorities raided the owner's office, they found a number of bloody pacemakers, raising suspicions he was reselling devices that had been surgically removed from other patients or even from corpses. One former employee said he saw him wash off a pacemaker battery with tap water. Other problems discovered included implanting devices with lapsed expiration dates, improper sterilization, recycling pacemakers, mislabeling pacemakers intended for "animal use only" and mislabeling standard units as "high output" units.

The owner also provided a variety of kickbacks to attending physicians, cardiologists and surgeons to induce them to implant adulterated, misbranded, or expired pacemakers into their patients. The physicians were given entertainment tickets, vacation trips, office medical equipment, the services of prostitutes and cash for using the heart devices.

According to the Department of Health and Human Services' Inspector General, a retired electrician from Chicago had a "mystery pacemaker" implanted in his chest. The brand serial number, and even the expiration date of his pacemaker or the lead attached to his heart could not be determined. The patient did not know his pacemaker was subject to failure, which might require a pacemaker replacement operation with all the accompanying risks of further surgery. The patient's cardiologist admitted that he received the services of a prostitute, a trip to Hawaii and other types of kickbacks from the pacemaker dealer. To date, ten individuals have pleaded guilty to the scheme and the owner has been given a 6 year term of imprisonment.

C. Psychiatric Services

Our investigation has concluded that a growing area of health care fraud exists in the delivery of psychiatric and psychotherapy services, including those provided by hospitals, clinics and private practitioners. Our review of recently completed and ongoing criminal investigation indicates that psychiatric and psychological services are rife with abuse, particularly in the following areas: billing for "phantom" psychotherapy sessions; billing for excessively long hospital stays for inpatient psychiatric care; providing kickbacks to physicians; and grossly inflating the number of psychotherapy hours provided in order to reap thousands of dollars in overpayments from Medicare or private insurers.

Phantom sessions.—We have found a significant increase in cases involving the illegal practice of billing for psychiatric and psychotherapy sessions that never took place.

A New York Community Center director was indicted for stealing almost $800,000 by fraudulently billing the State for over 25,000 "phantom" psychotherapy sessions Medicaid recipients never actually participated in and for falsifying patients' medical records to cover up the theft. To perpetrate the scheme, the center director offered inducements like free food to attract thousands of Medicaid beneficiaries to the Center.

After obtaining the Medicaid recipients' names and I.D. numbers, the director allegedly used the Medicaid provider number of a psychiatrist to bill for tens of thousands of these "phantom" sessions. The billings were so excessive that the staff psychiatrist would have had to work well over 24 hours a day to handle the number of visits claimed, yet the scheme continued for over three years before being detected and stopped.

In a similar case, physician-owners of a psychiatric clinic in New York were sentenced for stealing more than $1.3 million from the State Medicaid program by fraudulently billing the State for over 50,000 "phantom" psychotherapy sessions never given to Medicaid recipients. They were also charged with conspiring to falsify patient medical records to cover up the theft.

The doctors had paid neighborhood "steerers" illegal kickbacks of $10 to $15 per session to bring in new patients. Once inside the clinic, the Medicaid beneficiaries (often drug addicts) would sit together in a big room, watch television, fill out so-called homework assignments, eat a meal, sometimes talk briefly to a doctor, and then, before leaving, receive a few dollars cabfare and prescriptions for drugs like Valium. The physicians saw patients on a twice-weekly basis, but billed Medicaid for four to seven visits per week, as well as for dates before the recipients ever even set foot in the clinic. They also billed for visits when the only licensed psychiatrist on staff was absent from the office—often on vacation in France and California.

Billing for excessive or unnecessary sessions.—A Minnesota psychiatrist was sentenced to prison for defrauding Medicare,

Medicaid and the Department of Veterans Affairs by billing for extensive psychotherapy sessions with individual patients in nursing homes and board and care facilities when he either did not see them or saw them only in groups at meals. In addition, his medical license had been suspended for sexual improprieties with patients and for overprescribing medications.

A Hawaii clinical psychologist, working as a marriage and family counselor, was accused of defrauding the Civilian Medical Health Program of the Uniformed Services (CHAMPUS). He was indicted for having sexual intercourse with some of his patients and then seeking payment for these encounters as "therapy" sessions. He also claimed payment for therapy sessions which never took place; for billing individual sessions as joint sessions in order to receive higher reimbursements; and for falsely certifying to CHAMPUS that he billed and collected a required 20% copayment from his patients when he had, in fact, advised them they were not responsible for the fee. As a result, his patients had no incentive to scrutinize his billings, allowing him to continue his fraud against CHAMPUS.

A Virginia psychiatrist was recently convicted for billing different insurers for patient counseling sessions that never occurred or whose length was inflated on reimbursement claims. He is accused of defrauding seven insurers including Medicare, Medicaid and CHAMPUS. He was sentenced to home confinement for six months, ordered to perform community service, fined $10,000 and put on probation.

A record $379 million in fines, damages and penalties will be paid by a large health care corporation for kickbacks and fraud at its psychiatric and substance abuse hospitals in over 30 states. The corporation agreed to plead guilty to six counts of making unlawful payment to induce doctors to refer Medicare and Medicaid patients to the hospitals and one count of conspiracy to defraud the United States. Fraudulent practices included admitting and treating patients unnecessarily, keeping patients hospitalized longer than necessary in order to use up insurance coverage, billing insurance programs multiple times for the same service and billing when no service was actually provided, and billing Medicare for payments made to doctors that were solely intended to induce referrals of patients to the facilities.

D. Nursing homes

The investigation revealed a considerable number of cases involving direct targeting of nursing home patients in which both the industries that supply products and services to the homes and the owners and administrators of the home are involved in fraudulent and abusive practices. Nursing home owners have been convicted of charging personal luxury items like swimming pools to Medicaid cost reports. HCFA, the HHS IG, and the Minority committee staff are continuing to investigate nursing homes and the providers of rehabilitative services to nursing homes.

A Minnesota speech therapist submitted false claims to Medicare for services provided to nursing home residents. The therapist also received Medicaid payments for speech therapy he never actually performed—and the investigation revealed that he had been paid for services "rendered to patients" several days after they had died. He was also observed using flash cards with a blind resident, and then billing for reimbursement.

The owner of a Pennsylvania rehabilitation service was indicted for allegedly operating a scheme to defraud Medicare by submitting false claims for speech therapy provided to patients in nursing homes. The owner allegedly told speech therapists to recruit Medicare clients even though he knew their therapy would not be covered under Medicare.

Before submitting the paperwork for reimbursement, the speech therapists would rewrite their patient reports so that they would appear to be medically necessary rehabilitation services. The employees then allegedly falsified bills submitted to Medicare, including certifications by doctors that patients needed continued speech therapy, and also falsified patients' medical records.

A Connecticut nursing home owner allegedly overstated expenses in reports for Medicaid reimbursement over a five-year period resulting in an overpayment by the State of almost $400,000. The nursing home owner allegedly arranged a beneficial financial arrangement with a leasing corporation to procure equipment. The leasing company then sold or leased the equipment back to the owner for a far greater cost than its purchase price. The nursing home was accused of passing on these costs to the State by submitting inflated cost figures and in order to obtain a higher rate of Medicaid reimbursement.

A supply company in California billed Medicare for $5 million for post-surgery surgical dressings for nursing home patients who had never even had surgery. Medicare paid numerous nursing homes in several States for the surgical dressings, and the homes, in turn, paid a percentage to the supply company.

Nursing home operators in North Carolina and Pennsylvania have been convicted of charging personal items such as swimming pools, jewelry, and the family nanny to Medicaid cost reports.

E. Clinical Laboratories

Some of the largest health care fraud convictions and settlements to date have involved major national clinical laboratories. These providers have come under intense scrutiny by the FBI, the HHS IG, the Medicaid fraud units, and private insurers for such practices as "sink testing," by which patients' lab samples are dumped down the sink without having had the requisite tests performed, providing and billing for bogus test results; performing extra tests in order to obtain excessive reimbursements; providing kickbacks to physicians for patient referrals; and "unbundling" so that Medicare will pay individually for each test that should be billed as part of a series of tests. Our investigation reveals that clinical labs continue to be a major potential area of abuse, posing the threat of significant losses to Medicare, Medicaid, CHAMPUS, and private insurers, as well as a threat to patients' health care due to faulty or unperformed lab tests.

Three of the nation's largest clinical laboratories paid over $150 million to settle allegations that they submitted claims for unnecessary blood tests. Part of these cases arose from allegations by a whistleblower who charged that the three companies had submitted thousands of false Medicare and Medicaid claims. The labs were accused of manipulating doctors into ordering additional medically unnecessary tests when the doctors ordered basic automated blood tests. This probe is continuing and several other lab companies have acknowledged receiving subpoenas.

One of the labs, which pleaded guilty to the submission of false claims to the CHAMPUS program and to Medi-Cal, was accused of revising its order form so that doctors ordered additional tests as part of a standard test without realizing that Medicare would be charged separately for them. The unnecessary tests allegedly cost Medicare millions of dollars.

In New York, a laboratory that had billed Medicaid more than $39 million over six years was indicted for fraudulently billing for bogus ultrasound and blood tests. It was also indicted for illegally laundering over $1 million in Medicaid profits through the lab in order to generate kickback money. The sales manager of the lab was accused of submitting thousands of false reimbursement claims stating that blood tests and sonograms had been provided to Medicaid recipients, when, in fact, the tests were never medically required. Further, to the extent that services were actually provided, they were done solely to maximize the Medicaid reimbursements.

The lab sales manager then allegedly laundered the Medicaid proceeds by writing checks to fictitious employees and converting the funds to cash in order to pay kickbacks to others and also to make the fraud more difficult for Medicaid to detect.

F. Physicians/practitioners

When physicians and health care practitioners engage in fraudulent practices they not only violate their own code of ethics but also deceive their patients, add enormous costs to an already beleaguered system, possibly endanger lives and, ultimately, betray the public trust.

A physician in Hawaii who specialized in internal medicine and oncology used fake diagnoses to justify billings for treatments never provided to patients. Some examples of the physician's billing practices included: billing for treatment of appendicitis in patients who previously had their appendixes removed; billing for office visits that never took place; and billing for laboratory tests that were not performed. The physician is currently under indictment.

An Arizona physician who practiced as a radiologist is under indictment for obtaining admission into the Medicare Screening Mammography Program by falsely stating that he was certified in radiology by the American Board of Radiology, which is specifically required of interpreting physicians before admitting them to the program. This is done to ensure that a physician meets the requisite conditions for certification such as the necessary experience, continuing education, and written reports requirements.

The physician was also indicted for certain billing practices involving a mobile CT (computerized tomography) scanning service. In addition to performing CT scans of patients, the physician ordered technicians to perform reconstructions of the CT images. He is accused of directing the billing clerk to bill for reconstructions on all CT scans even when he knew that in many cases no reconstruction was done by the technicians.

Over a two-year period, a Maryland physician's billing to Medicaid quadrupled, prompting an investigation. The physician was subsequently accused of double-dipping both Medicaid and the State Department of Social Services for giving physical examinations to disability applicants. Undercover investigators witnessed an office overflowing with drug addicts, disability papers in hand, being examined in four minute intervals. "Comprehensive" exams lasted no more than two to four minutes. Records showed that the physician sometimes saw upwards of 100 patients per day, even though he only spent six hours a day at his practice.

Patients were told to drop off disability forms one day and come back the next day to pick them up, and it was obvious that the forms were being completed before the patients even met with the physician. The physician was certifying "inability to work" without verifying or treating the complaints. He had a rubber stamp with the diagnosis "lumbar spine arthropathy" created to stamp all the "bad back" disabilities. By courting addicts and other potential disability recipients, the doctor built, in a very short time, a practice which billed Medicaid and the State Department of Social Services almost $450,000 a year for services that were so superficial as to be relatively useless. In 1993, the physician filled out more than 9,900 disability forms. Another physician who at one time was in the same practice acknowledged the false certifications, stating that "these people could work."

Unfortunately, the poor care rendered by the physician as a result of his assembly line approach resulted in horror stories of poor patients care—one patient suffered a weight loss of fifty pounds in three months and received no treatment. The physician falsified the blood pressure readings of patients suffering hypertension and these patients often went untreated even though this dangerous problem existed. The physician was eventually convicted of Medicaid fraud and given a suspended sentence.

