Arizona [Mr. MCCAIN], and the Senator from Kentucky [Mr. MCCONNELL] are necessarily absent.

Mr. FORD. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from Connecticut [Mr. DODD], the Senator from Massachusetts [Mr. KERRY], the Senator from Maryland [Ms. MIKULSKI], and the Senator from West Virginia [Mr. ROCKEFELLER] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 66, nays 23, as follows:

[Rollcall Vote No. 607 Leg.]

YEAS—66

Abraham	Feinstein	Lugar
Akaka	Gorton	Mack
Ashcroft	Graham	Murkowski
Bennett	Grams	Murray
Bingaman	Grassley	Nickles
Bond	Gregg	Nunn
Breaux	Harkin	Pressler
Burns	Hatch	Reid
Byrd	Heflin	Robb
Campbell	Helms	Roth
Chafee	Hollings	Santorum
Coats	Hutchison	Shelby
Cochran	Inhofe	Simpson
Cohen	Inouye	Smith
Coverdell	Jeffords	Snowe
Craig	Johnston	Specter
D'Amato	Kassebaum	Stevens
Daschle	Kempthorne	Thomas
DeWine	Kerrey	Thompson
Dole	Kyl	Thurmond
Domenici	Lieberman	Warner
Exon	Lott	Wellstone

NAYS—23

Baucus	Feingold	Levin
Boxer	Ford	Moseley-Braun
Bradley	Glenn	Moynihan
Brown	Hatfield	Pell
Bryan	Kennedy	Pryor
Bumpers	Kohl	Sarbanes
Conrad	Lautenberg	Simon
Dorgan	Leahy	

NOT VOTING—10

Biden	Gramm	Mikulski
Dodd	Kerry	Rockefeller
Faircloth	McCain	
Frist	McConnell	

So, the motion was agreed to.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1996—CONFERENCE REPORT

Mr. THURMOND. Mr. President, I submit a report of the committee of conference on H.R. 1530 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. CRAIG). The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1530) to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, to prescribe military personnel strengths for fiscal year 1996, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

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

(The conference report is printed in the House proceedings of the RECORD of December 13, 1995.)

Mr. THURMOND. Mr. President, I am pleased to present the conference agreement on the National Defense Authorization Act for fiscal year 1996 for approval by the Senate.

This conference agreement contains a broad range of authorities that are essential for the men and women who now serve in our Armed Forces, and for the effective operation of the Department of Defense. It is my hope that the Senate will pass this conference report, and the President will have the wisdom to sign it into law, because the important authorities it contains will significantly benefit our Armed Forces and the failure to enact these authorities will significantly disadvantage our troops. I am pleased that the House passed it today, 267 to 149.

I want to make sure my colleagues and the administration clearly understand that this is a period of high risk and exceptional danger for our military men and women. This is not the time to make defense a political issue. I want to caution my colleagues and the administration in the strongest terms not to politicize this bill at a time when the effects of such an action will be amplified to a high degree for every individual soldier, marine, sailor, and airman who is now deploying as part of the implementation force in Bosnia.

The authorization bill contains abundant important elements of authority for programs, systems, acquisitions, administration, and operations, and its passage will ensure that the Department will have the best possible chance to conduct its work as efficiently as possible. Likewise, failure to pass the authorization bill will encumber and disadvantage the Department unnecessarily.

The President has committed more than 30,000 uniformed men and women to a hazardous and lengthy operation in the former Yugoslavia. I believe no one doubts that he is sending our troops in harm's way. Some of these people may lose their lives in hostile actions and accidents. The President and the Congress must make every effort to ensure that nothing—absolutely nothing—is done to jeopardize or impede them in any way.

The Senate just passed a resolution to support these men and women unequivocally. The Senate has committed itself to providing our troops with all the necessary resources and support to carry out their mission and ensure their security. Although the dollar resources for defense are addressed in part in the appropriations bill, which has been enacted, the detailed guidance and authority to conduct the business of the Department of Defense, and to implement badly needed improvements, and to award new contracts and take care of families, are all contained in the authorization bill.

I would agree with the recent observation of my colleague from Vermont, Senator LEAHY, who commented during the debate on veterans appropriations that he found ''a number of ironies, as I speak, American troops are being deployed in Bosnia. Every Senator who came to this floor, debating the deployment of our troops pledged support for them.'' Mr. President, I find it ironic that any Senator would consider blocking or voting against the defense authorization at this time or attempt to use this bill for political purposes. Politics must stop at the water's edge when our forces are deployed to a hostile fire area.

Mr. President, it had been my impression that the Committee on Armed Services spent the last 3 months working in what had been its traditional bipartisan manner to reach a mutually acceptable conference agreement. I am now disappointed to learn at this late date that the minority have felt excluded from the conference negotiations. I want to assure my colleagues that was not my intent. I am disappointed that the bipartisan atmosphere of the committee may be about to be compromised and jeopardize the defense authorization bill.

Mr. President, I would now like to turn to the substance of this bill. This agreement is in line with the priorities we established last January. I would summarize these priorities by saying there is a serious need to revitalize our Armed Forces in order to ensure our Nation remains clearly able to deter and, if necessary, to counter any future threat to stability and security. This legislation provides the direction and authority for that revitalization.

The conference agreement authorizes a 2.4 percent pay raise for the uniformed services, including the 20,000 men and women who will be deployed in Bosnia and the thousands who will support them. If this agreement does not become law—and I want to repeat this, if this agreement does not become law—they will not receive this increase, and military pay will lag even more than it does already. I find it unfortunate that the administration would choose to block this pay raise for the men and women it is now sending to Bosnia.

This agreement authorizes badly needed quality of life projects that are essential to family life and the retention of high quality people. It authorizes important improvements to military family housing, barracks, dining facilities, and work areas. Some critics of this bill would have us believe these authorities are unnecessary or extravagant. Mr. President, as we stand here today in the comfort of this Chamber, there are military men and women who are standing in the mud, exposed to rain and snow while they maintain their vehicles, because they do not have concrete hardstand in their motor pools. There are military men and women who are living in barracks that are substandard. Improvements will not be available unless this agreement

is enacted. I want to repeat that: Improvements will not be available unless this agreement is enacted.

This bill also contains the authority to reform the acquisition and procurement processes in accordance with the general effort to streamline government. These reforms will enable the services to obtain new equipment, supplies, and commercial products quickly and efficiently, instead of having to wait for the bureaucracy. It also reforms the process for managing the procurement of the information technology which provides our front-line troops with the latest and best information about their situation.

I would like to point out that all the acquisition reform provisions contained in sections D and E of the bill will be lost if the conference agreement is not enacted. Federal agencies will not be able to acquire technology from the commercial sector rapidly. The administration will take the blame for failing to enable reform, despite their extensive rhetoric about how such reforms are needed.

I am pleased that the conferees agreed that the military services have been underfunded and, in many cases, overextended, and that these problems had to be corrected. It is difficult to make the case, as some have tried, that the budget proposed by the administration is adequate in light of testimony by the Comptroller of the Department of Defense that defense is underfunded by approximately $50 billion. The General Accounting Office has concluded that the shortfall is actually closer to $150 billion. This legislation takes a step toward correcting this shortfall by authorizing $7 billion above the budget request. This is only a small amount of the deficiency.

The additional budget authority is also necessary because the demands placed upon our military in the past 2 years have been greater than their budgeted requirements. These demands came at a time when the force was being reduced in the most dramatic drawdown since the end of the Second World War, and often exceeded the operating tempo of the cold war years. As a result, current readiness declined late last year and funds were moved or budgeted by the administration from future readiness accounts to current readiness accounts in order to prevent further movement toward a new hollow force.

The Committee on Armed Services took note of the decline and added funds in this agreement to some current readiness accounts. However, I would like to stress again to my colleagues that the greater problem in readiness is not in the current readiness accounts but in modernization and procurement. These accounts remain significantly underfunded, and I am concerned that our Armed Forces may not have the modern, up-to-date equipment they will need to overmatch any potential adversary.

