with the city of Jerusalem and the recognition of Jerusalem as the undivided capital of Israel.

In this article, the State Department spokesman Nicholas Burns is quoted as saying:

> Our view is that Jerusalem is the most emotional and complex issue that Israel and the Palestinians will have to deal with in the permanent status negotiations. We do not believe it is wise for the United States or any other outside country to make an initiative on Jerusalem that in effect prejudges that issue.

Then later on in the article, the writer of the article says:

> The State Department regards Jerusalem as ''disputed territory'' with its permanent status to be settled in negotiations and has kept the U.S. embassy in Tel Aviv.

Mr. President, I want to respond very briefly to that and say that the suggestions made by the State Department spokesman in my opinion are wrong. The commentary by the reporter does not recognize the fact that in the Jerusalem Embassy Act of 1995—both Houses of Congress passed and it became law—is a provision that not only directed that our Embassy be placed in Jerusalem instead of Tel Aviv thereby doing what we have done in every other country but one in the world, which is to have our Embassy in the city in which the host country had designated as its capital. But, Mr. President, in that bill—that bill now law—this Congress made very clear its intention that it is American policy to recognize Jerusalem as the undivided capital of Israel. We, in fact by strong bipartisan majority, adopted a resolution a short time ago on the 30th anniversary of the reunification of Jerusalem restating that position.

So, Mr. President, this may be controversial. But trust is built up among parties, including those who are involved in the Middle East process, including Israel, the Palestinians, and other countries. Trust is built on honesty. And honest reflection of not just American policy but American law as adopted by this Congress in 1995 is that Jerusalem is the undivided capital of Israel.

It is time, therefore I would say, to bring our policies in line with our law; that time for the statements such as those made by the State Department spokesman in my opinion respectfully has passed.

I appreciate very much again the graciousness of my friend from Texas for allowing me to say this.

I thank the Chair.

I yield the floor.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998—PUBLIC-PRIVATE COMPETITION OF DEPOT MAINTENANCE

Mrs. HUTCHISON. Mr. President, I thank the majority leader for stating his concerns here. I notice the distinguished committee chairman is also here.

I think it is very important that the rights of Members be upheld here because there is a significant issue that is very important to the Department of Defense for the readiness of this country that is at issue in this bill. Heretofore, our side has not really had any ability to have an accommodation or to make sure that what the Department of Defense wants to do, what BRAC allowed them to do, in fact they will be able to do. Because in the bill that would be brought before us, it vitiates any public-private competition for depot maintenance work by the Air Force. That is the effect of this bill.

To think that someone, for parochial interests, would put language in a bill that would do away with what BRAC said to the Department of Defense was their option, which is to go out and spread the workload to other depots from the bases that are closed, or privatize in place, the Department of Defense should be able to make the decision based on the efficiency of taxpayer dollars and where we need the defense dollars to go. The Department of Defense should be able to make that decision. That is what BRAC said.

The Department of Defense made the decision. They said it would be more efficient and save more money to privatize in place. They are doing public-private competition to make sure that the price is better. Yet the bill that would come before us says they cannot do any of that work, privatize in place, until the depots get the work and are up to 75 percent of their capacity. Well, that is impossible, because some of those depots may not ever get to 75 percent capacity, nor does that have anything to do with efficiency.

So, Mr. President, yes, we are standing on principle. We are standing on the principle that the Department of Defense should be able to have a public-private competition, to save taxpayer dollars and to put those defense dollars into readiness. We can save millions of dollars for the taxpayers and for the Department of Defense. And those millions of dollars, rather than being wasted, can be put into equipment that will keep our troops safe and secure.

We are standing for the integrity of the BRAC process. We are standing for the integrity of the Department of Defense and for their ability to make their decisions without congressional mandates that cause the waste of millions of dollars for the taxpayers and for the young men and women who are putting their lives on the line to protect our freedom. That is what this issue is.