Minority staff investigators found numerous cases involving kickbacks for sonograms, ultrasound, and other diagnostic imaging tests. For example, a New York radiologist allegedly stole more than $1 million from the New York State Medicaid program during a two-year period by fraudulently billing for thousands of ultrasound tests he never reviewed. His Medicaid claims jumped from $28,000 in one year to more than $1 million two years later. The radiologist allegedly made kickbacks of 75 percent of his billings to so-called "salesmen" who regularly arrived at his office toting shopping bags full of sonograms collected at Medicaid clinics throughout the city.

The physician has been charged with billing Medicaid for reading and interpreting over 11,000 patients' sonograms and echocardiograms, that, in fact, he never reviewed.

A New York podiatrist stole more than $200,000 from Medicaid by repeatedly billing for orthotics made from high-priced custom foot molds never provided to Medicaid patients. The podiatrist filed thousands of false reimbursement claims stating that Medicaid recipients had received expensive custom orthotics—foot molds reimbursable at $46 each—fabricated from actual foot castings when, in fact, the doctor had furnished patients with cheaper devices which should have been reimbursed at only $18 each.

This case is part of an ongoing statewide investigation into Medicaid abuse involving podiatrists, orthotic labs and orthopedic shoe vendors which has resulted in criminal charges against more than 200 individuals for stealing more than $30 million from the New York Medicaid program. To date, 185 convictions have resulted in more than $25 million in court-imposed fines and restitutions.

A Georgia chiropractor, his wife and 15 former patients, were ordered to pay a total of $3.2 million in fines after being convicted of Medicare and private insurer fraud. The couple recruited patients for their clinic by promising kickbacks of up to one third the amount that Medicare or the insurance companies reimbursed. Bills were submitted for patients and their families regardless of whether they had been treated. In one instance, bills were submitted for 169 patients supposedly treated in a single day.

A Utah physician operating a clinic was charged with 34 counts of mail fraud and seven counts of false claims. He had previously been convicted of filing false Medicaid claims in the 1980's. He was to be suspended from the program for a period of ten years.

Following his conviction, however, there was no change in his billing practices. He continued to bill private insurance companies and Medicare and Medicaid (in the names of employed physicians) in the same excessive manner. When he was 'flagged' by insurance companies, he would then set up dummy billing companies to disguise his identity on claim forms. He was recently indicted on, among other things, unbounding services, identifying false diagnoses on claim forms, duplicate billings, misrepresenting the level of service, and billing for services without the knowledge or consent of patients. A jury convicted him on 32 counts.

A Maryland physician-owned corporation was convicted of Medicaid fraud and ordered to pay $190,000 in restitution for submitting false invoices to Medicaid. The corporation sought payment for several different types of medical services, including office visits and laboratory tests, which had not been done and were not medically necessary. The corporation billed Medicaid repeatedly for unnecessary laboratory tests.

In one instance, a young boy was rushed to the physician's office with a lacerated chin. The boy's chin was sutured but, in addition to this procedure, Medicaid was billed for a throat culture, a nasal culture, a non-specific culture, and three hearing tests, despite the fact that there was no reason to perform these services and that the boy's mother stated that none of the tests billed to Medicaid were performed by the physician. The investigation also revealed that the corporation had not purchased sufficient laboratory supplies to have been able to perform the laboratory tests for which Medicaid was billed.

A Pennsylvania physician was convicted of illegal prescribing controlled substances. The physician, also known as "Dr. Xanax," prescribed prescriptions for non-legitimate medical purposes to abusers and dealers. It is estimated that he diverted in excess of 20,000 dosage units of controlled substances per month. He was convicted on 59 counts of illicit distribution of Valium, Adipex, Darvocet, and Vicodin.

A scheme in New York defrauded Medicaid by conducting unnecessary medical tests on drug addicts. The addicts, who were using multiple identities and Medicaid cards, were recruited from the street and given prescriptions for drugs they abused in exchange for participating in the tests.

The insurance billings generated from these tests were made possible by an agreement between the owners of the clinics and staff physicians. For the use of their provider numbers, the physicians received a 40 to 50 percent kickback for all accrued medical charges. Loss to the Medicare and Medicaid programs in this case is estimated at $10 million. Twenty-one individuals, including seven physicians, have been charged or have entered plea agreements. This was one of the first health care fraud investigations in which Racketeer Influence Corrupt Organizations (RICO) charges were levied. Money laundering violations served as the predicate offense for the RICO charge.

A New York physician who operated a methadone treatment center stole more than $1.5 million by fraudulently charging the state for over 25,000 methadone treatments never given to Medicaid recipients. In his illicit four-year billing scheme, the physician not only used the Medicaid numbers of patients who had not yet begun the program or had died, but brazenly appropriated the names and I.D. numbers of patients at a hospital with which he was affiliated who were neither in his care nor even on methadone.

The physician systematically filed thousands of false reimbursement claims stating that he had provided methadone maintenance treatment (reimbursable at almost $60 per week) to over 1,100 Medicaid recipients at his office.

In New York, nine persons involved in a conspiracy in which Medicaid was defrauded of more than $8 million in a little over a year were given prison sentences. The owner of several medical clinics was sentenced to five years imprisonment and five other doctors were sentenced to lesser terms. The doctors were hired by the clinics for the sole purpose of using their Medicaid provider numbers.

The physicians wrote prescriptions for drugs that have a high street value and that ended up being diverted. The scam included rounding up "patients" for the clinics who had valid Medicaid cards, drawing blood and taking blood pressures, and then billing Medicaid for extensive diagnostic tests. The "patients" were also directed to specific pharmacists who filled prescriptions and billed Medicaid for drugs which were then sold on the street.

G. Non-physician providers and professional patients

Pharmacists and pharmaceuticals.—The investigation has found that the diversion of prescription drugs continues to be a major criminal problem. The buying and selling of prescription drugs on the street poses enormous problems for law enforcement, already stretched to its limits, as well as adding immense costs to society by fueling an addicted population and facilitating illegal drug trafficking.

In one of the largest fraud cases ever in New Hampshire, a pharmacist stole almost $375,000 from the State's Medicaid program and private health insurance plans. Over a two-year period, the pharmacist systematically billed over one thousand times for prescription drugs that he did not actually dispense.

The pharmacist fabricated prescriptions to justify his billings. According to State officials, he used insurance information provided by his customers to submit false billings to their insurance companies and also double-billed Medicaid and private insurance for the same services.

This case illustrates how health care fraud can have devastating effects on insurance companies far beyond the actual losses. In addition to violating the trust and confidentiality of his customers, the acts of this pharmacist resulted in the loss of prescription drug benefits to many individuals: because the pharmacist's fraudulent activity caused a local company's health plan to insure high costs, the company was forced to drop its prescription drug converge for about 1500 workers. The loss of the drug card benefit to hundreds of employees is a striking example of how health care fraud victimizes not only insurers, but also employers, employees and their families alike.

In Michigan, several pharmacists obtained large quantities of sample and expired drugs and dispensed them to nursing home patients and pharmacy customers. Pharmacy technicians were instructed to remove sample

drugs from their packages, scrape or rub off the word "sample" on the tablet, and place these drugs in the general stock for dispensing prescriptions. Expired drugs generally acquired from the purchase of other pharmacy inventories were handled in a similar manner. The samples and expired drugs were dispensed to nursing home patients and the Medicaid program was fraudulently billed.

Pharmacy technicians had received complaints from nursing home staff and patient relatives regarding the ineffectiveness of the medications delivered. According to testimony at trial, when the technicians confronted the pharmacy owner with these complaints the owner stated "those people are old, they'll never know the difference and they'll be dead soon anyway."

In Florida, a pharmacist was caught purchasing and selling diverted drugs that were samples provided to representatives of drug manufacturers. The pharmacist, the owner of a Broward County pharmacy, was accused of dispensing samples of Feldens, an arthritic drug, and Naprosyn, an anti-inflammatory drug, which had been adulterated by scraping off the mark "Sample" on the capsules. The pharmacist stated that he bought them for cash from a friend who delivered them in plastic bags on a weekly basis. This was in direct violation of the Prescription Drug Marketing Act which provides penalties for selling drug samples in order to ensure that the prescription drugs purchased by consumers are safe and effective.

A black market scheme in New York has allegedly defrauded the Medicaid program by illegally buying and selling costly prescription drugs, including the AIDS medication AZT. The drug diverters are accused of warehousing an inventory of drugs pending resale for cash to pharmacies and other diverters at greatly discounted prices. The medications had originally been dispensed to Medicaid recipients in New Jersey and Connecticut.

In this illicit underground economy, Medicaid recipients—often addicts who are seeking to abuse the system—visit unscrupulous doctors and obtain prescriptions for a laundry list of costly brand name drugs. They then either sell the prescriptions to accommodating druggists or have the prescription filled and peddle their goods to street buyers who, in turn, recycle them to other pharmacies.

New York official stated that this scam was particularly insidious because the ultimate users of the recycled goods—the public—could well be taking drugs that had lost their potency or had been improperly stored and handled. One of those arrested stated that the had just made a $40,000 deal with a New Jersey pharmacy for similar prescription drugs. This case was part of a broader investigation into a vast network of physicians, pharmacists and Medicaid recipients who are engaged in dealing drugs and prescriptions for cash on the black market.

An Illinois illegal narcotics distribution ring containing three ringleaders and a group of nineteen people was charged with diverting over 60,000 Dilaudid pills. According to the Drug Enforcement Administration, Dilaudid, a synthetic, morphine-like substance, is considered the most powerful prescription pain killer sold today.

The group diverted Dilaudid from legitimate channels by using professional patients who visited doctors on a daily basis. Some of the professional patients who were recruited had cancer. One ringleader collected the Dilaudid and then sold it to individuals who took it out of the State of resale. It costs approximately $.40 a tablet at the pharmacy counter, yet demands a street price of $20 to $80 a tablet depending on availability.

Home health care.—The aging of the population, the increasing preference for home and community-based long term care, and major advances in the development of outpatient technology has resulted in the explosive growth for the home care industry in the United States. Unfortunately, commensurate with the growth of this industry has been an increase in home care fraud. Our investigation has revealed that there are two major pockets where some abusive practices have become problematic: in the home health agencies and in home infusion companies (home infusion is an industry that provides intravenous drugs and nutritional therapy for patients who are receiving care at home).

Several patterns of fraud have emerged in home health agencies, such as billing for services not rendered, use of unlicensed or untrained staff, kickbacks to referring physicians, and falsified plans of care for patients. Home health care has tremendous potential to decrease costs of both acute and long-term care and to enhance patients' quality of life. It also, however, presents a disproportionate opportunity for abusive practices, hidden from medical professionals and overseers who cannot watch delivery of care at home.

The home infusion industry has been rocked with charges of kickbacks and overcharging. Some companies have allegedly charged patients fees at much as 2,000 percent higher than hospital charges. An examination by the HHS Inspector General has revealed three types of kickback schemes used by home infusion companies to defraud the federal government: direct payment of money to a physician for the referral of patients; stock bonuses based on the amount of referrals; and companies, through the use of recruiters, soliciting beneficiaries rather than doctors.

At the end of 1994, new legislation will prohibit Medicare payment for referrals by physicians to home infusion companies in which they have a financial interest. However, this payment prohibition only applies to physicians and will not correct the potential kickback violations with the referral of patients for IDPN, and infusion used for nutrition at the same time a patient is undergoing dialysis. The HHS IG has ongoing investigations in six regions targeting home infusion companies. In addition, it has a national case pending against one of the major home infusion companies in the nation. 1993 total revenues for home infusion therapy topped $4 billion.

The owners of a large New York home health care company stole more than $4.6 million from the New York State Medicaid program by systematically billing, over a three-year period, for services rendered by untrained and unqualified home care aides. The company was accused of grossly inflating, by as much as 30,000 hours, the amount of time these employees actually worked. The company recruited untrained employees who were often immediately assigned to care for homebound Medicaid recipients, assisting them with such personal chores as bathing, dressing and feeding, and other support functions.

This scheme not only cheated Medicaid out of millions of dollars, but it also recklessly sent untrained health care workers—including a 14 year-old girl to care for a 4-year-old child with Down's syndrome—into the homes of disabled and elderly residents. According to New York officials, home care has become the fastest-growing part of the New York Medicaid program—ballooning from $400 million to over $2 billion a year since 1986.

A vivid example of kickbacks for home care patient referrals involved a family in South Florida that established four companies to distribute liquid nutritional supplements, including a milk supplement, to Medicare beneficiaries. These nutritional supplements are reimbursable by Medicare if a physician signs a Certificate of Medical Necessity indicating that the supplement is appropriate for the patient. The companies hired recruiters to go into South Florida communities with heavy concentrations of elderly residents and other "free medical milk." The senior residents then were signed on as new patients, monthly deliveries of nutritional supplements were made and Medicare was billed for these services.