Procurement funding has declined by 44 percent since 1992 and procurement is at the lowest level as a percentage of the budget since the years prior to the Second World War. This means that many basic essentials are not being bought in sufficient quantities to meet requirements and we are not investing today to achieve savings in the future. This also means the services must spend more of their budgets to keep older systems in operating order. The Chairman of the Joint Chiefs of Staff has stated there is a serious deficiency in procurement, and this agreement takes a step toward resolving that deficiency.

Our Armed Forces were able to prevail in the Gulf war because they had superior equipment that had been developed, built, and fielded long before the threat of an Iraqi invasion emerged. Our military men and women were superbly trained because we recognized the inherent value of keeping our military trained and ready, not because we planned to fight a war with Iraq. This experience serves to reinforce the lesson that you cannot sacrifice future readiness in order to save current readiness. Both must be funded adequately, or both will be lost.

That is the situation we confronted as we approached our work this year, and we took our time in order to get it right. By proceeding carefully and deliberately, the conferees ultimately achieved a responsible, thoughtful, and effective authorization bill. Although this legislation will serve as a roadmap to guide our national security into the 21st century, it is not all that I had hoped for, and our task is not yet finished. However, this legislation addresses future readiness requirements by adding substantial funds to procurement so that our forces will have superior, modern systems ready for any future conflict.

The budget request raised grave concerns about the Navy's future force structure, but the conferees addressed the most serious shortages in the area of seapower. The funds requested for shipbuilding were at the lowest level since before 1950 and the number of ships, three, was the lowest number since the Great Depression. Next year's shipbuilding budget is even lower, and the Navy's 6-year shipbuilding plan will not sustain a fleet of 200 ships, let alone the 335 needed to meet the administration's own bottom-up review force structure goals. Shipbuilding budgets in the period beyond the 6-year plan will have to reach historical highs of $13 to $15 billion just to catch up.

By utilizing the additional resources made available for defense by this year's budget resolution, the conferees were able to add $1.5 billion in order to double the number of ships that will be bought this year. There is now authority to procure six *Arleigh Burke* class destroyers, two amphibious ships, and a *Seawolf* submarine. Ships that were added are in the Navy's shipbuilding plan; those ships had been squeezed into the outyears by the severe constraints of near-term budgets.

Buying these ships now will: save money through more efficient production quantities; resolve severe deficiencies in amphibious lift; sustain the industrial base; provide combatants needed for fleet and ballistic missile defense and long range land attack; and relieve extraordinary pressures on future shipbuilding budgets. This is a responsible use of taxpayer dollars.

The committee also sought to sustain Marine Corps modernization. There is authority to procure essential components such as: LHD–7 and LPD–17; the Advanced Amphibious Assault Vehicle; additional AV–8B aircraft; and the V–22 aircraft. Mine clearance and surface fire support are also strongly supported in this conference report, as is a wide spectrum of basic Marine Corps needs.

Since the end of the cold war, the committee has emphasized programs that would counter the threat posed by the proliferation of weapons of mass destruction. The conference report would authorize funds for the counterproliferation support program. The nerve gas attacks in Japan and the bombing in Oklahoma this year highlight the need to protect not only our military personnel, but also our citizens within the United States, against the use of weapons of mass destruction by terrorist organizations or transnational groups.

Now more than ever, our U.S. military relies on space to sustain a broad mix of space- and ground-based capabilities to meet multiservice and joint warfighting requirements. These funds would accelerate the development and deployment of essential military technologies and capabilities to combat nuclear, chemical, biological and radiological weapons.

The conference report would require the Department of Defense, the Department of Energy and other appropriate Government agencies to report to Congress on their military and civil defense preparedness to respond to these emergencies. The conference report would also authorize the Department of Defense to provide assistance in the form of training facilities, sensors, protective clothing, antidotes, and other materials and expertise to Federal, State, or local law enforcement agencies.

In the area of arms control, the conference report authorizes funds that would enable the United States to meet its treaty obligations to destroy or dismantle chemical and strategic nuclear weapons and material, as well as provide $300 million for the Cooperative Threat Reduction Program, to aid the destruction of nuclear and chemical weapons in the former Soviet Union.

On the question of theater missile defense demarcation, the conference outcome is virtually identical to the Senate-passed provision. This should alleviate concerns about constraining the President's prerogatives in negotiations while fulfilling the constitutional responsibility of Congress to review the

results of those negotiations. I believe we have addressed all the concerns of the administration and the minority conferees.

On national missile defense, the conference agreement strikes a balance between opposing views. The administration and others have argued that requiring deployment of a multiple-site national missile defense system by a date certain would constitute an anticipatory breach of the ABM Treaty. Although I do not agree with this argument, the conferees attempted to satisfy this concern. The conference agreement requires the Secretary of Defense to develop an NMD system that will achieve an initial operational capability by the end of 2003. However, we do not require that this be a multiple-site system, although it is clear that our ultimate goal is a multiple-site system.

I am very disturbed to hear some talk about vetoing this agreement over the ballistic missile defense provisions, because I believe the conference outcome is balanced and fair. If this veto comes to pass, it will become clear that the administration's arguments over the ABM Treaty were merely attempts to block the deployment of any type of national missile defense system, to include one that complies with the ABM Treaty. At a time when we are about to deploy 20,000 Americans to Bosnia, I find it hard to believe that the President would veto this important bill simply because he does not want the American people to have a modest defense against ballistic missiles.

In matters relating to readiness, the conferees agreed to an approach to reform the process of allocating and performing depot-level maintenance and repair. If this bill is not enacted, the administration will be throwing away its best chance to reform the process by which depot maintenance work is allocated and performed. The conferees also authorized funds above the budget request for base operations, real property maintenance, and recruiting.

The section on Department of Energy national security programs contains numerous important provisions to strengthen the U.S. nuclear weapons program. These include $118 million above the request for stockpile management. It also directs DOE to modernize its remaining manufacturing plants in Missouri, Tennessee, Texas, and South Carolina. Modernization is necessary to meet the near-term infrastructure requirements of the nuclear posture review and signals that the United States will maintain the capability to repair and refabricate our nuclear weapons stockpile.

The bill provides $50 million for the first year of an initiative to provide a new source of tritium gas. Because tritium decays, and since we ceased production in 1988, we must complete a new production facility early in the next decade.

The bill authorizes several stockpile stewardship initiatives at the three nuclear weapons laboratories in California and New Mexico, enabling us to determine whether DOE can maintain long-term confidence in our nuclear weapons without conducting underground nuclear testing.

The bill also focuses resources on cleaning up the highest priority nuclear waste problems at the former nuclear materials production sites, and accelerating certain clean up schedules. It also funds the isolation and reduction of spent nuclear fuel rods, some of which are beginning to corrode.

This legislation sends the message to DOE that the maintenance of a safe and reliable nuclear weapons stockpile, sized to defense requirements, continues to be the DOE's core mission and the primary reason for its existence. It also tells DOE to get on with real clean up at the highest priority nuclear waste problem sites.

To continue on the topic of environmental stewardship, the agreement establishes uniform national discharge standards for vessels of the Armed Forces. This important environmental initiative will be lost if the bill is not enacted.

Quality of life for military personnel and their families was an important priority for the committee. In the areas of personnel, compensation, and health care, the conferees authorized a 2.4-percent pay raise for members of the uniformed services effective January 1, 1996. We also authorized a 5.2-percent increase in the basic allowance for quarters to close the gap between the current allowance and actual housing expenses.

The conferees changed the 1996 military retired pay cost-of-living adjustment to be effective March 1, 1996 and paid on April 1, 1996. In 1997, the COLA will be effective December 1, 1996 and paid on January 1, 1997. In 1998, military COLA will conform to the civilian COLA date. I am delighted that we were able to restore the alignment of the military retiree and Federal civilian retiree COLA dates. This has been a priority of the committee since 1993.I want to acknowledge the contributions of my friend Senator DOMENICI, chairman of the Budget Committee, for his help in making the COLA adjustment possible.

However, neither the full pay raise nor the retiree COLA equity provision will take effect unless this agreement is enacted.

We directed the Secretary of Defense to establish a dental insurance plan for members of the selected reserve, similar to the active duty dependent dental plan, with voluntary enrollment and premium sharing. We also authorized an income protection insurance plan for members of the ready reserve.