So, yes, Mr. President, we are objecting. We hope to find an accommodation. I will say that the distinguished chairman of the committee wants to find an accommodation that will give the Department of Defense the flexibility they need, that will do right by the taxpayers of this country, that will do right by the people who are in our Armed Services, and that will do right by the depots that are still left in Oklahoma, Utah, and Georgia.

We want something that will be fair to everyone. And when we come to that fair conclusion, then we will be happy to debate this bill and hopefully authorize a good defense bill. But, Mr. President, make no mistake, if there is not a defense authorization bill that can be worked out that can be fair, I hope that we will not go forward putting shackles on the Department of Defense and wasting taxpayer dollars.

I hope we will have the strength to resist that.

The PRESIDING OFFICER. The Senator from California.

Mrs. BOXER. Mr. President, I want to associate myself with the remarks of my colleague from Texas, Senator HUTCHISON, who I thought really homed in on why this issue is so important. I am very pleased the distinguished chairman of the committee is here because it gives us an opportunity to speak with him about why we are so frustrated about this bill as it now stands.

Mr. President, it would be a historic moment if this bill were to pass because it would, for the first time ever, overturn a BRAC decision. Now, we all know that when the four base closure rounds went through Washington, DC, many of us were not happy with the process. Many of us felt the savings were overstated. Many of us felt this was not the right way to go. But not one of us, until today, moved to undermine a BRAC decision.

By objecting to this bill, we are taking a stand, it seems to me, for the integrity of the process. After all, this is the law of the land. This is just the kind of unraveling we do not want to see happen, because if this effort succeeds to overturn BRAC, to stifle competition between the private sector and the public sector with respect to depot maintenance, where will it end? Tomorrow, someone else will try another unraveling, and the day after, someone else will, and we will have chaos.

I want to say, Mr. President, there are two other reasons why this bill as drafted is so harmful. Not only does it unravel the Base Closure Commission's decisions of the past but it undermines a promise made to the people in the Sacramento area and the people in Texas who will be so adversely affected. There was an explicit promise by the President of the United States that privatization in place could take place at McClellan Air Force Base. There was also a promise made by Congress that such privatization in place could move forward at McClellan. After all, Congress passed the BRAC, so, therefore, we would be breaking a deal, a sacred deal, really, made with these people who were told that privatization in place could, in fact, occur.

Lastly, Mr. President, I thought we were all really concerned here about

taxpayer dollars. We are doing everything we can to bring down this deficit. I am so proud to be a part of the team that brought down the deficit from $290 billion in 1993 to less than $70 billion now. We have agreed on a balanced budget deal to finish the job. This is great for taxpayers. This is good for our country. It is good for our economy. So why would we now reverse course and to say that the private sector's ability to compete with the public sector will be cut short?

It will be a bad deal for the taxpayers if we do not reach some kind of agreement here. I hope we do because if the bill as drafted becomes the law of the land, it will force the Pentagon to waste money. This bill will essentially direct the Pentagon to waste money by preventing the fair and open competition that is underway to win contracts for depot maintenance work at Kelly and McClellan Air Force Bases.

So every way you look at it—from standing behind the law of the land, the BRAC process, to keeping our word to workers who trusted us when we said privatization in place can take place, to taxpayers who know that it makes no sense to eliminate competition—if you look at all of these factors, Mr. President, I think what the Senators from Texas and the Senators from California are doing here is in the best interests of the U.S. Senate, of the U.S. Congress, and, frankly, in the best interests of the United States of America.

I am working with the senior Senator from California, Senator FEINSTEIN, who you will hear from shortly, my colleagues from Texas, and hopefully all others who want to see this bill move forward. We have no interest in preventing this bill from moving forward. We want to reach an accommodation here. I think there are ways we can do it.

We are so sure that competition is a good thing, we are so positive that privatization in place will reap rewards for taxpayers, that we are willing—we are very willing—to agree to language that would ensure that this could only occur if the taxpayers save money.