The recruiters had made arrangements with Miami-area physicians to certify the medical need for the supplement. The company made kickback payments of $100 to the recruiters for the "Certificate of Medical Necessity" obtained, and the recruiters, in turn, paid kickbacks to the physicians who had signed the certifications. In less than two years, the companies had billed Medicare for over $14 million.

None of the elderly residents interviewed by the FBI during the investigation was qualified for the nutritional supplement, which is currently reimbursed by Medicare at a rate of $600 per month per beneficiary. Twelve individuals, including several physicians were indicted.

A Ohio girl who suffered from cerebral palsy was able to live at home with the help of intravenous drugs and nutritional therapy. Bills generated from her treatments ranged from $95,000 to $120,000 a month. The family filed a lawsuit against the home infusion company alleging overcharging and poor quality of care. In less than a year, the family's two private insurance policies' limit of $1 million was used up. Comparisons showed that it cost close to $1,000 a day more to treat the little girl at home than it would have cost to treat her in a hospital. When the insurance lapsed, a court order was needed to compel the supplier to keep the supply of treatment items coming to the house. The girl's mother was eventually forced to quit her job in order to qualify for Medicaid, ironically to pay for the treatment which was supposed to save money compared to the more expensive inpatient hospital fees.

Medical billing services.—The investigation found that the administrative complexity of the current health system has spawned a growth industry of billing companies to file reimbursement claims to both private insurers and federal health care programs. A consequence of this complexity is that billing firms at times falsify claims information with elaborate fraudulent schemes.

The recent case of a California medical billing service illustrates how easy it is under the current health care system to be reimbursed for services which are never actually provided.

In August 1992, state and federal agents began an investigation into a sham medical billing service that was submitting claims to insurance companies nationwide for laboratory services. The owners of the billing service first gained entry to the system when they were previously employed by another billing service. Without the knowledge of their former employer or coworkers, the con artists photocopied and smuggled home hundreds of claim forms, doctors' billing numbers, and patients' medical information.

Armed with this information, the operators set up their own phony billing service, and submitted over $2.3 million in bogus claims for lab services that were never actually performed.

By the time federal investigators arrested the owners of this company, the operators had set up several "billing services," under at least five separate names. Each of these bogus entities had its own billing address and false business licenses.

Committee staff is concerned that the scheme only came to light after subscribers began to notify their insurance companies that they had received Explanations of Benefits (EOB) for services they had never received or for services performed by a physician they did not even know. Since many subscribers never reviewed their EOB's, some insurance companies continued to pay claims without question. As complaints from subscribers began to mount, however, insurance company investigators began to notice a pattern of fraud, and realized that the companies had each been paid hundreds of thousands of dollars in fraudulent billings.

At the time of arrest, the sham billing company's owners had stolen over $1.5 million from insurance companies across the country, and had submitted additional false bills for a total of $2.3 million in bogus bills.

Ambulance and taxi services.—Medicaid-paid transportation services is an area ripe for abuse. For example, a common practice is routinely inflating the amounts billed to the program by overstating the miles travelled. There is also fierce competition among operators in these industries to obtain Medicaid business. In one Maryland operation, for example, an unscrupulous taxicab owner violently beat a competitor who was waiting outside a clinic looking for riders.

In New York, Medicaid pays for a patient's transportation to a medical provider either when mass transit is unavailable in the recipient's area or when the patient, because of a debilitating physical or mental condition, cannot use mass transit.

The owner of a New York taxi firm allegedly stole over $100,000 from the State by fraudulently billing for thousands of taxi rides never given to Medicaid patients. The president of the taxicab company was charged with filing more than 3,000 false reimbursement claims stating that his two taxi firms had provided over 300 Medicaid recipients with taxi service on days when, in fact, no transportation at all was provided.

This case is part of ongoing investigation of New York's medical transportation industry which, to date, has resulted in convictions against 66 individuals.

The owner of a Massachusetts taxi company was recently indicted on Medicaid provider fraud and state tax violations. He is accused of charging Medicaid for separate rides when two or more recipients shared the same taxi. State Medicaid regulations require that taxi firms split the fare when two or more share the ride. Employees of the company were also indicted for failing to file tax returns over a three-year period.

A Virginia Medicaid transportation service was convicted of a criminal violation of the federal False Claims Act. The owner of the company submitted claims to Medicaid with inflated mileage for transporting indigent patients to and from health care centers. The owner was sentenced to one year probation.

Professional patients.—Our investigation found that health care providers are not the sole abusers of the health care system. Conversely, our investigation found significant abuse by so-called "professional patients" who scam the system by providing their own medical histories, blood or lab samples as the basis for fraudulent claims. In some instances these patients are provided kickbacks or inducements by health care providers to participate in schemes, while in other instances the patients themselves are the originators of the scams.

The owner of a New York medical clinic was accused of submitting bills to Medicaid for medical services, blood analysis, drug prescriptions, and laboratory tests which were medically unnecessary. Physician assistants who worked at the clinic said that little medical treatment was actually administered at the clinic. A scheme was allegedly devised in which "patients" would routinely demand certain prescribed drugs, submit to a battery of unnecessary tests, and give blood in order to receive the drugs, which the "patients" would later sell on the street. The owner allegedly paid doctors and physicians assistants five dollars per blood sample as a kickback. He then billed New York Medicaid to pay for the analysis the clinic conducted on the blood samples.

A New York woman, who had four different aliases, was arrested on mail fraud charges for making false claims seeking reimbursement for medical treatment that was never actually rendered. Over a four-year period, the woman had submitted approximately 48 claims for direct reimbursement from her private insurance carrier. The carrier contacted the treating physicians named on the claims and learned that virtually all the claims were false. In one instance, she claimed that she was treated by a dermatologist on a date when he was actually on vacation.

IV. FINDINGS OF INVESTIGATION—DEFICIENCIES IN THE CURRENT SYSTEM IMPEDE LAW ENFORCEMENT'S ABILITY TO COMBAT HEALTH CARE FRAUD

While the cases included in this report represent only a small sample of fraud and abuse perpetrated against public and private health care programs, they serve to illustrate the vulnerability of our health care system. The investigation of these and other cases and our extensive review of current federal and state enforcement efforts lead us to conclude that major deficiencies exist in our defenses against health care fraud, allowing billions of dollars to be lost each year to fraud and abuse. We further conclude that as our health care system moves toward a managed care model, even greater opportunities for fraud will occur, exposing our health care system to even greater dollar losses.

A. Major patterns of fraud exist throughout the entire health care system and patterns of fraud within some provider groups have become particularly problematic

Our investigation concluded that vulnerabilities to fraud exist throughout the entire system, affecting federal, state, and private health care plans alike. Major patterns of abuse that continue to plague the health care system are overbilling, billing for services not rendered, unbundling and upcoding services to receive higher reimbursements, providing inferior products, paying kickbacks and inducements for referrals of patients, falsifying claims and medical records to receive excessive reimbursement or to fraudulently certify a patient's eligibility for Medicaid, Social Security disability, or state welfare programs.

While these practices exist throughout the health care system and are perpetrated against both public and private health plans, our investigation found that health care schemes used to victimize payers and patients have become more complex and frequently involve regional or national corporations and other organized entities. No part of the health care system is exempt from these fraudulent practices, however, our investigation raises concerns that major patterns of fraud and abuse have existed in the following health care sectors: ambulance and taxi services, clinical laboratories, durable medical equipment suppliers, home health care, nursing homes, physicians, psychiatric services, and rehabilitative services in nursing homes. Our investigation further concludes that fraud and abuse is particularly rampant in Medicaid, and that many of the fraudulent schemes that have preyed on the Medicare program in recent years are now targeting the Medicaid program for further abuse.

We are continuing to investigate specific fraudulent schemes, particularly with regard to Medicaid and Medicare fraud.

B. Greater opportunities for fraud will exist under health care reform

As our health care system moves toward a managed care model, opportunities for fraud and abuse will increase unless enforcement efforts and tools are strengthened. Our investigation concludes that the structure and incentives of a managed care system will result in a concentration of particular types of schemes, such as failure to provide services; quality of care deficiencies; falsification or misrepresentation of professional credentials by providers; subcontractor fraud; submission of false costa data to obtain higher capitation rates; fraudulent or deceptive enrollment practices by health plans; and kickbacks, rebates, and other illegal economic arrangements to increase market share of health care services.

The experiences of several states' Medicaid programs illustrate that managed care systems often provide greater incentives and opportunities for providers to engage in health care fraud.

For example, the Arizona Health Care Cost Containment System Fraud Unit has found that Arizona's Medicaid managed care-style program has been subject to embezzlement of funds paid by the state for client services; fraudulent subcontracts; wire and mail fraud; fraudulent related party transactions; and kickbacks among physicians, osteopaths, home health care facilities, DME suppliers, and physical therapists.

The AHCCCS Fraud Unit concluded that the managed care structure of the Arizona Medicaid program offered opportunities for kickbacks and other types of health care fraud. Similarly, many other states' Medicaid Fraud Control Units have found that states which require their Medicaid beneficiaries to participate in managed care programs have experienced significant incidences of fraud, such as fraudulent marketing techniques and falsification of enrollments of new members to plans, reduced quality of care, improper disenrollment practices, deceptive marketing practices to potential enrollees, and providing substandard care to enrollees in the managed care plans.

These state experiences with HMO's and managed care plans illustrate that comprehensive health care reform incorporating the principles of managed care will exacerbate the opportunities and incentives for providers to engage in fraud and abuse.

Moreover, two other key aspects of health care reform could affect enforcement efforts. First, while uniform, standard claims forms will go far in reducing the complexity of the health care system, these revised claims

forms must be designed with enforcement in mind, so that factors can be built in to detect fraud and abuse more easily. Second, electronic billing systems, while again reducing complexity, will eliminate the paper trail that enables law enforcement to track fraudulent practices. Any such system must be designed with safeguards built in to detect and deter fraud and abuse.

C. Current criminal and civil statutes are inadequate to effectively sanction and deter health care fraud

Both the Department of Justice and the Department of Health and Human Services endorse strengthening the tools available to prosecute criminal and civil cases. Currently, Federal prosecutors use traditional fraud statutes, such as the mail and wire fraud statutes, the False Claims Act, false statement statutes, and money laundering statute to prosecute health care fraud.

Additional tools, such as penalties for false claims, anti-kickback statutes, and the authority to exclude providers from participation in Medicare and Medicaid, are now available to redress fraud and abuse in the Medicare and Medicaid programs.

Despite the availability of these criminal and civil remedies, our investigation has concluded that several deficiencies exist in the tools available to law enforcement to combat fraud and abuse most effectively in the health care system. For example: Inordinate time and resources are devoted to apply traditional fraud and money laundering statutes to health care fraud.

While many egregious cases of health care fraud have been successfully prosecuted under the mail and wire fraud statutes, because there is currently no specific federal health care fraud criminal statute available to federal prosecutors, excessive time and resources must be devoted to developing a nexus to the mail and wire fraud statutes in order to pursue clear cases of fraud. Similarly, extensive resources are spent trying to track the cash flow from health care fraud schemes in order to prosecute under federal money laundering statutes. Relying on these more generic federal criminal statutes for prosecution results in an inefficient use of scarce law enforcement resources.

The case of the bogus medical billing service in California which stole over $1.5 million from insurance companies nationwide before they were arrested by federal agents provides a prime example of how extensive resources are spent on proving a nexus to traditional fraud statutes: the FBI estimates that hundreds of additional investigative staff hours were devoted to proving the trail of expenditures in order to prove money laundering, because a federal health care fraud statute does not exist.

Creation of a new, general health care fraud offense prohibiting schemes to defraud federal or private health plans or persons in connection with the delivery of or payment for health care is necessary to provide a direct response to intentional acts to defraud the health care system.

In addition to providing a more efficient response to health care fraud, the establishment of a federal health care fraud offense sends an important message that health care fraud will be pursued with the same rigor as financial institution fraud, securities fraud, computer fraud, and other areas of white collar crime in which the federal government plays a prominent enforcement role. This type of provision is included in an amendment currently pending on the omnibus crime legislation, as well as in several comprehensive health care reform proposals.