With the cooperation of the Veterans' Affairs Committee, we were able to adjust the automatic level at which service members enroll in the Servicemen's Group Life Insurance Program to $200,000, effective April 1, 1996. The last time we adjusted SGLI was during the Persian Gulf war. Ironically, we need to make another adjustment to SGLI as we again deploy U.S. forces in harm's way. I sincerely hope that no family finds itself in a position to receive this increased benefit, but I am pleased that we were able to authorize the increase. However, it will not take effect unless this bill is enacted.

The conferees also recommend $480 million above the budget request for military construction, particularly for military housing, mission-related facilities, and revitalizing infrastructure. The conference agreement establishes new authorities for the construction and improvement of military housing that will permit shared public-private funding in order to maximize opportunities at the lowest cost possible.

This agreement also takes a major step toward a more streamlined government acquisition process. Provisions of the bill will enable greater access to commercial technologies for Federal agencies. These include relieving burdens on contractors who supply commercial items as well as giving agencies the ability to acquire new commercial products from the marketplace. This will result in savings to the taxpayer and create new opportunities for businesses. We have taken this major step in acquisition reform while maintaining the requirement that contracts be awarded using full and open competition.

Mr. President, I would like to express my appreciation to my colleagues on the Committee on Armed Services for their cooperation and wisdom in developing and approving this agreement. I extend my appreciation to the distinguished ranking minority member of the committee, Senator NUNN, for his bipartisan work during the conference. I want to thank my staff director, Gen. Dick Reynard, and the majority staff for their fine work. I would also thank General Arnold Punaro and the minority staff for their contributions. I ask unanimous consent that a list of the staff be printed in the RECORD.

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

MAJORITY STAFF

Charlie Abell, Tricia Banks, Les Brownlee, Dick Caswell, Monica Chavez, Chris Cimko, Greg D'Alessio, Don Deline, Marie Dickinson, Shawn Edwards, Jon Etherton, Pamela Farrell, Melinda Koutsoumpas, Larry Lanzillotta, George Lauffer, Shelley Lauffer, Steve Madey, John Miller, Ann Mittermeyer, Bert Mizusawa, Joe Pallone, Cindy Pearson, Connie Rader, Sharen Reaves, Dick Reynard, George Robertson (GPO staff), Steve Saulnier, Cord Sterling, Eric Thoemmes, Trey Turner, Roslyne Turner, Deasy Wagner, and Jennifer Wallace.

MINORITY STAFF

Dick Combs, Chris Cowart, Rick DeBobes, John Douglass, Andy Effron, Jan Gordon, Creighton Greene, P.T. Henry, Bill Hoehn, Jennifer Lambert, Mike McCord, Frank Norton, Arnold Punaro, Julie Rief, and Jay Thompson.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. Mr. President, Senator THURMOND has shown great patience and endurance through a long and difficult negotiation with the House. I have great respect for Senator THURMOND and for his leadership. I commend him for his diligent efforts. Without his strong efforts we would have never been able to get this report out of conference.

It has been a very difficult year. I signed the conference report out of my great respect for Senator THURMOND, and I have also voted in favor of the motion to proceed. This will give the Senate the opportunity to consider this conference report. As I said this morning on the floor of the Senate, contrary to one newspaper article, I am not lobbying Senators to vote against this bill. To the contrary, I am making sure that everyone understands my position. I do have serious reservations. I will vote against the bill. But everyone will have the conference report before them and they can make up their own minds.

I think this bill deserves to be voted on. I have urged everyone on our side not to cause any kind of undue delay. There are a number of Members who want to speak and there are a number of Members who will speak, I am sure. But it is certainly my hope that we will be able to come to a conclusion on this bill. I will do everything I can to cooperate in bringing this bill to a vote and in making sure the conference report is sent to the President for whatever he may decide to do.

As I said on the floor of the Senate this morning, and as I said when I signed the conference report earlier this week, I have serious reservations about the conference report and I will vote against the it when we vote. I also made it clear this morning that, in my judgment, the report speaks for itself. Each Senator can readily make his or her own judgment as to whether the conference report merits their support.

On Monday I will give a detailed speech outlining my concerns—assuming we are on the conference report on Monday, or whenever we are on it. For now, I will just highlight my major objections.

The ballistic missile defense legislation contains national defense language which goes well beyond the mandates both of the House-passed and of the Senate-passed bill. As Senators will recall on this subject, during the debate on the Senate bill, Senator THURMOND asked that Senator LEVIN and I join Senator WARNER and Senator COHEN to work on the missile defense language because there were obviously a great number of Senators who were very concerned about that language. A number of us had voted against that language in the committee. I was concerned about it. It was apparent that the bill on the Senate floor was going to have a hard time being brought to a conclusion without some consensus on ballistic missile defense.

We spent about 4 or 5 days working very carefully with every word of that language. We made very substantial changes from what had come out of the Senate committee. We worked closely with the White House to make sure that whatever product we presented as a compromise would be something that the President would be able to sign. We achieved that through a great deal of effort. In the conference to work this out, I again worked with Senator THURMOND and others, including Congressman CURT WELDON on the House side, and Members on our side, to try to achieve a compromise between the Senate and the House versions in a way that would not lose the approval of the administration. The administration had been reluctant to move as far as we did on the Senate bill but did agree with it before we passed that bill.

Mr. President, the bottom line of all this is that the missile defense language in this act goes well beyond the mandates both of the House-passed bill and the Senate-passed bill. I will go into more detail on Monday on this, or whenever I speak again. But this is not an issue to be taken lightly. This is not an issue that is a question of one word or two words or one sentence. This is enormously important.

We have achieved, under Republican Presidents primarily, an arms control agreement called START II. That arms control agreement, I believe, has come out of the Foreign Relations Committee now. Although I am not certain, I believe the vote was unanimous.

There is no doubt in my mind that all the defense experts that I know have concluded that this agreement is in the best national security interests of the United States and Russia. This START II Treaty has not been approved by the Duma in Russia and it is much more controversial there than it is here. The one thing we know is that if we convey the impression in this bill or in this conference report that the United States Senate is going to breach in any way or disregard or have an anticipatory breach of the ABM Treaty, that action will make it extremely unlikely that the Russian Duma will ratify the START II Treaty.

In the name of protecting our own country against missiles that may be aimed against this country in the future, it would be the supreme folly if we passed a piece of legislation that is going to unwind the efforts made by several Presidents to get to the point where we have dramatically reduced the number of Russian missiles that are aimed at the United States. Those reductions are going to occur in START II, if that treaty is ratified. If we do something in this legislation, whether we intend it or not, that inadvertently causes that treaty not to be ratified in the Russian Duma, then we would have taken probably the most gigantic step backward in arms control that we have taken in many years.

I emphasize, this START II Treaty basically requires dismantling literally thousands of missiles that for years have been aimed at the United States, including missiles that we called MIRV'd, multiple warhead missiles. We have feared for years that these missiles could cause tremendous problems in terms of the nuclear balance and could lead to an incentive for one side to strike first.

This is not trifling. This is not picking at words. Every word in this Missile Defense Act is of great importance and the White House, the Department of Defense, and the National Security Council and the State Department have every reason to examine every word. And, regarding things to which we do not completely attach the same significance, we must remember that they are the ones negotiating with the Russians. They are the ones in touch with the Russians on a day-by-day basis, and it is the executive branch that really has to work on this matter. So we have to have, I think, some deference to their judgment.

This conference struggled and tried. We tried to get it worked out. I think it was a good-faith effort by Senator LOTT, the Senator from Mississippi, Congressman WELDON, myself and others. But we did not achieve that goal, primarily because the House insisted we continue to work from the House language. Every time we worked out one problem with two or three words here, two or three words there, instead of working off the Senate language so we would have known what the underlying fundamental provisions were, it came back in some sort of a new conglomeration of House language. All of this is in multiple pages, anywhere from 10 to 20 pages. Therefore, we had to go over every word again.