I am very hopeful that we can reach an agreement. Until then, we will fight for our rights as Senators to protect a promise made to the people of our communities and a promise made to the taxpayers.

I yield the floor.

The PRESIDING OFFICER. The senior Senator from California.

Mrs. FEINSTEIN. I thank the Chair. Mr. President, I thank the Senator from California and the two Senators from Texas for joining me in this coalition.

I certainly do object to the motion to proceed to the bill. I want to explain why in some detail. These provisions that the Depot Caucus put in not only halts the public-private competitions for depot workload currently underway at both McClellan and Kelly Air Force Bases, but it essentially undermines any effort to do this work in the private sector in a more cost-effective way.

The option to privatize certain depot workloads was explicitly made available by the BRAC Commission and was a part of the base closure decision. Yes, let their be no doubt, these bases will be closed. We know that. But an effort was guaranteed to be put underway to see if an amount of this workload could, in fact, be privatized. In its report to the President, the BRAC 95 Commission specifically recommended that the department ''consolidate the remaining workloads to other DOD depots or to private-sector commercial activities as determined by the Defense Depot Maintenance Council.''

The President strongly supported the Commission's decision, specifically reinforcing the option of privatization. In his letter to the chairman of the BRAC 95 Commission, the President stated, ''I was pleased to learn that * * * you confirmed that the Commission's recommendations permit the Department of Defense to privatize the work loads of the McClellan and Kelly facilities in place or elsewhere in their respective communities. * * * In my communication with Congress, I have made clear that the Commission's agreement that the Secretary enjoys full authority and discretion to transfer workload from these two installations to the private sector, in place, locally or otherwise, is an integral part of the overall BRAC 95 package it will be considering.'' The President goes on to say, without ambiguity, ''Moreover, should the Congress approve this package but then subsequently take action in other legislation to restrict privatization options at McClellan or Kelly, I will regard this as a breach of Public Law 101–510 (the base closure law) in the same manner as if the Congress were to attempt to reverse by legislation any other material direction of this or any other BRAC.''

I think that's pretty clear.

Let me say that I firmly believe if this bill goes forward with the depot language in it, the President of the United States should veto the bill. Not to veto the bill is to say that the BRAC decisions and the decisions made surrounding the 1995 base closure decision are no longer valid. Their integrity is clearly punctuated by this kind of special interest drive.

Let me go on to say that some have alleged that this privatization process is an attempt to keep McClellan and Kelly open. Let me disabuse my colleagues of that. I want to be very clear. McClellan and Kelly will both be closed in the year 2001. That decision has been made. The property and buildings at McClellan will be transferred by the Air Force to recipients in the local community according to the base reuse plan.

Two private companies, Boeing and a group led by AAI Corp. and one Air Force depot, Hill Air Force Depot in Utah, have each been awarded $750,000 in Air Force contracts to formulate their bids for the workload package at McClellan. Final bids from these competitors for this workload are due in September of this year. The contract is scheduled to be awarded in January 1998. This aspect of privatization is now underway, Mr. President, and essentially what we have in this bill is a special provision which would halt the contracts currently proceeding. It is to this that we strongly object.

The workload package, currently under development by the Air Force, will be worth approximately $220 million and will affect only 2,300 McClellan Air Force Base employees. McClellan ALC, Air Logistics Center, employed over 8,000 people before the BRAC 1995 round, and currently employs less than 7,800 people. So you can see the workload package we are talking about affects about one-third of the employees that used to work at McClellan Air Logistics Center.

The Air Force's planned workload package at McClellan will include maintenance and repair of the KC–135 refueler aircraft and A–10 close-air support aircraft. It will also include repair work and maintenance on hydraulics systems, instruments and electronic components and electronic accessories for numerous aircraft systems. Finally, the workload package will include software support activities, parts repair and assembly for the KC–135 and A–10, and the packaging and movement of parts to military customers.