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D. Improvements are necessary in the current medicare and medicaid fraud statutes

Based on our investigation, we find that additional tools are necessary to curb abuse in the Medicare and Medicaid programs. For example, the current remedies for violations of the anti-kickback statute (for kickbacks made to induce the referral of Medicare and Medicaid business) are criminal prosecution and exclusion from the Medicare and Medicaid programs.

It is important to deter kickbacks in order to deter overutilization of health care services, inappropriate "steering" of Medicare or Medicaid patients to more expensive, unqualified, or poorly equipped providers, and giving an unfair advantage to providers who offer kickbacks. When only criminal prosecution and exclusion from participation in Medicare and Medicaid are available as remedies, however, federal law enforcement may be reluctant to impose such sanctions, consequently allowing the illegal activity to go unaddressed.

Therefore, we conclude that civil monetary penalties should also be available as intermediate sanctions for anti-kickback violations in order to ensure that enforcement actions are taken against anti-kickback violations.

Similarly, it is important to provide a range of sanctions for other fraudulent or abusive activities against the Medicare or Medicaid programs, such routine waivers of copayments (except in appropriate circumstances), and the practice of knowingly submitting claims for a higher reimbursement rate than allowed under Medicare (so-called "upcoding"). Providing a full array of enforcement tools against health care fraud will better enable swift, fair responses to health care abuse.

E. Due to flaws in enforcement efforts of private payers, billions of health care dollars are vulnerable to fraud and abuse

While the federal government has many authorities available to it to combat fraud and abuse in the Medicare and Medicaid programs, private sector payers are at a greater disadvantage in fighting health care fraud, because they have a more limited set of tools available in their enforcement arsenal.

For example: Generally, insurers do not have civil monetary penalties or false claims statutes available to them to sanction claims submitted for reimbursement, false advertising, or false statements made to private health plans.

Further, despite the fact that kickbacks are a common element of many health care frauds against private insurers and health plans, many states do not have adequate anti-kickback statutes in place.

Another major obstacle facing private health plans is the lack of information available on whether a health care provider has been sanctioned for fraud in other parts of the health care system, thus leaving the plans exposed to further fraud and abuse. When a provider has been excluded from participation in Medicare or Medicaid for defrauding the programs, for example, they continue to participate—and may continue fraudulent activities—in private health plans.

Finally, private payers generally have less authority to recover overpayments than is available under the Medicare or Medicaid programs.

In addition to these statutory obstacles facing private enforcement efforts, the sheer number of different payers in the current health care system—now numbering over 1,000—results in a multiplicity of different rules, reimbursement policies, claim forms, multiple identification numbers, coding systems, and billing procedures. The complexity of the current health care system allows fraud and abuse to flourish and go undetected, resulting in billions of health care dollars lost to fraud and abuse each year.

F. The fragmentation of current health care fraud enforcement encourages exploitation of the system by fraudulent providers

A multiplicity of Federal, State, and local enforcement agencies, as well as private health insurers and health plans, are involved in various aspects of the investigation or prosecution of health care fraud. Since fraudulent providers often infiltrate many different health care plans, it is crucial that law enforcement efforts be as coordinated as possible in order to detect emerging trends in health care fraud, fully shut down fraudulent schemes, and prevent them from recurring in other parts of the health care system.

Inadequate collaboration in combating health care fraud takes a particular toll on the ability of private sector insurers to reduce fraud, and results in higher premiums for all insured. The costs for an individual insurer to investigate fraud and abuse act as a substantial disincentive to investigate—instead, it is much simpler to increase the overall premiums to cover the losses from health care fraud.

Recently, major efforts have been undertaken to better coordinate federal and state agencies involved in combating health care fraud and abuse. For example, the Department of Justice and the HHS Inspector General have established an Executive Level Health Care Fraud Policy Group to identify new methods to proceed against health care fraud, identify priority areas for fraud enforcement, and remove bureaucratic obstacles to enforcement efforts. Similarly, the Inspectors General from federal agencies have begun to better coordinate their responses to health care fraud in programs within their jurisdictions.

Our investigation concluded that substantial progress has been made toward coordinating health care fraud enforcement, but that additional steps are necessary to streamline enforcement procedures, share information among public and private health care agencies, and ensure that health care fraud is reported and referred for appropriate enforcement actions.

V. Recommendations

Based on our investigation and findings, we recommend that several reforms be adopted to reduce fraud and abuse throughout the health care system. Specifically, we recommend the following:

1. Establish an all-payer fraud and abuse program to coordinate the functions of the Attorney General, Department of Health and Human Services, and other organizations to prevent, detect, and control fraud and abuse, and to coordinate investigations, and share data and resources with federal, state, and local law enforcement and health plans.

2. Establish an all-payer fraud and abuse trust fund to finance enforcement efforts. Establishing a "revolving fund" to finance enforcement efforts would go far in addressing the current resource problems that plague federal health care fraud enforcement efforts. Fines, penalties, assessments, and forfeitures collected from health care fraud offenders would be deposited in this fund, which would in turn be used to fund additional investigations, audits, and prosecutions. Amounts in this fund would increase, not supplant, the operating budgets of federal law enforcement agencies with jurisdiction over health care fraud.

3. Toughen federal criminal laws and enforcement tools for intentional health care fraud. Specifically, create a federal health care fraud offense; provide criminal forfeiture and civil injunctive relief for health care fraud offenses; establish hear care fraud as a predicate to the Racketeer Influenced Corrupt Organizations Act (RICO); and expand the civil False Claims Act to cover claims to health plans.

4. Improve the anti-kickback statute and extend prohibitions of Medicare and Medicaid to private payers. Specifically, expand current Medicare and Medicaid anti-kickback statute to private payers and to all federal health care programs; provide civil monetary penalties for anti-kickback violations; and provide injunctive relief for anti-kickback violations.

5. Provide a greater range of enforcement remedies to private sector health plans, such as civil penalties.

6. Establish a national health care fraud data base that includes information on final adverse actions taken against health care providers. Such a data base should contain strong safeguards in order to ensure the confidentiality and accuracy of information contained in this system.

7. Design a simplified, uniform claims form for reimbursement and an electronic billing system, with tough anti-fraud controls incorporated into these designs from their inception.

8. Take several steps to better protect Medicare from fraudulent provider billing practices, such as:

Revise and strengthen national standards that suppliers and other providers must meet in order to obtain or renew a Medicare provider number;

Prohibit Medicare from issuing more than one provider billing number to an individual or entity (except in specified circumstances), in order to prevent providers from "jumping" from one billing number to another in order to double-bill or avoid detection by auditors;

Require Medicare to establish more uniform national coverage and utilization policies for what is reimbursed under Medicare, so that providers cannot "forum shop" in order to seek out the Medicare carrier who will pay a higher reimbursement rate;

Require the Health Care Financing Administration to review and revise its billing codes for supplies, equipment and services in order to update, clarify, and standardize billing codes. HCFA should be required to improve the descriptions used for reimbursement codes so that they accurately reflect the items being furnished and to make them sufficiently explicit to distinguish between items of varying quality and price. Such an updating of the billing codes used by HCFA would be a major step toward eliminating excessive reimbursements for poor quality items and Medicare reimbursement that far exceed a fair price for the item; and

Provide adequate guidance to health care providers on how to comply with anti-kickback and other health care fraud prohibitions. We recognize that due to the complexity of the health care market, many providers have difficulty interpreting reimbursement policies of public and private health plans, as well as difficulty in determining whether specific relationships with other providers or billing practices are prohibited under anti-fraud provisions. If comprehensive health care reform proposals are enacted, further confusion over what constitutes prohibited activity may result. Therefore, we recommend that the Secretary of HHS, working with the HHS Inspector General and the Department of Justice, develop a system to provide better guidance to health care providers on how to comply with anti-kickback and other health care fraud provisions.

Many of these recommendations are included in health care reform proposals now pending before Senate and House committees. Additionally, the Senate-passed version of omnibus crime legislation, now pending in conference, includes provisions to facilitate criminal prosecution of health care fraud.

While we are pleased that many of these proposals are now under consideration by the Congress, we are deeply concerned that the huge magnitude of health care fraud and the critical importance of improving enforcement efforts immediately has not received adequate attention during the course of the health care reform debate.

With over $275 million being lost each day to health care fraud and abuse, we can no longer afford to wait to toughen our defenses against unscrupulous providers and others who are bleeding our health care system. Accordingly, we recommend a two-step process;

First, action should be taken immediately to strengthen criminal laws and enforcement tools to stop abuses of our current health care system. Too many dollars and lives are at stake to delay what can and should be done now to reduce health care fraud; and

Second, tough anti-fraud and abuse provisions must be built into the foundation of any health care reform plan enacted by the Congress so that unscrupulous providers will not take advantage of health care reform to further game the system.

ADDITIONAL COSPONSORS

S. 922

At the request of Ms. MOSELEY-BRAUN, the names of the Senator from California [Mrs. FEINSTEIN] and the Senator from Colorado [Mr. BROWN] were added as cosponsors of S. 922, a bill to provide that a State court may not modify an order of another State court requiring the payment of child support unless the recipient of child support payments resides in the State in which the modification is sought or consents to the seeking of the modification in that court.

S. 1288

At the request of Mr. AKAKA, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of S. 1288, a bill to provide for the coordination and implementation of a national aquaculture policy for the private sector by the Secretary of Agriculture, to establish an aquaculture commercialization research program, and for other purposes.

S. 2060

At the request of Mr. BUMPERS, the names of the Senator from South Dakota [Mr. PRESSLER], the Senator from Georgia [Mr. NUNN], the Senator from Michigan [Mr. LEVIN], the Senator from Iowa [Mr. HARKIN], the Senator from Massachusetts [Mr. KERRY], the Senator from Connecticut [Mr. LIEBERMAN], the Senator from Minnesota [Mr. WELLSTONE], the Senator from Alabama [Mr. HEFLIN], the Senator from Illinois [Ms. MOSELEY-BRAUN], and the Senator from Rhode Island [Mr. CHAFEE] were added as cosponsors of S. 2060, a bill to amend the Small Business Act.

S. 2134

At the request of Mr. FAIRCLOTH, the name of the Senator from Florida [Mr. MACK] was added as a cosponsor of S. 2134, a bill to restore the American family, reduce illegitimacy, and reduce welfare dependence.

S. 2286

At the request of Mr. LUGAR, the names of the Senator from Wyoming [Mr. WALLOP], the Senator from Kansas [Mr. DOLE], and the Senator from Wyoming [Mr. SIMPSON] were added as cosponsors of S. 2286, a bill to amend title 23, United States Code, to provide for the use of certain highway funds for improvements to railway-highway crossings.

S. 2294

At the request of Mr. HATFIELD, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 2294, a bill to amend the Public Health Service Act to provide for the expansion and coordination of research concerning Parkinson's disease and related disorders, and to improve care and assistance for its victims and their family caregivers, and for other purposes.

S. 2305

At the request of Mr. AKAKA, the name of the Senator from Vermont [Mr. JEFFORDS] was added as a cosponsor of S. 2305, a bill to provide that members of the Board of Veterans' Appeals be referred to as veterans law judges, to provide for the pay of such members, and for other purposes.

S. 2335

At the request of Mr. BROWN, the name of the Senator from Mississippi [Mr. LOTT] was added as a cosponsor of S. 2335, a bill to amend the Balanced Budget and Emergency Deficit Control Act of 1985 to require that OMB and CBO estimates for paygo purposes to recognize the increased revenues generated by economic growth resulting from legislation implementing any trade agreement.

SENATE JOINT RESOLUTION 169

At the request of Mr. WARNER, the names of the Senator from Wyoming [Mr. SIMPSON], the Senator from Tennessee [Mr. SASSER], the Senator from Nevada [Mr. BRYAN], the Senator from New York [Mr. D'AMATO], the Senator from Montana [Mr. BURNS], the Senator from Maryland [Ms. MIKULSKI], the Senator from New Jersey [Mr. LAUTENBERG], the Senator from West Virginia [Mr. BYRD], and the Senator from Virginia [Mr. ROBB] were added as cosponsors of Senate Joint Resolution 169, a joint resolution to designate July 27 of each year as "National Korean War Veterans Armistice Day".

SENATE JOINT RESOLUTION 192

At the request of Mr. KOHL, the name of the Senator from South Dakota [Mr. DASCHLE] was added as a cosponsor of Senate Joint Resolution 192, a joint resolution to designate October 1994 as "Crime Prevention Month."