This went on and on and on. Finally, I had suggested many times that we should work off the Senate language, which would have narrowed the scope of what we had to examine. But, finally the time came when I know Senator THURMOND had to make a decision, as did his counterpart, Congressman SPENCE, to complete this conference report. I understand their position. But this is enormously important. The Department of Defense and the White House disagree with this language. There are legitimate and sincere fears that this kind of language could end up being extremely counterproductive to our Nation's security. I share those apprehensions and I will urge all Senators to take a close look at this language.

My second problem with this bill is that it includes a specific legislative provision that would abolish the statutory requirement which came from the Congress of the United States—Senator COHEN and I led the way on this—for the Assistant Secretary of Defense for Special Operations in Low Intensity Conflict.

I believe that abolishing that statutory authority could undermine civilian oversight of special operations. Special operations forces are absolutely necessary. These are the specialists. These are the people—the SEALS

and the special forces—who go into very dangerous situations in almost every area. They are the best trained military individuals we have. They take the most risk. They are in many types of activities, including activities of a highly classified nature.

The Special Operation Force was begun by a legislative act which Senator COHEN and I co-authored. We decided at that time—and I think that the wisdom of that decision has been demonstrated very clearly—that, if we are going to have those kinds of special forces, we need civilian control not just in the general sense but in the sense of having an Assistant Secretary of Defense who is responsible for the Special Operation Forces. The issue is civilian control. We do not want to lose the civilian control of those forces.

But this legislation, in my view, mistakenly abolishes the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict. That does not mean, in theory, that there will not continue to be civilian control with the Secretary of Defense in charge. It means that the focus of civilian control over special operations on a daily and weekly basis is likely to be eliminated with the abolishment of the statutory requirement for that position. I think this is a mistake. It is a fundamental mistake.

There is legislation in the conference report in which I know many people will be interested on the floor of the Senate because, again, it addresses another position that was created by the Congress. I know the Senator from Arkansas and the Senator from Iowa were very involved in an effort that language in this conference report that would abolish: the statutory requirement for an independent Director of Operational Test and Evaluation. Many fear—and I share this fear—that abolishing the statutory requirement for this position could undermine objective, unbiased testing of major weapons systems. In other words, it would abolish the statutory requirement to get testing and evaluation away from the program managers who have been somewhat generous in seeing that it worked which many times resulted in a lack of objectivity either in reality or in perception.

Another problem I have with this conference report is that the Naval Petroleum Reserve sale provision establishes a 1-year timeframe for the sale even though the budget reconciliation bill no longer mandates sale within 1 year. Originally, this was mandated in the reconciliation bill in order to raise revenue. The Naval Petroleum Reserve is a complex operation, and compressing the timeframe for sale to within 1 year, I believe, is insufficient time. I fear that the taxpayers will not get the maximum value through knowledgeable competitive bidding. It could give one or two companies a real inside position on an enormous amount of value in terms of competitive bidding. So, that is also a provision about which I am concerned, Mr. President.

I also have problems with the directive for procurement of specific ships at specific shipyards that are not tied to any clear industrial base requirement. Sometimes it is justified, but when there is no industrial base requirement, it undermines the cost-saving potential of competition. This is micromanagement in a sense that costs the taxpayers money in almost every case.

Mr. President, I think this bill has a vast number of certifications and reports, and it gets into micromanagement. We have had some of that in past bills. I do not say that it is unique in this one. But it is of concern.

I am also concerned about Buy American provisions for ships and naval equipment which will result in significant cost increases for naval vessels and which could produce an unfavorable reaction against U.S. military sales abroad.

Mr. President, military equipment is one of the areas where we have a trade surplus. If we start putting numerous provisions in here saying you can only buy this product from America, the people who are going to end up paying the price are the workers for aerospace companies and for other companies that now have very strong export business. Believe me, when you put a Buy American provision in here, you pay a price for it. Other countries retaliate, and there we go in terms of restricting trade and increasing prices.

Mr. President, I also am concerned about something which I know the appropriators have felt keenly about in the past. I am not sure how they feel about it at this point in time. But Senator BYRD and I have talked about this on numerous occasions in relation to this bill. There are mandated spending floors in the shipbuilding language; that is, requirements that say you have to spend this much money—not an authorization saying you can spend this much money, but a floor saying you have to spend this much money.

Mr. President, this directly contravenes a longstanding agreement between the Armed Services Committee and the Appropriations Committees where I, at least as chairman, pledged not to place floors in the authorization bill. We put the ceiling on. We say you cannot spend any more in this area or that area. But, in this conference report, we become the floor. If we say you cannot spend any less, that in effect cuts out the appropriations process in that particular area.

The reason I object to this is because I think the appropriators must respect that we are the ceiling. If they do not pay attention to our ceiling, if they go over those ceilings, there is no point of an authorization process. In other words, if we say that we are not only the ceiling but we are also the floor, you cannot spend more but you also cannot spend less than this for a certain item, then it undermines the appropriations process.

The only way authorization and appropriations can work together is if we are the ceiling on weapons systems and on major considerations and if the appropriators have the ability to come and cut under our amount as they see in their discretion.

Finally, there is an earmark for noncompetitive ship maintenance contracts for a specific shipyard. I do not know that the amount of money involved is vast. I am not sure how much the amount of money is. I will find out by the time of my next speech on this subject. But I think the principle of having an earmark for a noncompetitive maintenance contract for a specific shipyard is a very bad practice that will cost the taxpayers money. It certainly does away with competition. And that can, as we have seen in the past, cause a containment problem. If one shipyard has it, another shipyard wants it. And if another shipyard has it, the other shipyard wants it. Pretty soon you have eliminated competition and you have gone to a very serious erosion of stewardship in terms of the taxpayers' money.

Finally, Mr. President, there is the creation of a special congressional panel on submarines. This probably will not concern other Senators. It concerns me because that is our job on the Armed Services Committee. But, this bill creates a congressional panel, and I think that needlessly duplicates the oversight role of the Armed Services Committee.

Mr. President, I ask unanimous consent that a statement I released when this conference report came out be printed in the RECORD, and I will make further remarks at a later point in time during this debate.

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

DECEMBER 13, 1995.

SENATOR SAM NUNN (D–GA), RANKING MEMBER OF THE SENATE ARMED SERVICES COMMITTEE, TODAY RELEASED THE FOLLOWING STATEMENT

I congratulate Senator Thurmond upon the completion of the House-Senate conference on the National Defense Authorization Act for Fiscal Year 1996. Senator Thurmond has shown great patience and endurance through a long difficult negotiation with the House.

Out of respect for Senator Thurmond, particularly in his first year as chairman, I have signed the conference report. This will give the Senate the opportunity to consider the report. I want to make it clear, however, that I have serious reservations about the conference report, and I plan to vote against the report when it is considered by the Senate.

During the conference, the Administration raised a number of important objections to the bill:

The Administration identified constitutional problems with the restrictions on the President's foreign policy and Commander-in-Chief powers imposed by the provisions on contingency funding and UN Command and Control.

The Administration also raised serious objections to the ballistic missile defense legislation, which contains National Missile Defense language that goes well beyond the

mandates of both the House-passed and Senate-passed bills.

The Administration has expressed serious concerns about the impact of the proposed conference report language on Russian consideration of the START II Treaty, which is designed to produce a major reduction in Russian nuclear weapons.

The Administration is also concerned that the language could lead the Russians to abandon other arms control agreements if they conclude that it is U.S. policy to make unilateral action to abandon the ABM Treaty.

I have serious reservations about these provisions and numerous other provisions of the conference report, including:

Legislation that would abolish the statutory requirement for an Assistant Secretary of Defense for Special Operations and Low Intensity Conflict, which could undermine civilian oversight of special operations.

Legislation that would abolish the statutory requirement for an independent Director of Operational Test and Evaluation, which could undermine unbiased testing of major weapons systems.

The Naval Petroleum Reserve Sale provision, which unwisely establishes a one-year time frame for the sale, even though the budget reconciliation bill no longer mandates sale within a year. The one year period is insufficient to ensure that the taxpayers get the maximum value through knowledgeable competitive bidding.

Directed procurement of specific ships at specific shipyards without a clear industrial base requirement, which undermines the cost-saving potential of competition.