The public/private competition for this work can save taxpayer dollars. If the competition for this work is won by the private sector, hundreds of millions of dollars in savings could be realized by avoiding the costs of new military construction, movement of the workload, and retraining workers at Hill Air Force Base. Additional savings can come from taking advantage of any potential efficiencies in private industry.

Let me make another point. Past Federal investments at McClellan should not be ignored. Since 1987, the Department has spent $150 million on military construction projects at McClellan. Outright closure of these facilities before the year 2001 means the U.S. taxpayer not only forfeits this expenditure but also must pay for new military construction at another Air Force base so this workload can be moved. The Defense Department will have to spend hundreds of millions of dollars to duplicate the facilities now in operation at McClellan.

As the Defense Department phases out its operations at McClellan and Kelly Air Force Bases, privatization provides a means to reduce overhead costs by bringing defense and commercial work together. If private industry wins the competition for this workload

package, they will be able to add commercial products along with their Defense Department workload. This innovative approach will expand employment opportunities at these closing facilities and increase savings to the Department through decreased overhead costs and enhanced efficiency.

The Depot Caucus' language takes none of these potential savings into account and violates every proven principle that competition reduces costs. The Depot Caucus provision would sole-source billions of dollars of depot maintenance work to government facilities regardless of the cost or the impact this noncompetitive practice would have on DOD's management plans and strategies. In addition, the Depot Caucus' unqualified opposition to privatization goes against a clear national trend. The language ignores not only the lessons learned by industry, but also the guidance of DOD's most respected advisory reports.

This spring's Quadrennial Defense Review stated that DOD should, ''Conduct public-private competitions for depot maintenance work that does not contribute to core capability when other appropriate outsourcing criteria are met. In addition, [DOD] will partner in-house facilities with industry to preserve depot-level skills and utilize excess capacity. Savings will be achieved as a result of these competitions and the reductions in excess capacity.''

The May 1995 Commission on Roles and Missions [CORM] of the Armed Forces strongly urged increasing privatization. CORM recommended ''that the Department make the transition to a depot maintenance system relying mostly on the private sector.''

In fact, the 1995 Base Realignment and Closure [BRAC] Commission Report strongly supported depot privatization, writing, ''The Commission believes reducing infrastructure by expanding privatization to * * * DOD industrial and commercial activities will reduce the cost of maintaining and operating a ready military force.''

The vast majority of private firms are also moving toward increased reliance on outsourcing to become more efficient and remain competitive. The DOD can learn and benefit from the private sector's experience.

We have an opportunity to save money by allowing the competitions for workload at McClellan AFB to go forward. If the bids made by private industry are not financially feasible, then the contract will be awarded to the public bidder, Hill AFB. But, if a private bidder does win, then we will have our first opportunity to reduce the cost of depot maintenance activities through careful use of private enterprise.

The General Accounting Office's study of depot workload privatization never considered the question of how much could be saved if this workload was privatized. It only considered the costs of maintaining that workload at Kelly and McClellan as compared to consolidating it into the remaining air logistics centers. The privatization of this workload will not be business as usual.

Finally, many of my colleagues are concerned that readiness will suffer at the hands of greater outsourcing and privatization. DOD, however, has entrusted our military's readiness to private contractors for years. Currently, several weapons systems, including the KC–10 refueling aircraft, the F–117 stealth fighter, the B–1B bomber, and the software maintenance for the B–2 bomber are completed by private contractors.

I believe that the leadership of our armed services will continue to ensure that any DOD depot maintenance workload that is outsourced will be maintained appropriately, to DOD's own high standard. Allowing noncore depot workload to privatize simply permits DOD to award work to the most qualified, most reliable contractor, whether that contractor is a public facility or a private company.

In supporting the defense industrial base, DOD's policy calls for greater reliance on the private sector for appropriate depot maintenance workload. Outsourcing helps preserve private sector capabilities and enhances DOD's ability to capture new technologies that are constantly being developed in the private sector. By introducing greater competition into the mix, outsourcing lowers the cost of depot-level maintenance activities.