SENATE JOINT RESOLUTION 209

At the request of Mr. COCHRAN, the names of the Senator from Montana [Mr. BAUCUS], and the Senator from Minnesota [Mr. WELLSTONE] were added as cosponsors of Senate Joint Resolution 209, a joint resolution designating November 21, 1994, as "National Military Families Recognition Day."

SENATE CONCURRENT RESOLUTION 60

At the request of Mr. DOLE, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of Senate Concurrent Resolution 60, a concurrent resolution expressing the sense of the Congress that a postage stamp should be issued to honor the 100th anniversary of the Jewish War Veterans of the United States of America.

SENATE CONCURRENT RESOLUTION 64

At the request of Mrs. MURRAY, the name of the Senator from Connecticut [Mr. DODD] was added as a cosponsor of Senate Concurrent Resolution 64, a concurrent resolution expressing the sense of the Congress regarding the Guatemalan peace process and the need for greater protection of human rights in Guatemala.

AMENDMENT NO. 1887

At the request of Mr. BAUCUS the names of the Senator from Ohio [Mr. METZENBAUM] and the Senator from Wisconsin [Mr. KOHL] were added as cosponsors of Amendment No. 1887 intended to be proposed to S. 687, a bill to regulate interstate commerce by providing for a uniform product liability law, and for other purposes.

AMENDMENT NO. 2380

At the request of Mr. FEINGOLD his name was added as a cosponsor of Amendment No. 2380 proposed to H.R. 4603, a bill making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies programs for the fiscal year ending September 30, 1995, and making supplemental appropriations for these departments and agencies for the fiscal year ending September 30, 1994, and for other purposes.

AMENDMENT NO. 2479

At the request of Mr. JEFFORDS his name was added as a cosponsor of Amendment No. 2479 proposed to H.R. 4650, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

AMENDMENT NO. 2500

At the request of Mr. STEVENS the names of the Senator from Texas [Mrs. HUTCHISON] and the Senator from Arizona [Mr. DECONCINI] were added as cosponsors of Amendment No. 2500 proposed to H.R. 4650, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

AMENDMENT NO. 2515

At the request of Mr. DOLE the name of the Senator from Delaware [Mr. ROTH] was added as a cosponsor of Amendment No. 2515 proposed to H.R. 4650, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

At the request of Mr. MCCAIN the name of the Senator from Virginia [Mr. WARNER] was added as a cosponsor of Amendment No. 2515 proposed to H.R. 4650, supra.

At the request of Mr. SMITH his name was added as a cosponsor of Amendment No. 2515 proposed to H.R. 4650, supra.

At the request of Mr. DOMENICI his name was added as a cosponsor of Amendment No. 2515 proposed to H.R. 4650, supra.

AMENDMENT NO. 2518

At the request of Mr. MCCAIN the names of the Senator from New Mexico [Mr. DOMENICI] and the Senator from New Hampshire [Mr. SMITH] were added as cosponsors of Amendment No. 2518 proposed to H.R. 4650, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

AMENDMENT NO. 2520

At the request of Mr. THURMOND the names of the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Wyoming [Mr. SIMPSON] were added as cosponsors of Amendment No. 2520 proposed to H.R. 4650, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

AMENDMENT NO. 2521

At the request of Mr. STEVENS the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of Amendment No. 2521 proposed to H.R. 4650, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

AMENDMENT NO. 2524

At the request of Mr. NUNN the names of the Senator from Virginia [Mr. WARNER], the Senator from Kansas [Mrs. KASSEBAUM], and the Senator from Florida [Mr. GRAHAM] were added as cosponsors of Amendment No. 2524 proposed to H.R. 4650, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

AMENDMENT NO. 2525

At the request of Mr. HARKIN the names of the Senator from Vermont [Mr. JEFFORDS], the Senator from Arizona [Mr. DECONCINI], the Senator from South Dakota [Mr. DASCHLE], and the Senator from Wisconsin [Mr. KOHL] were added as cosponsors of Amendment No. 2525 proposed to H.R. 4650, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

AMENDMENT NO. 2530

At the request of Mr. BINGAMAN the names of the Senator from Pennsylvania [Mr. WOFFORD] and the Senator from Rhode Island [Mr. PELL] were added as cosponsors of Amendment No. 2530 proposed to H.R. 4650, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1995, and for other purposes.

AMENDMENTS SUBMITTED

TRANSFER OF THE OLD U.S. MINT ACT

MCCAIN (AND BOXER) AMENDMENT NO. 2551

Mr. GORTON (for Mr. MCCAIN for himself and Mrs. BOXER) proposed an amendment to the bill (H.R. 4812) to direct the Administrator of General Services to acquire by transfer the Old U.S. Mint in San Francisco, California, and for other purposes; as follows:

Add at the end of the bill the following new section:

SEC. 2. REPAIRS OF OLD U.S. MINT, SAN FRANCISCO.

(a) IN GENERAL.—Nothing in this Act shall be construed to force the General Services Administration to repair the Old U.S. Mint building prior to repairs to other Federal buildings in greater need of repair.

HAZARDOUS MATERIALS TRANSPORTATION AUTHORIZATION ACT OF 1993

EXON AMENDMENT NO. 2552

Mr. FORD (for Mr. EXON) proposed an amendment to the bill (S. 1640) to amend the Hazardous Materials Transportation Act to authorize appropriations to carry out that act, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

TITLE I—HAZARDOUS MATERIALS TRANSPORTATION ACT AMENDMENTS

SEC. 101. SHORT TITLE.

This title may be cited as the "Hazardous Materials Transportation Authorization Act of 1994".

SEC. 102. AMENDMENT OF TITLE 49, UNITED STATES CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 49, United States Code.

SEC. 103. AUTHORIZATION OF APPROPRIATIONS.

Section 5127(a) (relating to authorization of appropriations) is amended by striking

out "the fiscal year ending September 30, 1993," and inserting "fiscal year 1993, $18,000,000 for fiscal year 1994, $18,540,000 for fiscal year 1995, $19,100,000 for fiscal year 1996, and $19,670,000 for fiscal year 1997".

SEC. 104. EXEMPTIONS FROM REQUIREMENT TO FILE REGISTRATION STATEMENT.

Section 5108(a) (relating to persons required to file) is amended by adding at the end the following new paragraph:

"(4) The Secretary may waive the filing of a registration statement, or the payment of a fee, required under this subsection, or both, for any person not domiciled in the United States who solely offers hazardous materials for transportation to the United States from a place outside the United States if the country of which such person is a domiciliary does not require persons domiciled in the United States who solely offer hazardous materials for transportation to the foreign country from places in the United States to file registration statements, or to pay fees, for making such an offer.".

SEC. 105. PLANNING GRANTS FOR INDIAN TRIBES.

(a) AUTHORITY TO MAKE GRANTS.—Section 5116(a)(1) (relating to planning grants) is amended—

(1) by inserting "and Indian tribes" after "States" the first place it appears; and

(2) by striking "in a State and between States" and inserting "on lands under the jurisdiction of a State or Indian tribe, and between lands under the jurisdiction of a State or Indian tribe and lands of another State or Indian tribe".

(b) MAINTENANCE OF EFFORT.—Section 5116(a)92) (relating to planning grants) is amended—

(1) by inserting "or Indian tribe" after "State" the first and third places it appears;

(2) by striking "the State" the second place it appears;

(3) by inserting "the State or Indian tribe" before "certifies"; and

(4) by inserting "the State" before "agrees".

(c) COORDINATION OF PLANNING.—Section 5116(a) (relating to planning grants in general) is amended by adding at the end the following new paragraph:

"(3) A State or Indian tribe receiving a grant under this subsection shall ensure that planning under the grant is coordinated with emergency planning conducted by adjacent States and Indian tribes.".

SEC. 106. TRAINING CRITERIA FOR SAFE HANDLING AND TRANSPORTATION.

Section 5107(d) (relating to coordination of training requirements) is amended—

(1) by inserting "or duplicate" after "conflict with"; and

(2) by striking "hazardous waste operations and" and inserting "hazard communication, and hazardous waste operations, and".

SEC. 107. DISCLOSURE OF FEES LEVIED BY STATES, POLITICAL SUBDIVISIONS, AND INDIAN TRIBES.

Section 5125(g) (relating to fees) is amended—

(1) by inserting "(1)" after "(g) FEES.—"; and

(2) by adding at the end the following:

"(2) A State or political subdivision thereof or Indian tribe that levies a fee in connection with the transportation of hazardous materials shall, upon the Secretary's request, report to the Secretary on—

"(A) the basis on which the fee is levied upon persons involved in such transportation;

"(B) the purposes for which the revenues from the fee are used;

"(C) the annual total amount of the revenues collected from the fee; and

"(D) such other matters as the Secretary requests.".

SEC. 108. ANNUAL REPORT.

Section 5121(e) (relating to annual report) is amended—

(1) by striking "Annual" in the subsection heading, and

(2) by striking the first sentence and inserting the following: "The Secretary shall, once every 2 years, prepare and submit to the President for transmittal to the Congress a comprehensive report on the transportation of hazardous materials during the preceding 2 calendar years.".

SEC. 109. INTELLIGENT VEHICLE-HIGHWAY SYSTEMS.

(A) IN GENERAL.—In implementing the Intelligent Vehicle-Highway Systems Act of 1991 (23 U.S.C. 307 note), the Secretary of Transportation shall ensure that the National Intelligent Vehicle-Highway Systems Program addresses, in a comprehensive and coordinated manner, the use of intelligent vehicle-highway systems technologies to promote hazardous materials transportation safety. The Secretary of Transportation shall ensure that 2 or more operational tests funded under such Act shall promote such safety and advance technology for providing information to persons who provide emergency response to hazardous materials transportation incidents.

(b) GRANTS FOR CERTAIN EMERGENCY RESPONSE INFORMATION TECHNOLOGIES.—

(1) In carrying out one of the operational tests under subsection (a), the Secretary of Transportation may make grants to one or more persons, including a State or local government or department, agency, or instrumentality thereof, to demonstrate the feasibility of establishing and operating computerized telecommunications emergency response information technologies that are used—

(A) to identify the contents of shipments of hazardous materials transported by motor carriers;

(B) to permit retrieval of data on shipments of hazardous materials transported by motor carriers;

(C) to link systems that identify, store, and allow the retrieval of data for emergency response to incidents and accidents involving transportation of hazardous materials by motor carrier; and

(D) to provide information to facilitate responses to accidents and incidents involving hazardous materials shipments by motor carriers either directly or through linkage with other systems.

(2) Any project carried out with a grant under this subsection must involve two or more motor carriers of property. One of the motor carriers selected to participate in the project must be a carrier that transports mostly hazardous materials. The other motor carrier selected must be a regular-route common carrier that specializes in transporting less-than-truckload shipments. The motor carriers selected may be engaged in multimodal movements of hazardous materials with other motor carriers, rail carriers, or water carriers.

(3) To the maximum extent practicable, the Secretary of Transportation shall coordinate a project under this subsection with any existing Federal, State, and local government projects and private projects which are similar to the project under this subsection. The Secretary may require that a project under this subsection be carried out in conjunction with such similar Federal, State, and local government projects and private projects.

SEC. 110. RAIL TANK CAR SAFETY.

Not later than 1 year after the date of enactment of this Act, the Secretary of Transportation shall issue final regulations under the following:

(1) The rulemaking proceeding under Docket HM-175A entitled "Crashworthiness Protection Requirements for Tank Cars".

(2) The rulemaking proceeding under Docket HM-201 entitled "Detection and Repair of Cracks, Pits, Corrosion, Lining Flaws, Thermal Protection Flaws and Other Defects of Tank Car Tanks".

SEC. 111. SAFE PLACEMENT OF TRAIN CARS.

The Secretary of Transportation shall conduct a study of existing practices regarding the placement of cars on trains, with particular attention to the placement of cars that carry hazardous materials. In conducting the study, the Secretary shall consider whether such placement practices increase the risk of derailment, hazardous materials spills, or tank ruptures or have any other adverse effect on safety. The results of the study shall be submitted to Congress within 1 year after the date of enactment of this Act.

SEC. 112. GRADE CROSSING SAFETY.

The Secretary of Transportation shall, within 6 months after the date of enactment of this Act, amend regulations—

(1) under chapter 51 of title 49, United States Code, (relating to transportation of hazardous materials) to prohibit the driver of a motor vehicle transporting hazardous materials in commerce, and

(2) under chapter 315 of such title (relating to motor carrier safety) to prohibit the driver of any commercial motor vehicle,

from driving the motor vehicle onto a highway-rail grade crossing without having sufficient space to drive completely through the crossing without stopping.