Buy American provisions for ships and naval equipment which will result in enormous cost increases for naval vessels and which could produce an unfavorable reaction against U.S. military sales abroad—one of the strongest elements of our export economy.

Mandated spending ''floors'' in the shipbuilding language—requirements to spend specified amounts for particular programs—which directly contravene the longstanding agreement between the Armed Services and Appropriations Committees to not place ''floors'' in the Authorization bill.

An earmarked non-competitive ship maintenance contract for a specific shipyard.

Creation of a special congressional panel on submarines, which needlessly duplicates the oversight role of the Armed Services Committee.

Failure to include Senate-passed provisions which should have been non-controversial, such as U.S.-Israeli Strategic Cooperation, the Defense Business Management University, and a North Dakota land conveyance that meets all of the Senate's objective criteria.

Weakening the Senate-passed formula for equity in cost-of-living adjustments for military retirees.

Designating every single line of National Guard and Reserve procurement funds, rather than providing generic categories that can be used by the Department of Defense to meet priority Guard and Reserve requirements.

Earmarking Department of Energy defense funds for numerous unrequested projects and programs at designated sites.

Restrictions on access of servicewomen and dependents overseas to privately-funded abortions, and the imposition of special discharge procedures for HIV-positive servicemembers—a small fraction of our military population—which needlessly inject domestic political issues into military manpower policies.

I recognize that the Senate could not prevail on all issues. There are many other compromises within the conference report which I do not particularly support but which I understand in the context of the give and take of conference. The issues I have raised in this statement, however, represent fundamental flaws in the conference agreement.

If the conference report is not approved by the Senate, or if the legislation is vetoed by the President, we will have an opportunity to correct these flaws. The conference report contains important legislative authorities, such as:

A variety of military pay and allowance provisions.

Approval of Secretary Perry's family and troop housing initiative.

Detailed acquisition reform legislation that complements last year's Federal Acquisition Streamlining Act.

Senator Thurmond and the Committee worked long and hard to develop these important provisions, and I pledge to work towards their enactment in a subsequent bill if the legislation in this conference report is not enacted into law.

Mr. NUNN. Mr. President, I repeat for all Senators that I think we ought to have a good debate on this bill. I think there are things that are serious here that ought to be discussed. Voting against this bill is certainly not something that I relish.

There is military pay in here for our troops. I hope we can find some other way because I do not want to go through the process of replacing a number of provisions in this bill. But, on the matter of military pay, I will do everything I can, if this bill does not become law, to see that we find another vehicle. I think it is enormously important that we be able to resolve that problem before we go home.

Mr. President, I thank the Chair.

Mr. BUMPERS. Mr. President, I wonder if the Senator will yield for a couple of questions. I do not want to take the time of the Senator from South Carolina, but the committee report on the B–2 bomber is mildly confusing.

I just wonder if the distinguished ranking member could enlighten us as to what discretion the Pentagon has on how it spends the additional $493 million that is authorized for B–2's?

Mr. NUNN. I say to my friend from Arkansas that is a good question. I think that ought to be directed to the majority. I was not in on that negotiation. I have read that language and I would be hesitant to try to interpret it. I think Senator COHEN has been involved in it, and also Senator LOTT. I am sure Senator THURMOND is familiar with it. So, I think you would be better served to direct the questions to them.

Mr. BUMPERS. For the benefit of the majority, who apparently crafted this report, I would like to say there is something here that is ''passing strange,'' as we say in Arkansas. The report says, ''Therefore, the Senate conferees believe that the increased authorization of $493 million provided for the B–2 bomber program may be expended only for procurement of B–2 components, upgrades, and modifications that are of value for the existing fleet of B–2 bombers.''

At another place, it says, ''The conferees agree to authorize the budget request for research and development and to increase the authorization for procurement.''

So, I do not know whether the Pentagon has the authority to start buying 20 additional bombers or not. The thing that is strange to me about this is it says, ''Therefore, the Senate conferees believe.'' It does not say the House conferees believe. I was curious as to how this could be written with the Senate conferees believing one thing and the House conferees believing something else. Both sides usually have to concur, do they not?

On another matter. Let me say to the distinguished ranking member also, he touched on the plan to sell the Naval Petroleum Reserve at Elk Hills, which really hit a nerve with me. I think it is the height of folly financially and economically to be selling off such assets and take credit for it under the Budget Reconciliation Act. Until this year it was specifically prohibited to count the sale of assets in budget deficit reduction. In other words, CBO was not to score asset sales.

I thought that was a good rule. I have tried to reinstate it a couple of times and came within a couple of votes of getting it done. I think it was Mr. Bowsher who used to be at CBO who said that selling assets to reduce the deficit reminded him of the lawyer that came home from work one day and told his wife he had a great day, and she said, ''What happened?'' He said, ''I sold my desk.'' That is what we do when we sell off assets.

One other question, because the Senator from Georgia was very active in crafting the so-called ABM language when that bill was in this Chamber. My staff has indicated to me that this bill would torpedo the ABM Treaty. Could the Senator from Georgia comment on that?

Mr. NUNN. I say to my friend from Arkansas, I would not go quite that far. I would say that is the apprehension that the interpretation of this language could lead some, perhaps all in the Russian Duma that will be considering this, to believe that this is in the nature of what I would call, for lack of a better term going back to law schools days, an anticipatory breach.

I do not think anyone could say that this is a direct breach because nothing has happened. Passing a law does not make it happen. But there is an old story from law school I recall well in a course on contracts in which the professor was trying to explain what anticipatory breach meant, and he said:

Let's assume that a man goes from Atlanta, Georgia, to New York and negotiates for 2 weeks to sell the Hurt Building. This was a big building in downtown Atlanta. Now it is not one of the big ones, but it was well known back when I was in law school.

He finally concludes the contract. They sign the deal, and the buyer agrees to buy it for a certain amount and the seller agrees to sell it. And so the buyer says, ''Let's go out to dinner and celebrate. We have been negotiating long and hard.'' But the seller says, ''No, I can't do it. I've got to rush back to

Atlanta.'' The buyer then said, ''Why? You have been here 2 weeks. Why don't you relax and celebrate. You have just sold a big building. I don't see why you have to go back to Atlanta.'' To which the seller replied ''Because I have to go back down there and buy that building.''

Well, he just sold something he did not own. Now, the contract did not call for performance for another 30 days. So it was not direct breach, but it is in the legal terms an anticipatory breach. And that is what the fear is here, that this could be taken as anticipatory breach.

Mr. BUMPERS. I think the Senator describes the situation perfectly.

I might say, Mr. President, this is not particularly apropos of the story he just told, but it is one that might introduce a little levity here on a Friday afternoon.

Chet Lock, who used to be Lum, in Luck and Abner, became a very good friend of mine when I ran for Governor the first time, and he told me a great story about a fellow who owned a horse and another fellow who came by one afternoon. The visitor said, ''What would you all take for that horse?'' He owner said, ''I'd take a hundred dollars.'' And the visitor said, ''I think I'll buy him.'' So he paid a hundred dollars and took his horse home. And the original owner could not sleep that night. He got to thinking: If that horse is worth a hundred dollars to him, certainly it would be worth more than that to me.

So he called the guy the next morning and said, ''Listen, that horse is pretty dear to me. I raised him from a foal and I really hate to part with him. I will give you $200 to buy him back.'' The other said, ''Well, come and get him.'' So he went over and gave the guy $200. And the other fellow got to thinking that night: He knows something I don't know or he wouldn't have given me a hundred dollars' profit on that horse. The next day he called him back and said, ''I will give you $400 for to buy that horse back.'' This kept going on until they got the horse up to about $3,000, and one morning one of them called the other and said, ''I've called to make you an offer on the horse. Can I come and get him? I will pay you $200 more than you paid me.'' The other man said, ''I can't do that. I sold the horse.'' He said, ''You sold the horse?'' The other said, ''Yes, sold him to somebody else.'' And the first man said, ''Why would you do that? We were both making a good living off of him.''

I yield the floor.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, before the distinguished Senator from Arkansas leaves the floor, I hope to make some reply about this Elk Hills situation. Is the Senator aware that the sale of this was proposed by the President and one of his Cabinet officers?