I firmly believe that the Nation will always require a public sector depot capability for certain mission-essential workloads and skills. Unfortunately, the depot language included in the DOD authorization bill will squander essential readiness and modernization funds. The Defense Department has defined public depot maintenance policy for the 21st century. It is time that we move beyond the arbitrary laws defining the policy of the past, and allow public/private competition to move us forward.

These are the points that I wanted to make today. But, let me emphasize, the Depot Caucus' amendment will eventually cost the taxpayers much more money by duplicating existing facilities. In addition, the contractual process, including the request for proposals has already begun and, at McClellan, two companies—Boeing, AAI Corp., and one Air Force depot, Hill Air Force Depot—have already been awarded $750,000 in Air Force contracts to formulate their bids for this workload. Now the Congress is trying to step in and say, ''We are going to stop these competitions midstream.'' I think that makes no sense for the taxpayers and it makes no sense for the credibility of the BRAC process.

I, for one, am delighted to join with my colleagues both in my own State and in Texas to work to see if we cannot come up with some compromise. Absent that compromise, I firmly believe the President should veto this bill.

I yield the floor.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. COVERDELL. Mr. President, it is indeed unfortunate that such a critical piece of legislation for the authorization of the Department of Defense has been encumbered by a disagreement over the last Base Closure Commission findings.

If I might, Mr. President, give a broad overview as one of the Senators who was deeply involved in the last round of the BRAC, Base Realignment and Closure Commission. BRAC was designed because it is so terribly difficult for the issues of base closures and shutdowns to be handled in this political environment. So a highly disciplined system was envisioned—a commission that would independently review these core and critical issues and would come back to the legislature, and the legislature would have to vote it up or down. No amendments could be made.

In other words, the traditional legislative actions and prerogatives were removed. You could only be for it or against it. In this particular case, the Air Force had five bases throughout the country, and many experts thought there were too many and some had to be closed. Originally, the Air Force wanted to keep all five of them open as the process began. But BRAC did not agree with them. BRAC thought that would make five Air Force bases inefficient and, therefore, some had to be closed and the work moved to the remaining Air Force bases to produce an efficiency ratio.

After extensive discussions by BRAC and their commission, they came to the legislature and recommended the closure of Kelly Air Force Base in Texas, which is tough. If you ever lived in a community where one of those closures occurred, it is tough. I understand and empathize with the Senators from California and Texas. That is tough medicine. But they called for the closure of Kelly in Texas and McClellan in California, leaving three Air Force logistics centers open—one in Georgia, one in Oklahoma, one in Utah. The work would be moved to the remaining three, making those three efficient operations.

Mr. President, the administration and the President sullied BRAC, because they overrode the commission. In other words, the people had to live by it, Congress had to live by it, but the administration didn't. We were in an election year. Texas and California are very big and very important. So they instituted this concept of privatization. They theoretically closed Kelly and McClellan, as has been alluded to by the Senator, but they left everything else there under the guise of privatization. For example, the total number of employees at Kelly and McClellan before the Base Closure Commission called for their closing was 33,000 people. Today, the number of

employees at these two installations is 31,000 employees. That is according to the General Accounting Office. The General Accounting Office has told us that this override has resulted in the failure to save $400 million to $600 million.

The point that I want to make is that when the administration decided to intervene in the findings of the Base Realignment and Closure Commission, they reintroduced the very activity that we are engaged in on the Senate floor today. They put it back into the political process. I can say this, Mr. President. There will never be another BRAC, as we knew it, because you can't have a discipline where the people had to stand up and fight for their installations, the people that work there. The Congress had none of its authority. All of its prerogatives were removed except to vote for or against it, and then the administration may unilaterally alter it. That voids the discipline. So that process will never occur again. It can't. If you are going to have something that highly disciplined, it has to apply to the people of our country, the citizens that are affected, to the members of the legislative body, and to the President of the United States. It can't just apply to two parts of the puzzle. With this exercise, you track it directly to the White House. When they decided to take the Base Realignment and Closure Commission and politicize it, that, if effect, eliminated BRAC as a discipline or policy that can ever be used by this Government again to deal with these contentious questions. If it ever comes again, it will have to be completely redone and redesigned so that it applies to the President and the administration as well as to the people in the Congress.