SEC. 113. DRIVER'S RECORD OF DUTY STATUS.

(a) IN GENERAL.—

(1) The Secretary of Transportation shall prescribe regulations amending part 395 of title 49, Code of Federal Regulations, to improve—

(A) compliance by commercial motor vehicle drivers and motor carriers with hours of service requirements; and

(B) the effectiveness and efficiency of Federal and State enforcement officers reviewing such compliance.

(2) Such regulations shall be proposed not later than 12 months after the date of enactment of this Act and shall be issued and become effective not later than 18 months after such date of enactment. In prescribing the regulations, the Secretary of Transportation shall ensure that compliance can be achieved at a cost that is reasonable to drivers and motor carriers.

(b) CONTENTS OF REGULATIONS.—Such regulations shall include the following:

(1) A description of identification items (which include either driver name or vehicle number) that shall be part of a written or electronic document to enable such written or electronic document to be used by a motor carrier or by an enforcement officer as a supporting document to verify the accuracy of a driver's record of duty status.

(2) A provision specifying the number, type, and frequency of supporting documents that must be retained by a motor carrier so as to allow verification of the accuracy of such documents at a reasonable cost, to the driver and the motor carrier, of record acquisition and retention.

(3) A provision specifying the period during which supporting documents shall be retained by the motor carrier. The period shall be at least 6 months from the date of a document's receipt.

(4) A provision to authorize, on a case-by-case basis, motor carrier self-compliance systems that ensure driver compliance with hours of service requirements and allow Federal and State enforcement officers the opportunity to conduct independent audits of such systems to validate compliance with section 395.8(k) of title 49, Code of Federal Regulations (or successor regulations thereto). Such authorization may also be provided by the Secretary to a group of motor carriers that meet specific conditions that may be established by regulation by the Secretary and that are subject to audit by Federal and State enforcement officers.

(5) A provision to allow a waiver, on a case-by-case basis, of certain requirements of section 395.8(k) of title 49, Code of Federal Regulations (or successor regulations thereto), when sufficient supporting documentation is provided directly and at a satisfactory frequency to enforcement personnel by an intelligent vehicle-highway system, as defined by section 6059 of the Intelligent Vehicle-Highway Systems Act of 1991 (23 U.S.C. 307 note). Such waiver may also be allowed for a group of motor carriers that meet specific conditions that may be established by regulation by the Secretary.

(c) SUPPORTING DOCUMENT DEFINED.—For purposes of this section, a supporting document is any document that is generated or received by a motor carrier or commercial motor vehicle driver in the normal course of business that could be used, as produced or with additional identifying information, to verify the accuracy of a driver's record of duty status.

SEC. 114. SAFETY PERFORMANCE HISTORY OF NEW DRIVERS.

(a) AMENDMENT OF REGULATIONS.—Within 18 months after the date of enactment of this Act, the Secretary of Transportation shall amend section 391.23 of title 49, Code of Federal Regulations (or successor regulations thereto), to—

(1) specify the safety information that must be sought under that section by a motor carrier with respect to a driver;

(2) require that such information be requested from former employers and that former employers furnish the requested information within 30 days after receiving the request; and

(3) ensure that the driver to whom such information applies has a reasonable opportunity to review and comment on the information.

(b) SAFETY INFORMATION.—The safety information required to be specified under subsection (a)(1) shall include information on—

(1) any motor vehicle accidents in which the driver was involved during the preceding 3 years;

(2) any failure of the driver, during the preceding 3 years, to undertake or complete a rehabilitation program under section 31302 of title 49, United States States Code, (relating to limitation on the number of driver's licenses) after being found to have used, in violation of law or Federal regulation, alcohol or a controlled substance;

(3) any use by the driver, during the preceding 3 years, in violation of law or Federal regulation, of alcohol or a controlled substance subsequent to completing such a rehabilitation program; and

(4) any other matters determined by the Secretary of Transportation to be appropriate and useful for determining the driver's safety performance.

(c) FORMER EMPLOYER.—For purposes of this section, a former employer is any person who employed the driver in the preceding 3 years.

SEC. 115. RETENTION OF SHIPPING PAPERS.

Section 5110 (relating to shipping papers and disclosure) is amended by adding at the end the following new subsection;

"(e) RETENTION OF PAPERS.—After the hazardous material to which a shipping paper provided to a carrier under subsection (a) applies is no longer in transportation, the person who provided the shipping paper and the carrier required to maintain it under subsection (a) shall retain the paper or electronic image thereof for a period of 1 year to be accessible through their respective principal places of business. Such person and carrier shall, upon request, make the shipping paper available to a Federal, State, or local government agency at reasonable times and locations.".

SEC. 116. TOLL FREE NUMBER FOR REPORTING.

The Secretary of Transportation shall designate a toll free telephone number for transporters of hazardous materials and other individuals to report to the Secretary possible violations of chapter 51 of title 49, United States Code, or any order or regulation issued under that chapter.

SEC. 117. TECHNICAL CORRECTIONS.

(a) AMENDMENTS RELATING TO PACKAGING.—

(1) Sections 5102(3)(C)(ii) and 5102(4)(A)(iii) are each amended by striking "packages" and inserting "packagings".

(2) Sections 5103(b)(1)(A)(iii), 5121(c)(1)(A), 5125(b)(1)(E), and 5126(a) are each amended by striking "a package or" and inserting "a packaging or a".

(3) Section 5108(a)(1)(D) is amended—

(A) by striking "a bulk package" and inserting in lieu thereof "a bulk packaging"; and

(B) by striking "the package" and inserting "the bulk packaging".

(b) OTHER.—Section 5104(a)(1) is amended by striking "or package" each place it appears and inserting ", package, or packaging (or a component of a container, package, or packaging)".

SEC. 118. HOURS OF SERVICE RULEMAKING FOR FARMERS AND RETAIL FARM SUPPLIERS.

Not later than 3 months after the date of enactment of this Act the Secretary of Transportation shall initiate a rulemaking proceeding to determine whether or not the requirements of section 395.3 of title 49 Code of Federal Regulations, relating to hours of service, may be waived for farmers and retail farm suppliers when such farmers and retail farm suppliers are transporting crops or farm supplies for agricultural purposes within a 50-mile radius of their distribution point or farm.

SEC. 119. TRAINING.

(a) SUPPLEMENTAL PUBLIC SECTOR TRAINING GRANTS.—Section 5116 (relating to planning and training grants, monitoring, and review) is amended by adding at the end the following new subsections:

"(j) SUPPLEMENTAL TRAINING GRANTS.—

"(1) In order to further the purposes of subsection (b), the Secretary shall, subject to the availability of funds, make grants to national nonprofit employee organizations engaged solely in fighting fires for the purpose of training instructors to conduct hazardous materials response training programs for individuals with statutory responsibility to respond to hazardous materials accidents and incidents.

"(2) For the purposes of this subsection the Secretary, after consultation with interested organizations, shall—

"(A) identify regions or locations in which fire departments or other organizations which provide emergency response to hazardous materials transportation accidents and incidents are in need of hazardous materials training; and

"(B) prioritize such needs and develop a means for identifying additional specific training needs.

"(3) Funds granted to an organization under this subsection shall only be used—

"(A) to train instructors to conduct hazardous materials response training programs;

"(B) to purchase training equipment used exclusively to train instructors to conduct such training programs; and

"(C) to disseminate such information and materials as are necessary for the conduct of such training programs.

"(4) The Secretary may only make a grant to an organization under this subsection in a fiscal year if the organization enters into an agreement with the Secretary to train instructors to conduct hazardous materials response training programs in such fiscal year that will use—

"(A) a course or courses developed or identified under subsection)/(g); or

"(B) other courses which the Secretary determines are consistent with the objectives of this subsection;

for training individuals with statutory responsibility to respond to accidents and incidents involving hazardous materials. Such agreement also shall provide that training courses shall be open to all such individuals on a nondiscriminatory basis.

"(5) The Secretary may impose such additional terms and conditions on grants to be made under this subsection as the Secretary determines are necessary to protect the interests of the United States and to carry out the objectives of this subsection.

"(k) REPORTS.—Not later than September 30, 1997, the Secretary shall submit to Congress a report on the allocation and uses of training grants authorized under subsection (b) for fiscal year 1993 through fiscal year 1996 and grants authorized under subsection (j) and section 5107 for fiscal years 1995 and 1996. Such report shall identify the ultimate recipients of training grants and include a detailed accounting of all grant expenditures by grant recipients, the number of persons trained under the grant programs, and an evaluation of the efficacy of training programs carried out".

(b) FUNDING.—Section 5127(b) (relating to appropriations for hazmat employee training) is amended—

(1) by inserting "(1)" after "TRAINING.—", and

(2) by adding at the end the following:

"(2)(A) There shall be available to the Secretary for carrying out section 5116(j), from amounts in the account established pursuant to 5116(i), $250,000 for each of fiscal years 1995, 1996, 1997, and 1998:

"(B) In addition to amounts made available under subparagraph (A), there is authorized to be appropriated to the Secretary for carrying out section 5116(j) $1,000,000 for each of the fiscal years 1995, 1996, 1997, and 1998.".

(c) HAZMAT EMPLOYEE TRAINING PROGRAM.—

(1) The first sentence of section 5107(e) (relating to hazmat employee training requirements and grants) is amended to read as follows: "The Secretary shall, subject to the availability of funds under section 5127(c)(3),

make grants for training instructors to train hazmat employees under this section.".

(2) The second sentence of such section is amended by inserting "hazmat employee' after "nonprofit".

(3) Section 5107 (relating to hazmat employee training requirements and grants) is amended by adding at the end thereof the following new subsection:

"(g) EXISTING EFFORT.—No grant under subsection (e) shall supplant or replace existing employer-provided hazardous materials training efforts or obligations.".

(4) Section 5127(b) (relating to hazmat employee training funding is) amended to read as follows:

"(b) TRAINING OF HAZMAT EMPLOYEE INSTRUCTORS.—There is authorized to be appropriated to the Secretary $3,000,000 for each of fiscal years 1995, 1996, 1997, and 1998 to carry out section 5107(e).".

(d) CONFORMING AMENDMENTS.—

(1) Section 5108(g)(2)(A)(viii) is amended by striking "5107(e),".

(2) Section 5116(i)(1) is amended by striking "and section 5107(e)".

(3) Section 5116(i)(3) is amended by striking "and section 5107(e)".

SEC. 120. TIME FOR SECRETARIAL ACTION.

(a) EXEMPTIONS.—Section 5117 (relating to exemptions and exclusions) is amended—

(1) by redesignating subsections (c) and (d) as (d) and (e) respectively, and

(2) by inserting after subsection (b) the following:

"(c) APPLICATIONS TO BE DEALT WITH PROMPTLY.—The Secretary shall issue or renew the exemption for which an application was filed or deny such issuance or renewal within 180 days after the first day of the month following the date of the filing of such application, or the Secretary shall publish a statement in the Federal Register of the reason why the Secretary's decision on the exemption is delayed, along with an estimate of the additional time necessary before the decision is made.".

(b) DECISIONS ON PREEMPTION.—Section 5125(d) (relating to decisions on preemption) is amended by inserting immediately after the second sentence the following: "The Secretary shall issue a decision on an application for a determination within 180 days after the date of the publication of the notice of having received such application, or the Secretary shall publish a statement in the Federal Register of the reason why the Secretary's decision on the application is delayed, along with an estimate of the additional time necessary before the decision is made.".

SEC. 121. STUDY OF HAZARDOUS MATERIALS TRANSPORTATION BY MOTOR CARRIERS NEAR FEDERAL PRISONS.

(a) STUDY.—The Secretary of Transportation shall conduct a study to determine the safety considerations of transporting hazardous materials by motor carriers in close proximity to Federal prisons, particularly those housing maximum security prisoners. Such study shall include an evaluation of the ability of such facilities and the designated local planning agencies to safely evacuate such prisoners in the event of an emergency and any special training, equipment, or personnel that would be required by such facility and the designated local emergency planning agencies to carry out such evacuation. Such study shall not apply to or address issues concerning rail transportation of hazardous materials.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Transportation shall transmit to Congress a report on the results of the study conducted under this section, along with the Secretary's recommendations for any legislative or regulatory changes to enhance the safety regarding the transportation of hazardous materials by motor carriers near Federal prisons.

SEC. 122. USE OF FIBER DRUM PACKAGING.