Mr. BUMPERS. I am sorry; will the Senator repeat the question?

Mr. WARNER. Is the Senator from Arkansas aware that the proposed sale of Elk Hills was initiated by President Clinton and one of his Cabinet officers, Secretary O'Leary.

Mr. BUMPERS. I was aware of that, and I said earlier in the Chamber the President has a right to be wrong just like everybody else.

Mr. WARNER. Then I think that concludes my rebuttal to the Senator.

Mr. NUNN. Will the Senator yield?

Mr. WARNER. I ask unanimous consent that I can place into the RECORD a letter from the Secretary of Energy dated May 4, 1995.

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

THE SECRETARY OF ENERGY,
Washington, DC, May 4, 1995.

Hon. ALBERT GORE,
President of the Senate,
Washington, DC.

DEAR MR. PRESIDENT: Enclosed is a draft bill to authorize privatization of the Naval Petroleum and Oil Shale Reserves. This legislation, which is proposed in the President's FY 1996 Budget, is part of the Administration's ongoing effort to reinvent the Federal Government.

The Naval Petroleum and Oil Shale Reserves, consisting of Naval Petroleum Reserves Numbered 1, 2, and 3 and Oil Shale Reserves Numbered 1, 2, and 3, were designated by Executive Order near the start of this century to provide an emergency source of fuel for the Navy's fleet as it converted from coal to oil. In response to the Arab oil embargo of 1973–74, Congress passed the Naval Petroleum Reserves Production Act of 1976, which significantly altered the mission of the Naval Petroleum Reserves, requiring that these Reserves be produced at their ''maximum efficient rate'' in order to ensure a reliable fuel supply for national security.

Since 1976, oil and gas from the Naval Petroleum and Oil Shale Reserves have been sold on the commercial market, to the Strategic Petroleum Reserve, or to the Department of Defense. The program has been highly successful, returning approximately $16 billion to the U.S. Treasury, against total costs of just over $3.1 billion. The program continues to be a revenue generator, still returning in excess of $200 million in net revenues to the U.S. Treasury annually.

The enclosed proposal has several elements. First, the proposal would authorize the Department to privatize the Government's interest in the Reserves (excluding Oil Shale Reserve Numbered 2) by the end of FY 1997. The Administration believes sale of the Reserves will generate proceeds of $2.6 billion, which is the current estimate of the discounted value of the revenues to the Federal Government from the properties. A percentage of proceeds from privatization would be paid to the State of California to benefit the Teachers' Retirement Fund. This payment would resolve a long-standing land dispute with the State of California. Second, the proposal would modernize the statute governing the operation of the Naval Petroleum Reserves to ensure that the benefits to taxpayers are maximized pending privatization.

Finally, if privatization of the Reserves is disapproved by the President or Congress, the proposal would transfer the management of the Reserves to a for-profit, wholly owned Government corporation, authorized to maximize net revenues through commercial management and operating decisions. In keeping with the Administration's emphasis on protecting the environment, we also recommend that appropriate portions of Oil Shale Reserve Numbered 2 be studied for possible inclusion in the national wild and scenic rivers system.

The National Defense Authorization Act for Fiscal Year 1994 directed the Secretary to ''study management alternatives for the Reserves, including the concept of corporatization.'' The proposed legislation would respond to that directive and allow the Administration to maximize the value of the Naval Petroleum and Oil Shale Reserves.

The Balanced Budget and Emergency Deficit Control Act of 1985 (the ''Balanced Budget Act'') requires that all revenue and direct spending legislation meet a pay-as-you-go requirement through FY 1998. That is, such a bill should not result in an increase in the deficit, and if it does, it would trigger a sequester if not fully offset. The Naval Petroleum Reserves Privatization Act will result in proceeds of approximately $2.6 billion in FY 1997. A provision of the Balanced Budget Act generally prohibits counting the proceeds of asset sales as offsets to spending. However, the enclosed legislation includes a provision (§202) to allow the proceeds to be counted as offsets to spending. This provision is patterned after the waivers of emergency spending provided by the Balanced Budget Act and is being proposed for several asset sales being recommended by the Administration for FY 1996.

The Office of Management and Budget has advised that enactment of this proposal would be in accord with the President's program.

Sincerely,

HAZEL R. O'LEARY.

Enclosure.

Mr. NUNN. If I could make a brief observation.

Mr. WARNER. Whatever time is necessary.

Mr. NUNN. I would say two things on that point. One is in the original reconciliation bill there was a mandate for sale, so when we brought this through the committee we debated it, we put safeguards in it, and there were many of us who were concerned that the timeframe was too compressed. When the President originally proposed this, he proposed it over a 2-year period.

The difficulty, I say to my friend from Virginia, is not so much the sale itself. But if there is going to be a sale of this very large asset, the feeling has been that it ought to be over a period of time sufficient so that other companies that may bid, so they can go in and study it, and so forth.

The provision in this bill is 1 year. So it is a move from the administration request of 2 years to 1 year, and that greatly compresses the schedule and puts on a whole lot more pressure. That was not put in by the Senate, but the House. I understand the House conferees insisted on it, and I think it is a mistake.

There is a safeguard here that the Secretary of Energy can negate the sale, but there will be great pressure for her not to do so because, if she negates the sale saying she cannot do it in 12 months, then there would be no authority to make the sale. So the pressure is going to be there for an early, quick sale of this asset, particularly if this bill becomes law, and particularly with the pressure on the budget. That is what the problem is.

Mr. WARNER. Mr. President, if I might reply to my distinguished colleague, I am advised that senior DOE officials have stated that the 1 year period as required by the Senate bill was reasonable in their judgment. And I would like at this point to put a second letter into the RECORD from the Deputy Secretary of Energy, dated November 13, 1995. I read one paragraph:

In general, with the exception of Senate provisions related in the treatment of the State of California ''school lands'' claim, the Administration prefers the NPOSRs privatization provisions included in the Senate bill. In addition to congressional sale notifications and procedural safeguards included in both the House and Senate bills, the Senate bill provides enhanced safeguards guards against ''fire sales'' of the reserves, by authorizing the Secretary of Energy to notify Congress if it is not proceeding in the best interests of the United States and by authorizing the Secretary of Energy to notify Congress of any slippage of the sales schedule.

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

THE DEPUTY SECRETARY OF ENERGY,
Washington, DC, November 13, 1995.

Hon. JOHN MCCAIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MCCAIN: As the Conferees on the FY 1996 Defense Authorization bill meet to resolve differences. I would like to emphasize the Administration's support for privatization of the Naval Petroleum and Oil Shale Reserves (NPOSRs) including Naval Petroleum Reserve Numbered 1 (Elk Hills). The Elk Hills Reserve is by far the largest and most valuable of the NPOSRs. This commercial oil and gas operation is most appropriately and efficiently owned and operated by the private sector.

In general, with the exception of Senate provisions related in the treatment of the State of California ''school lands'' claim, the Administration prefers the NPOSRs privatization provisions included in the Senate bill. In addition to congressional sale notifications and procedural safeguards included in both the House and Senate bills, the Senate bill provides enhanced safeguards against ''fire sales'' of the reserves, by authorizing the Secretary of Energy to notify Congress if any proposed sale is not in the best interest of the United States, by requiring congressional approval of any sale for which there is only one offer, and by authorizing the Secretary of Energy to notify Congress of any slippage of the sale schedule.

Regarding the treatment of the State of California ''school lands'' claim, while the Administration recognizes that California has not been successful in its legal claim, the Administration believes that it is appropriate to provide a portion of the proceeds from the sale of Naval Petroleum Reserve Numbered 1 (Elk Hills) to the State of California for payment into the California Teachers' Retirement Fund. This position, as was the position reflected in the Administration's bill, is based on equitable considerations.

I reiterate the Administration's support for inclusion of privatization of the Naval Petroleum and Oil Shale Reserves in the Conference report.

Sincerely,

CHARLES B. CURTIS.