I understand the Senator from Texas. Once that policy was breached, she has no choice but to defend the people of Texas and the workers in Texas. It is the same with the Senators from California. This was what BRAC was to have avoided—and it did, for all practical purposes, until the last round.

Mr. President, it is unfortunate. It means that that system will never be used again, from my point of view, until the administration and Department of Defense can certify that the recommendations of the last round of BRAC have been carried out, that the three remaining logistic bases have been shifted to work that was purported to go there to make them efficient. There is just not going to be another Base Closure Commission. The Department of Defense is going to have to demonstrate that they got the job done from the last ones before they come back and ask for new ones, and the Department of Defense and the administration are going to have to rewrite the rules so that it applies to them as well as to the people in Congress.

I yield the floor.

Mr. INHOFE addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma is recognized.

Mr. INHOFE. Mr. President, I think we all know certain things are true and incontrovertible. One is that a base closing is a very difficult thing to do politically and a very difficult thing to endure as a Member of the U.S. Senate or a Member of the other body, because people look to us and they look to us and say, ''You are responsible for saving what we have here.''

I am not eloquent enough to describe the anguish that people go through, that cities go through, that counties and the States go through during a BRAC process. They go out and they hire consultant after consultant and they spend hundreds of thousands of dollars. They go through all of this and, finally, the recommendations come down. We have gone through that in 1991, 1993 and 1995, and it was necessary. It was, I guess, the Army that came up with the initial idea that we try to eliminate excess capacity and infrastructure. But we haven't been able to do it because politically it can't be done. There is no better evidence of that than what is happening today.

They established a process that was to be totally free from political interference. Seemingly, it worked for a while. I don't have the exact number of installations that have been closed down, but we all understand that we are going through a difficult time with our defense. We all understand that we have a President of the United States who is not strong on defense. He would like to have us think there is no threat out there, that the cold war is over, so we can start reducing down to the point where we cannot begin to defend America on two regional fronts. We all know that is true today.

The bottom line is that we had too much infrastructure. It was up here. So we brought it down, in 1991, 1993 and 1995, to a level that is down now and still a little bit above our force strength. As far as future BRACs are concerned, I contend that I don't want to get this infrastructure down so artificially low so that when we rebuild, we will not have the infrastructure to accommodate that. I agree with the Senator from Georgia, who says that we have to position ourselves so that we know if we go through all of this anguish again, we will not have political interference.

Anyway, I am going to tell you a story, Mr. President, and you may not believe me. I think you know me well enough to know that I do tell the truth. I was in a very tough election when I was in the other body, and I ran for the Senate in 1994. I ran against a guy who is young, articulate, and a very smart young man. He was a Member of the House of Representatives, a member of the other party. He was on the House defense committee at that time, which was called the House Armed Services Committee, now called the House National Security Committee. He said, ''Elect me and I will use political influence to make sure that none of the bases are damaged in the BRAC processes.'' We have five installations in the State of Oklahoma.

I made a public statement in the newspaper. I said, ''I will not use political influence because I know we have to do something about this infrastructure. What I will do is I will stay out of it until the recommendations are made, and when they are made, I will walk through fire to defend the recommendations of the BRAC committee, because the system has to work. We can't allow this to become a politicized system.''

So we did that pretty well. I have a list here of various States and Senators that cooperated when they came through in 1991, 1993, and 1995 and said they wanted to close certain bases. They said, well, it is going to hurt at home, hurt me politically, but we are going to have to do it. They bit the bullet.