(a) INITIATION OF RULEMAKING PROCEEDING.—Not later than the 60th day following the date of enactment of this Act, the Secretary of Transportation shall initiate a rulemaking proceeding to determine whether the requirements of section 5103(b) of title 49, United States Code, (relating to regulations for safe transportation) as they pertain to open head fiber drum packaging can be met for the domestic transportation of liquid hazardous materials (with respect to those classifications of liquid hazardous materials transported by such drums pursuant to regulations in effect on September 30, 1991) with standards other than the performance-oriented packaging standards adopted under docket number HM-181 contained in part 178 of title 49, Code of Federal Regulations.

(b) ISSUANCE OF STANDARDS.—If the Secretary of Transportation determines, as a result of the rulemaking proceeding initiated under subsection (a), that a packaging standard other than the performance-oriented packaging standards referred to in subsection (a) will provide an equal or greater level of safety for the domestic transportation of liquid hazardous materials than would be provided if such performance-oriented packaging standards were in effect, the Secretary shall issue regulations which implement such other standard and which take effect before October 1, 1996.

(c) COMPLETION OF RULEMAKING PROCEEDING.—The rulemaking proceeding initiated under subsection (a) shall be completed before October 1, 1995.

(d) LIMITATIONS.—

(1) The provisions of subsections (a), (b), and (c) shall not apply to packaging for those hazardous materials regulated by the Department of Transportation as poisonous by inhalation under chapter 51 of title 49, United States Code.

(2) Nothing in this section shall be construed to prohibit the Secretary of Transportation from issuing or enforcing regulations for the international transportation of hazardous materials.

SEC. 123. BUY AMERICA.

(a) COMPLIANCE WITH BUY AMERICAN ACT.—None of the funds made available under this title may be expended in violation of sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a–10c; popularly known as the "Buy American Act"), which are applicable to those funds.

(b) SENSE OF CONGRESS; REQUIREMENT REGARDING NOTICE.—

(1) In the case of any equipment or products that may be authorized to be purchased with financial assistance provided under this title, it is the sense of Congress that entities receiving such assistance should, in expending such assistance, purchase only American-made equipment and products.

(2) In providing financial assistance under this title, the Secretary of Transportation shall provide to each recipient of the assistance a notice describing the statement made in paragraph (1) by Congress.

(c) PROHIBITION OF CONTRACTS.—If it has been finally determined by a court or Federal agency that any person intentionally affixed a label bearing a "Made in America" inscription, or any inscription with the same meaning, to any product sold in or shipped to the United States that is not made in the United States, such person shall be ineligible to receive any contract or subcontract made with funds provided pursuant to this title, pursuant to the debarment, suspension, and ineligibility procedures described in sections 9.400 through 9.409 of title 48, Code of Federal Regulations.

(d) RECIPROCITY.—

(1) Except as provided in paragraph (2), no contract or subcontract may be made with funds authorized under this title to a company organized under the laws of a foreign country unless the Secretary of Transportation finds that such country affords comparable opportunities to companies organized under laws of the United States.

(2)(A) Secretary of Transportation may waive the provisions of paragraph (1) if the products or services required are not reasonably available from companies organized under the laws of the United States. Any such waiver shall be reported to Congress.

(B) Paragraph (1) shall not apply to the extent that to do so would violate the General Agreement on Tariffs and Trade or any other international agreement to which the United States is a party.

TITLE II—TRUCKING INDUSTRY REGULATORY REFORM

SEC. 201. SHORT TITLE.

This title may by cited as the "Trucking Industry Regulatory Reform Act of 1994".

SEC. 202. AMENDMENT OF TITLE 49, UNITED STATES CODE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 49, United States Code.

SEC. 203. PURPOSE.

The purpose of this title is to enhance competition, safety, and efficiency in the motor carrier industry and to enhance efficiency in government.

SEC. 204. TRANSPORTATION POLICY.

Section 10101(a)(2) (relating to transportation policy) is amended—

(1) by redesignating subparagraphs (A) through (I) as subparagraphs (C) through (K), respectively, and

(2) by inserting before subparagraph (C) (as so redesignated) the following: "(A) encourage fair competition, and reasonable rates for transportation by motor carriers of property; (B) promote Federal regulatory efficiency in the motor carrier transportation system and to require fair and expeditious regulatory decisions when regulation is required;".

SEC. 205. EXEMPTIONS.

(a) IN GENERAL.—Section 10505 (relating to authority to exempt rail carrier transportation) is amended—

(1) by inserting ", or a motor carrier providing transportation of property other than household goods, or in non-contiguous domestic trade," after "rail carrier providing transportation" in subsection (a),

(2) by inserting "section 10101 or" before "section 10101a" in subsection (a)(1) and subsection (d),

(3) by inserting ", or a motor carrier providing transportation of property other than household goods, or in non-contiguous domestic trade," after "rail carrier" in subsection (f), and

(4) by striking out "or" in subsection (g), and inserting after "subtitle" the following: ", (3) to relieve a motor carrier of property or other person from the application or enforcement of the provisions of sections 10706,

10761, 10762, 10927, and 11707 of this title, or (4) to exempt a motor carrier of property from the application of, and compliance with, any law, rule, regulation, standard, or order pertaining to cargo loss and damage; insurance; antitrust immunity for joint line rates and routes, classification of commodities (including uniform packaging rules), uniform bills of lading, or standardized mileage guides; or safety fitness."

(b) DEFINITION.—Section 10102 (relating to definitions) is amended by redesignating paragraphs (18) through (31) as (19) through (32), respectively, and by inserting after paragraph (17) the following:

"(18) 'non-contiguous domestic trade' means motor-water transportation subject to the jurisdiction of the Commission under chapter 105 of this title involving traffic originating in or destined to Alaska, Hawaii, or a territory or possession of the United States.".

(c) CLERICAL AMENDMENTS.—

(1) The caption of section 10505 is amended by inserting "and motor carrier" after "rail carrier".

(2) The chapter analysis for chapter 105 is amended by inserting "and motor carrier" after "rail carrier" in the item relating to section 10505.

SEC. 206. TARIFF FILING.

(a) AUTHORITY TO ESTABLISH RATES.—Section 10702(b) (relating to authority for carriers to establish rates, classifications, rules, and practices) is amended by inserting ", except a motor contract carrier of property," after "A contract carrier".

(b) PROHIBITION OF TRANSPORTATION WITHOUT TARIFF.—Section 10761(a) (relating to transportation prohibited without tariff) is amended—

(1) by inserting "(excluding a motor common carrier providing transportation of property, other than household goods, under an individually determined rate, classification, rule, or practice, as defined in section 10102(13) or in noncontiguous domestic trade)" after "chapter 105 of this title", and

(2) by striking out "That carrier" in the second sentence and inserting "A carrier subject to this subsection",

"(3) by inserting before the period at the end of the first sentence the following: ", except that a motor carrier of property the application of whose rates is determined or governed by a tariff on file with the Commission cannot collect its rates unless the carrier is a participant in those tariffs", and

"(4) by inserting before the period at the end of the second sentence the following: ", except that a motor carrier of property the application of whose rates are determined or governed by a tariff on file with the Commission shall issue a power of attorney to the tariff publishing agent of such tariff and, upon its acceptance, the agent shall issue a notice to the participating carrier certifying its continuing participation in such tariff, which certification shall be kept open for public inspection".

(c) GENERAL TARIFF REQUIREMENT.—Section 10762(a) (relating to general tariff requirement) is amended—

(1) by inserting "(excluding a motor common carrier providing transportation of property, other than household goods, under an individually determined rate, classification, rule, or practice, as defined in section 10102(13), or in noncontiguous domestic trade)" after "A motor common carrier" in the second sentence of paragraph (1),

(2) by inserting "(excluding a motor common carrier providing transportation of property, other than household goods, under an individually determined rate, classification, rule, or practice, as defined in section 10102(13), or in noncontiguous domestic trade)" after "carriers" in the third sentence of paragraph (1),

(3) by striking the last sentence of paragraph (1) and inserting the following: "A motor contract carrier of property is not required to publish or file actual or minimum rates under this subtitle. Except as provided in the Negotiated Rates Act of 1993 and the amendments made by that Act, nothing in the Trucking Industry Regulatory Reform Act of 1994 (and the amendments made by that Act) creates any obligation for a shipper based solely on a rate that was on file with the Commission or elsewhere on the date of enactment of such Act.", and

(4) by adding at the end the following:

"(3) A motor common carrier of property (other than a motor common carrier providing transportation of household goods or in noncontiguous domestic trade) shall provide to the shipper, on request of the shipper, a written or electronic copy of the rate, classification, rules, and practices, upon which any rate agreed to between the shipper and carrier may have been based. When the applicability or reasonableness of the rates and related provisions billed by a motor common carrier is challenged by the person paying the freight charges, the Commission shall determine whether such rates and provisions are reasonable or applicable based on the record before it. In those cases where a motor common carrier (other than a motor common carrier providing transportation of household goods or in noncontiguous domestic trade) seeks to collect charges in addition to those billed and collected which are contested by the payor, the carrier may request that the Commission determine whether any additional charges over those billed and collected must be paid. A carrier must issue any bill for charges in addition to those originally billed within 180 days of the original bill in order to have the right to collect such charges.

"(4) If a shipper seeks to contest the charges originally billed, the shipper may request that the Commission determine whether the charges originally billed must be paid. A shipper must contest the original bill within 180 days in order to have the right to contest such charges.

"(5) Any tariff on file with the Commission on the date of enactment of the Trucking Industry Regulatory Reform Act of 1994 not required to be filed with the Commission after the enactment of that Act is null and void beginning on that date.".

(d) PROPOSED RATE CHANGES.—

(1) COMMON CARRIERS.—Section 10762(c)(1) (relating to proposed rate changes) is amended by inserting "(excluding a motor common carrier providing transportation of property other than household goods, under an individually determined rate, classification, rule, or practice defined in section 10102(13), or in a noncontiguous domestic trade)" after "common carrier".

(2) CONTRACT CARRIERS.—Section 10762(c)(2) (relating to proposed rate changes) is amended by inserting "(except a motor contract carrier of property)" after "contract carrier".

(e) EFFECT ON NEGOTIATED RATES ACT.—Section 10762 (relating to general tariff requirements) is amended by adding at the end thereof the following new subsection:

"(j) Nothing in this section shall affect the application of the provisions of the Negotiated Rates Act of 1993 (or the amendments made by that Act) to undercharge claims for transportation provided prior to the date of enactment of the Trucking Industry Regulatory Reform Act of 1994.".

(f) DEFINITION.—Section 10102 (relating to definitions) is amended—

(1) by redesignating paragraphs (13) through (31) as (14) through (32), and

(2) by inserting after paragraph (12) the following:

"(13) 'individually determined rate, classification, rule, or practice' means a rate, classification, rule, or practice established by—

"(A) a single motor common carrier for application to transportation that it can provide over its line; or

"(B) 2 or more interlining carriers without participation in an organization established or continued under an agreement approved under section 10706(b) for application to transportation that the interlining carriers can provide jointly over their lines.".

SEC. 207. MOTOR COMMON CARRIER LICENSING.

(a) IN GENERAL.—Section 10922 (relating to certification of motor and water carriers) is amended—

(1) by redesignating subsections (b) through (l) as (c) through (m), respectively, and by inserting after subsection (a) the following new subsection:

"(b)(1) Except as provided in this section, the Commission shall issue a certificate to a person authorizing that person to provide transportation subject to the jurisdiction of the Commission under subchapter II of chapter 105 of this title as a motor common carrier of property if the Commission finds that the person is able to comply with—

"(A) this subtitle, the regulations of the Commission, and any safety requirements imposed by the Commission,

"(B) the safety fitness requirements established by the Secretary of Transportation in consultation with the Commission under section 31144 of this title, and

"(C) the minimum financial responsibility requirements established by the Commission pursuant to section 10927 of this title.

"(2) In making a finding under paragraph (1), the Commission shall consider and, to the extent applicable, make findings on, any evidence demonstrating that the applicant is unable to comply with the requirements of subparagraph (A), (B), or (C) of that paragraph.

"(3) The Commission shall find any applicant for authority to operate as a motor carrier under this section to be unfit if the applicant does not meet the safety and safety fitness requirements under paragraph (1)(A) of (1)(B) of this subsection and shall deny the application.

"(4) A person may protest an application under this subsection to provide transportation only on the ground that the applicant fails or will fail to comply with this subtitle, the regulations of the Commission, the safety requirements of the Commission, or the safety fitness or minimum financial responsibility requirements of paragraph (1) of this subsection.".