Mr. NUNN. Mr. President, I say to my friend from Virginia, as he recalls in the committee, there were a number of us who voiced objections, and the administration at that stage was in favor of the 1-year provision. I think the Senator is right. They, too, were seeking money. I did not agree with the administration on that.

I am not here speaking for the administration on this. I am saying I think it is shortsighted, whether it is the administration or whether it is Congress, to compress the timeframe for the sale of this to a 1-year period because I think it puts enormous pressure on it and it gives undue leverage to the oil companies that are most familiar with it.

It takes quite a while for an oil company to go out and find out enough about Elk Hills to make a reasonable bid. I thought it was a mistake to put it in the form of a mandate. If it is going to be sold, it should not be on the pretension it helps balance the budget. It does not matter whether it is sold in 1996 or 1997, it will supply the same amount of money.

It will be the height of folly if we try to sell it in 1996 and get a lot less money for the taxpayers, and not give 2 or 3 years to the oil companies to make the kind of assessment needed for a confident and vigorous competitive process.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. If I may reply, the provision of the bill in the conference report provides a number of safeguards to ensure the taxpayers' interests will be preserved. First, the provision establishes a minimum price based on an average of five independent experts' assessments of the value of the field; and, second, the provision provides the Secretary of Energy the authority to suspend the sale if she and the Director of the Office of Management and Budget determine that the sale is proceeding in a manner that is inconsistent with the achievement of the sale price that reflects the full value of the reserve or a course of action other than immediate sale of reserve is in the best interest of the United States.

And, Mr. President, I really feel those safeguards adequately protect the taxpayers' interests.

Mr. NUNN. If I could just respond. I say to my friend from Virginia, let me tell him a little bit more about why this is a problem. The Congressional Budget Office issued a report—I am not trying to quote their exact words here, but this is a memo based on that report that the estimated net proceeds from that sale anticipated were $1.5 billion and the estimated revenue foregone by the Government over 7 years was $2.5 billion. Overall, this means that this sale that was supposed to reduce the deficit was scored by CBO as increasing the deficit over 7 years by $1 billion.

That is the kind of thing you get into in an asset sale. And that is why those of us involved in this need to be very conscious of protecting the taxpayers. Sure, you can say it drives down the deficit by $1.5 billion over the next 2 years if you sold it, but if it loses another $2.5 billion in revenue, it does not drive down the deficit; it increases it. So that is the problem. And that is why you need to give more time here, notwithstanding what the administration's position was at an earlier date. I think the Senator is correct on that.

Mr. WARNER. Mr. President, I would like to point out that the CBO numbers did not include approximately $1 billion of savings in operating costs that will result from the privatization of Elk Hills. In addition, these numbers did not include the increased tax revenues that will result from the sale. I think that my good friend from Georgia will find that these two figures, taken together with the estimated sale price of $1.5 to $2.5 billion, will result in much more significant revenues for the Federal Treasury than would continued Government ownership of Elk Hills.

Mr. THURMOND. Mr. President, Senator NUNN has mentioned about the entire conference report being placed in the CONGRESSIONAL RECORD. That is correct. It was placed in the CONGRESSIONAL RECORD on Wednesday, December 13, 1995.

I just wonder if we could not debate this bill tomorrow and Monday and have a final vote on Tuesday. Is there any objection to that? I just wanted to know.

Mr. NUNN. Mr. President, I say to my friend from South Carolina, this Senator would agree with that. I think that is a very reasonable proposal, and I would support it. I urge our colleagues to support it.

Mr. THURMOND. Limit it to 6 hours.

Mr. NUNN. That would be very reasonable to my point of view. We have the Senator from Vermont with strenuous objection to provisions here. He has to be heard. I am not in a position to agree to that on behalf of the Democratic side now, but from a personal point of view, I will say I would certainly work with the Senator in trying to get that kind of an agreement. I think it is a very reasonable proposal, and I would support it.

Mr. THURMOND. If we can limit debate to 6 hours equally divided, I think that will give ample time to debate it tomorrow and Monday, and then have a final vote on Tuesday.

Mr. NUNN. Actually we could perhaps have a longer period of debate. If we are going to have tomorrow and Monday, we might want to make it 8 hours. That would give people a lot of time. But with all day Monday for debate, I am sure that we could accommodate whatever Senators want to talk.

Mr. THURMOND. Would 8 hours suit the Senator all right?

Mr. NUNN. I think that is completely adequate. We may not need to limit the time, though, if we just have a time certain Tuesday for the vote. That would be just up to——

Mr. THURMOND. What time would the distinguished Senator suggest?

Mr. NUNN. I would have to check with the Democratic leader, but I would be glad to do that and get back to the Senator from South Carolina.

Mr. THURMOND. I just wonder if we could not get some agreement as to when the final vote will come.

Mr. NUNN. I will be glad to work toward that end. It is a good suggestion.

Mr. THURMOND. If the distinguished Senator will get back in touch with us.

Mr. NUNN. Yes.

The PRESIDING OFFICER. Is there further debate on the conference report?

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, during the course of this debate on the conference report, I will address a number of sections. I will see that a reply is made to the distinguished ranking member, the Senator from Georgia, with respect to the concerns that he has expressed here today regarding the section of the bill that relates to missiles; that is, both the long range and short range. I am prepared to do it, but after the expressions of Senators LOTT and COHEN and Senator SMITH who worked on that in some detail.

Likewise, the questions relating to the B–2 program, we will see that the Senator from Georgia has an opportunity to give the expressions on this side. I likewise am prepared to do that, but I want to make sure those Senators who—for example, the subcommittee chairman—who dealt with that be given the first opportunity. However, Mr. President, I would like to address the section of the bill relating to submarine construction and, in particular, new construction.

The United States today—let there be no mistake about this, Mr. President—is in competition with Russia as it regards underseas strategic systems. The reports that the Russian Navy are tied up at the docks, rusting away, both in the Black Sea and in the North Sea and other areas relate to the surface fleet.

Indeed, the Russians have decided not to put the short assets that they have, supposedly, into surface naval operations of any considerable extent. But, Mr. President, they are pursuing, relentlessly, a program of research, development, and construction of subsurface systems, primarily submarines. It was reported in the media here of recent days that several of these submarines matched in many respects the quietness of the U.S. fleet. I cannot go into further detail, but a number of Senators have sought and received the briefings from the Intelligence Committee on these important points.

But it is a well-known fact, publicly, that for some reason which is not entirely clear, Russia is putting a disproportionate amount of their funds for their overall national defense in subsurface strategic systems. And this places on the United States a very strong affirmative burden to go forward with our submarine programs and, in particular, new construction programs.

I mentioned quietness. Submarines operate in various waters of the world which have various temperatures, have various ambient noises. And the noise level that emanates from a submarine is the Achilles heel because in waters of certain temperatures, ambient noises are different than in others. And, of course, it varies with depth and water temperature and currents and all sorts of conditions.

But we have got to make progress in making our submarines quiet. And the new generations of submarines now on the drawing boards are key to our Nation's having an adequate deterrence subsurface, not only against Russia, but there are other nations of the world—and I will amplify in my statement other nations which are building diesel submarines.

A diesel submarine can operate very quietly. It may not have, as we say, the sea legs to operate for long periods of time because of fuel requirements and battery requirements and other limitations, but it can operate very quietly.

A diesel submarine poses a threat to both nuclear submarines and surface ships as well as through its ability to lay mines. Take the Strait of Hormuz, a quiet diesel submarine could slip into those straits, place mines and, once again, the world would be faced with a cutoff of one of the largest sources of petroleum which, in turn, is converted into energy.

Therefore, submarine construction, research and development is absolutely essential to the security interests of our Nation.

Some years ago, the decision was made to embark on a new class of submarines. The *Seawolf* was the interim class. The Congress this year will be completing, by and large, the authorization and funding requirements for the third and final submarine in the *Seawolf* class.

It is now time to move on to another class. The plans have been made, and the initial work has begun. I do not wish to be political, but it is a statement of fact that the President of the United States—about 2 years ago—indicated that he desired that all new submarine construction of this new class of submarine be performed at the Groton Shipyard operated by a very fine company, General Dynamics.