(b) PUBLIC CONVENIENCE AND NECESSITY.—Section 10922(c) (relating to public convenience and necessity) as redesignated by subsection (a), is amended—

(1) by striking "carrier of property" in paragraph (1) and inserting "carrier of household goods",

(2) by striking paragraphs (4) and (6) and redesignating paragraphs (5), (7), (8), and (9) as (4), (5), (6), and (7), respectively,

(3) by striking "carrier holding authority under paragraph (4)(D) of this subsection" in paragraph (4) (as redesignated) and inserting "motor carrier providing transportation of

shipments weighing 100 pounds or less transported in a motor vehicle in which no one package exceeds 100 pounds",

(4) by striking "of property" in paragraph (5) (as redesignated) and inserting "of household goods",

(5) by striking "of property" in paragraph (6) (as redesignated) and inserting "of household goods", and

(6) by striking "Notwithstanding the provisions of paragraph (4) of this subsection, the provisions" in paragraph (7) (as redesignated) and inserting "The provisions".

(c) CERTIFICATE SPECIFICATIONS.—Section 10922(f)(1) (relating to specifications for certificate), as redesignated by subsection (a) of this section, is amended by inserting "of household goods or passengers" after "motor common carrier".

(d) PUBLIC CONVENIENCE AND NECESSITY.—Section 10922(h)(1) (relating to public convenience and necessity), as redesignated by subsection (a) of this section, is amended by inserting "of household goods or passengers" after "motor common carrier".

SEC. 208. MOTOR CONTRACT CARRIER LICENSING.

(a) AUTHORITY TO ISSUE PERMITS.—Section 10923(a) (relating to authority to issue permits) is amended by inserting "of household goods or passengers" after "motor contract carrier".

(b) MOTOR CONTRACT CARRIER PERMITS.—Section 10923 (relating to permits of motor and water contract carriers and household goods freight forwarders) is amended by redesignating subsections (b) through (e) as (c) through (f), respectively, and by inserting after subsection (a) the following new subsection:

"(b)(1) Except as provided in this section and section 10930 of this title, the Commission shall issue a permit to a person authorizing the person to provide transportation subject to the jurisdiction of the Commission under subchapter II of chapter 105 of this title as a motor contract carrier of property other than household goods if the Commission finds that the person is able to comply with—

"(A) this subtitle, the regulations of the Commission, and any safety requirements imposed by the Commission,

"(B) the safety fitness requirements established by the Secretary of Transportation in consultation with the Commission pursuant to section 3144 of this title, and

"(C) the minimum financial responsibility requirements established by the Commission pursuant to section 10927 of this title.

"(2) In deciding whether to approve the application of a person for a permit as a motor contract carrier of property other than household goods the Commission shall consider any evidence demonstrating that the applicant is unable to comply with this subtitle, the regulations of the Commission, safety requirements of the Commission, or the safety fitness and minimum financial responsibility requirements of subsection (b)(1).

"(3) The Commission shall find any applicant for authority to operate as a motor carrier of property other than household goods under this subsection to be unfit if the applicant does not meet the safety and safety fitness requirements of paragraph (1)(A) or (1)(B) of this subsection and shall deny the application.

"(4) A person may protest an application under this subsection to provide transportation only on the ground that the applicant fails to comply with this subtitle, the regulations of the Commission, safety requirements of the Commission, or the safety fitness or minimum financial responsibility requirements of paragraph (1).".

(c) APPLICATION FILING REQUIREMENTS.—Section 10923(c) (relating to application filing requirements), as redesignated by subsection (b) of this section, is amended—

(1) by striking "motor contract carrier of property" in paragraphs (3) and (4) and inserting "motor contract carrier of household goods",

(2) by striking paragraph (5) and redesignating paragraphs (6) and (7) as (5) and (6), respectively, and

(3) by striking "motor contract carriers of property" in paragraph (5) (as redesignated) and inserting "motor contract carriers of household goods".

(d) CONDITIONS OF TRANSPORTATION OR SERVICE.—Section 10923(e) (relating to conditions of transportation or service), as redesignated by subsection (b) of this section, is amended—

(1) by inserting "of passengers or household goods" after "contract carrier" in paragraph (1), and

(2) by striking "each person or class of persons (and, in the case of a motor contract carrier of passengers, the number of persons)" in paragraph (2) and inserting "in the case of a motor contract carrier of passengers, the number of persons,".

SEC. 209. REVOCATION OF MOTOR CARRIER AUTHORITY.

Section 10925(d)(1) (relating to effective period of certificates, permits, and licenses) is amended—

(1) by striking "if a motor carrier or broker" in subparagraph (A) and inserting "if a motor carrier of passengers, motor common carrier of household goods, or broker",

(2) by striking "and" at the end of subparagraph (A),

(3) by redesignating subparagraph (B) as (D) and inserting after subparagraph (A) the following new subparagraphs:

"(B) if a motor contract carrier of property, for failure to comply with safety requirements of the Commission or the safety fitness requirements pursuant to section 10701, 10924(e), 10927(b) or (d), or 31144, of this title;

"(C) if a motor common carrier of property other than household goods, for failure to comply with safety requirements of the Commission or the safety fitness requirements pursuant to section 10701, 10702, 10924(e), 10927(b) or (d), or 31144 of this title; and".

SEC. 210. STUDY OF INTERSTATE COMMERCE COMMISSION FUNCTIONS.

(a) INTERSTATE COMMERCE COMMISSION REPORT.—The Interstate Commerce Commission shall prepare and submit to the Secretary of Transportation and to each Committee of the Congress having jurisdiction over legislation affecting the Commission a report identifying and analyzing all regulatory responsibilities of the Commission. The Commission shall make recommendations concerning specific statutory and regulatory functions of the Commission that could be eliminated or restructured. The Commission shall submit the report within 60 days after the date of enactment of this Act.

(b) SECRETARY OF TRANSPORTATION STUDY.—The Secretary of Transportation shall study the feasibility and efficiency of merging the Interstate Commerce Commission into the Department of Transportation as an independent agency, combining it with other federal agencies, retaining the Interstate Commerce Commission in its present form, eliminating the agency and transferring all or some of its functions to the Department of Transportation or other federal agencies, and other organizational changes that lead to government, transportation, or public interest efficiencies. The study shall consider the cost savings that might be achieved, the efficient allocation of resources, the elimination of unnecessary functions, and responsibility for regulatory functions. The Secretary shall solicit comments from the public with respect to both the Department's and the Commission's findings. The Secretary shall submit the results of such study together with any recommendations to the Congress within 4 months after the date of the submission of the Interstate Commerce Commission report required in subsection (a).

SEC. 211. LIMITATION ON STATE REGULATION OF INTRASTATE TRANSPORTATION OF PASSENGERS BY BUS.

(a) IN GENERAL.—Chapter 109 (relating to licensing) is amended by adding at the end thereof the following new section:

"§ 10936. Limitation on State regulation of intrastate passengers by bus

"A State or political subdivision of a State may not enforce any law or regulation relating to intrastate fares for the transportation of passengers by bus by an interstate motor carrier of passengers over a route authorized by the Commission.".

(b) CONFORMING AMENDMENTS.—

(1) Section 10521(b)(1) is amended by inserting "10936," after "10935,"

(2) Section 11501 is amended by striking subsection (e) and redesignating subsections (f) and (g) as (e) and (f), respectively.

(3) The table of sections for subchapter IV of chapter 109 is amended by adding at the end the following new item:

"10936. Limitation on State regulation of intrastate passengers by bus.".

SEC. 212. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect upon the enactment of this Act, except for sections 207 and 208, which shall take effect on January 1, 1995.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. FORD. Mr. President, I ask unanimous consent that the committee on Armed Services be authorized to meet at 2:00 p.m. on Thursday, August 11, 1994, in open session, to receive testimony on the Military Implications of the Chemical Weapons Convention [CWC].

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

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be authorized to meet on Thursday, August 11, 1994, at 10:00 a.m. for an executive session to consider pending matters before the committee.

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

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on

Commerce, Science, and Transportation be authorized to meet on Thursday, August 11, 1994, at 2:00 p.m. for an oversight hearing on the activities of the U.S. Olympic Committee.

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

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. FORD. Mr. President, I ask unanimous consent that the Full Committee on Environment and Public Works be authorized to meet during the session of the Senate on Thursday, August 11, beginning at 2:00 p.m., to conduct a hearing on the reauthorization of programs under the jurisdiction of the Economic Development Administration.

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

COMMITTEE ON FOREIGN RELATIONS

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on Foreign Relations, be authorized to meet during the session of the Senate on Thursday, August 11, at 10:00 a.m. to hold a hearing on the current status of the Law of the Sea Convention.

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

COMMITTEE ON THE JUDICIARY

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to hold a business meeting during the session of the Senate on Thursday, August 11, 1994.

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

COMMITTEE ON THE JUDICIARY

Mr. FORD. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, August 11, 1994, at 2:00 p.m., in room 226, Senate Dirksen Office Building, on the nominations of Michael Hawkins to be U.S. circuit judge for the Ninth Circuit, Napoleon Jones to the U.S. district judge for the southern district of California, John O'Meara to be U.S. district judge for the eastern district of Michigan, Barrington Parker, Jr. to be U.S. district judge for the southern district of New York and Robert Timlin to be U.S. district judge for the central district of California.

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

SUBCOMMITTEE ON TECHNOLOGY AND THE LAW

Mr. FORD. Mr. President, I ask unanimous consent that the Senate Subcommittee on Technology and Law of the Committee on the Judiciary and the House Subcommittee on Civil and Constitutional Rights of the Committee on the Judiciary, be authorized to meet during the session of the Senate on Thursday, August 11, 1994 at 1:00 p.m. to hold a hearing on Digital Telephony and Law Enforcement Access to Advanced Telecommunications Technologies and Services.

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

ADDITIONAL STATEMENTS

PKK ATTACKS ON CIVILIANS MUST STOP

• Mr. DECONCINI. Mr. President, I wish to express my anger and frustration over recent killings of innocent civilians by members of the Kurdish Workers Party [PKK]. Yesterday, 12 innocent civilians, including women and children, were machine gunned by PKK guerrillas while riding a bus. This, and similar attacks, only propel forward the senseless cycle of violence responsible now for over 12,500 lives and widespread destruction and dislocation throughout southeast Turkey. I fail to see how the killing of innocent men, women and children serves the interests of anyone who professes to want human rights and democracy.

Mr. President, violence certainly begets violence and murder can never become an acceptable means of achieving political objectives. Mao Tse Tung believed that political power emanated from the barrel of a gun, but Mr. President, in the 21st century, political power will be built on words and the free flow of information. The force of ideas is ultimately more powerful than the force of arms. So, just as I have called upon the Government of Turkey to peacefully and democratically redress the grievances of its Kurdish citizens, so too must the PKK abandon its armed struggle. I cannot understand how PKK leaders expect their calls for political solutions to the Kurdish problem to be taken seriously as long as the PKK slaughters civilians. To the contrary, their terrorist tactics only besmirch the legitimate efforts of Kurdish leaders who are genuinely seeking a peaceful political solution.

Mr. President, the human rights situation in Turkey is not getting any better. A virtual state of civil war exists in southeast Turkey. Kurdish villages burn and tens of thousands are made refugees. Human rights and pro-Kurdish activists are regularly murdered or disappear. A relentless campaign against free speech is silencing parliamentarians, journalists and other and stifling informed public debate. Mr. President, amidst the haze of war and propaganda emanating from all sides, the truth is becoming increasingly difficult to discern.

Mr. President, for the sake of human rights and the future of democracy in Turkey, I urge Turkish and Kurdish combatants to consider an immediate ceasefire. Their military debate must end and a political debate be allowed to begin. Only after the violence and terror has ceased can the process of bringing peace and prosperity to all of Turkey's citizens commence.•

RECESS UNTIL TOMORROW AT 9:30 A.M.

The PRESIDING OFFICER. Under the previous order, the Senate stands in recess until 9:30 a.m.

Thereupon, the Senate, at 9:48 p.m., recessed until Friday, August 12, 1994, at 9:30 a.m.

CONFIRMATION

Executive nomination confirmed by the Senate August 11, 1994:

FEDERAL RESERVE SYSTEM

JANET L. YELLEN, OF CALIFORNIA, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM FOR A TERM OF 14 YEARS FROM FEBRUARY 1, 1994.

THE ABOVE NOMINATION WAS APPROVED SUBJECT TO THE NOMINEE'S COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.