That message was received in Virginia and across the Nation with great concern. Newport News Shipbuilding and Dry Dock in Virginia has been building submarines for the U.S. Navy for many, many years. To have a decision suddenly announced which would terminate construction of new submarines at Newport News, in my judgment, was not predicated on sound national security interests, nor sound financial interests. This decision was contrary to the best interests of this country.

Needless to say, this decision was potentially devastating in terms of the economy of my State, Virginia, and, indeed, a range of contractors in many, many other States which worked in partnership with Newport News to build new construction submarines.

This Senator, along with other Members of the Virginia congressional delegation, and indeed other Senators, embarked on a long mission to reverse that decision. I am pleased that, with this conference report, that decision has now been reversed. The President has agreed that it is in the best interest of the Nation to have competition once again between the two leading yards in America on new nuclear attack submarine construction.

It enables the designers and engineers that are affiliated with both yards in research and development, as well as construction, to produce nothing but the best nuclear attack submarines for the United States of America. It helps the American taxpayer in terms of competition. Competition drives down cost, and the cost of the program envisioned for this follow-on attack submarine is in the billions of dollars, spread over many years, extending well beyond the year 2000.

I am pleased that the President has reversed his decision, backed up by the Secretary of Defense and now implemented by the Congress in this report in very specific language, which I will address momentarily.

I want to thank many who have worked in seeing that this decision was reversed. The Virginia congressional delegation, in particular, my colleague, Congressman BATEMAN. I wish to thank my junior colleague from Virginia, Senator ROBB, who also worked on this effort. It was a concerted effort, and we are very pleased with what has been worked out in this conference report. It is in the interest, the security interests, of our country. It is in the fiscal interests of our country that this very substantial investment by the American taxpayers be the product of competition.

Let me provide the Senate with a summary of this very important program.

Submarine legislation in the current fiscal year 1996 defense authorization bill includes in law the essential elements of the Senate-passed bill with *Seawolf* funded at the appropriated level of $700 million; one submarine in fiscal year 1998, which will go to the Electric Boat Co. in Groton, CT; one submarine in fiscal year 1999 to Newport News Shipbuilding and Dry Dock, and if the decision is made to begin to produce a new class attack submarine with the third boat, then the third and all future boats of this class will be competed based solely on price.

I want to underline that, competed based on price. That formulation allows these two real national assets, these two new construction yards, to be on an equal footing.

If the decision is made to build additional R&D submarines—and the first two are characterized as R&D submarines—then price competition will

begin with the fifth boat. That is a decision that will have to be made subsequently by the Secretary of Defense and joined in by the Congress.

The key differences are that a new class of submarine previously designated as a new attack submarine will not begin until the third boat, the fifth boat, or later, if the Secretary of the Navy decides that additional R&D submarines should be built before beginning serial production of a new class.

The bill also requires the Secretary of Defense to submit a plan leading to production of a more capable, less expensive submarine than the submarine previously designated as the new attack submarine.

Legislation on attack submarines includes the following provisions:

(1) Authorizes $700 million for the construction of the third *Seawolf* attack submarine. This, essentially, incrementally funds the ship with $700 million of the $1.5 million that is yet to be required.

(2) Authorizes $704.5 million for long-lead and advance construction and procurement for the fiscal year 1998 submarine to be built at Electric Boat.

(3) Authorizes $100 million for long-lead and advance construction and procurement for fiscal year 1999 submarine to be built at Newport News. Also authorizes $10 million for participation by Newport News in design of the submarine previously designated as the new attack submarine.

Those sums and those provisions were carefully worked out with the Secretary of Defense, together with the Secretary of the Navy and the Chief of Naval Operations. May I commend particularly Admiral Boorda for the help and assistance that he gave this Senator and other Members of the Senate in working out this formula.

I also wish to thank the Secretary of Defense, Secretary Perry. I remember so well when the pivotal decision was made by him when he came to my office in June and said that the President agreed that we would go back to the time-tested method of building new submarines and let two yards compete. That was the turning point and, thereafter, the Secretary of the Navy and the Chief of Naval Operations, working with members of the Armed Services Committee, devised this plan. I also would like to say how much I appreciate the cooperation of the Senator from Connecticut, whose interest, of course, rests with the Electric Boat, his constituent. Senator LIEBERMAN has worked out with me as we worked out the provisions in the Senate bill.

Those provisions are essentially the blueprint that remained intact as this went on to the House and was worked on in conference.

Last, this bill restricts spending to no more than $200 million on these programs until the Secretary of the Navy certifies that procurement of nuclear attack submarines to be constructed after the first two boats will be competed on price, unless the decision is made to construct additional submarines, in which case all submarines after the fourth boat will be competed based on price whether they are R&D submarines or submarines of a new class.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. THURMOND. 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. THURMOND. Mr. President, earlier in the debate, a question came up about the Naval petroleum reserves, and I would like to make a statement on that.

The conference agreement on the sale of the naval petroleum reserves contains a number of safeguards to ensure that the Federal Government receives full value. Among these safeguards are the following two clauses which clearly spell out the conferees intent that the reserves can be sold only if this will result in the highest return to the American taxpayer.

The first is the mandated minimum acceptable price. This price will be established by five independent experts who shall consider: all equipment and facilities to be included in the sale; the estimated quantity of petroleum and natural gas in the reserve; and the net present value of the anticipated revenue stream that the Treasury would receive from the reserve if the reserve were not sold. The Secretary may not set the minimum acceptable price below the higher of the average of the five assessments; and the average of three assessments after excluding the high and low assessments.

This requirement ensures that the minimum acceptable price has to be at least as high as what the Government would receive for these reserves if any other course of action is taken including the establishment of a Government corporation, the leasing of the reserves, or the continuation of the current operation of the field.

The second key clause is the authority to suspend the sale. This clause gives the Secretary the authority to suspend the sale of Naval Petroleum Reserve No. 1 if the Secretary and the Director of OMB jointly determine that the sale is proceeding in a manner inconsistent with achievement of a sale price that reflects the full value of the reserve; or a course of action other than the immediate sale of the reserve is in the best interests of the United States.

Mr. President, these two clauses essentially mean that Naval Petroleum Reserve No. 1 cannot be sold unless the Government gets a price for the field that exceeds the value that would be achieved by any other option, and that the entire sale proceed in a manner that is in the best interests of the United States.

The sale will provide an estimated $1.5 to $2.5 billion to the Federal Treasury. This does not include the several hundred million dollars that the Government will receive in increased tax revenues. What's more, the Government will save about $1 billion in operating costs over the next 7 years.

Mr. President, the sale of these reserves was initiated by this administration, and, in fact, the administration has come out in support of this provision. We have worked in a very bipartisan manner to draft this provision so as to incorporate the maximum safeguards possible. I hope that we can continue this bipartisanship and vote to approve the conference agreement which includes this provision.

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

The PRESIDING OFFICER (Mr. SANTORUM). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRYOR. 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. SPECTER addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

UNANIMOUS-CONSENT REQUEST

Mr. SPECTER. Mr. President, what I had sought recognition for relates to the appropriations bill on Labor, Health, Human Services, and Education. The purpose of my seeking the floor is to see if we might move that bill along.

In light of the fact we are not going to have a continuing resolution, at least as it appears at the moment, I thought it important to put on the record that there are a very substantial number of jobs which are involved here, and layoffs, if we do not have a continuing resolution; that the Social Security Administration has some 60,000 jobs, the Department of Health and Human Services has some 100,000 jobs, the Department of Labor has 18,000 jobs, the Department of Education has 5,000 jobs. We have been trying to work out a unanimous consent agreement to bring this bill to the floor.

I understand that the Members of the other side of the aisle have been unwilling to give consent because of the provisions on the bill about striker replacement. There have been a number of other items. But, for the record I wanted to see if we might possibly move the bill ahead.

I full well understand the likelihood of objection. But, on behalf of Senator DOLE, I do ask unanimous consent that the Senate turn to consideration of Calendar No. 189, H.R. 2127, the Labor-HHS-Education appropriations bill.

Mr. PRYOR. Mr. President, at this moment I would have to object to that unanimous-consent request. I did not know the Senator was seeking recognition for that reason.