Now we are asked to make two exceptions. I agree with the Senator from Georgia when, certainly, the Senator from Texas is put in a very awkward situation by our President because, in August of 1996, right before the election, when President Clinton was campaigning out in California with a huge number of electoral votes, he said this to them and made a commitment that ''I will see to it that no jobs are lost in California and no jobs are lost in Texas, and we will privatize.'' He grabbed that out of the air. So that commitment had to be—I don't think there is anybody in America today that doesn't know that that was a highly politically charged commitment and statement he made. He made that statement. Then that puts everybody in the position that, wait a minute, if you have the President agreeing that we are not going to close those installations, McClellan and Kelly, in California and Texas, what about you Senators, aren't you going to stand behind the President? You have that leverage.

That is where we are today. So we went through this process. I find myself in the situation now that the recommendations have been made that we are going to have to stand behind the recommendations.

I want to suggest to you, Mr. President, we have made some compromises. Senator MCCAIN from Arizona had some objections and concerns in our committee. I am chairman of the Readiness Subcommittee of the Senate Armed Services Committee. We went through this and debated these issues for hours and hours on how to protect the integrity of the BRAC system because it became a dollar decision. We were going through the marking up of an authorization bill where we are trying to rebuild our defenses and sustain a level that will adequately protect America. We have considerations on modernization programs that cost money. We have barracks out there needing replacement. There are quality-of-life issues and modernization issues. These things are maybe $100,000

or maybe $1 million a lick. We have had to turn them down.

Now we have an opportunity to follow the recommendations of the BRAC committee and save the defense system approximately $468 million a year. Now, if you carry that out to 5 years, you are talking about $2.34 billion. If you don't do that, where is the money going to come from? If they are successfully able to compete and end up with the jobs in Texas or California, or privatize in place, it is the same thing. We don't want to confuse people. Those people advocating competition realize that they want competition because they want to protect the jobs there. I understand this. Just because it is dealing in semantics, privatization in place, or competition, where they will be able to leave the jobs there, it doesn't make a difference. The bottom line, as the Senator from Georgia said, is that we will still have five air logistic centers. So it came out with the recommendations. GAO said that if we don't do it, it is going to cost $2.34 billion over a 5-year period. That is money that has to, realistically, come out of the defense system. I don't know where it is going to come from.

Mr. President, we had several hearings where we had the chiefs of services. So I asked each of the four chiefs of services, ''Where are you going to come up with this money?'' If we end up having to violate the BRAC and it ends up costing us $2 billion, where are you going to come up with the money? It can only come from four areas: Modernization, quality of life, force strength, and readiness. So I asked each one. They said, ''We can't take it out of any of those because we are underfunded if all four areas.'' They said at one time that it was going to cost another $2 billion in 1 year to bring us up to meeting the minimum of the expectations of the American people to protect America on two regional fronts.

So we have the recommendations. They said, ''All right. If you have five ALC's located in Georgia, Oklahoma, Utah, Texas, and California, we will select two of those to close.'' And they used the criteria to operate more efficiently. And we could get into 2 or 3 hours of discussion on how this process works, and how they used the criteria in evaluating the effectiveness of various installations. They came up with the conclusion that we are going to have to close two, and those two should be McClellan and Kelly in California and in Texas.

When you do that, you redistribute that so that workload goes on to the remaining ALC's. Of course, that will increase the number of jobs in other States. I understand that. But, if you do not do that, you will still be operating five ALC's at 50 percent capacity. The only difference is they will be owned—two of them—by the private sector. You still have the same problem that existed.

So, if you look at what the alternatives are and look at what we have gone through in the committee process, you will see that we have really given in a lot. I suggested to the Senator from Texas that it was the QDR—Quadrennial Review Defense—review that we went through, and the Secretary of Defense came in, and said, ''We think that we should change 60–40 to 50–50.'' He made some other recommendations. He said, ''We also need to have two more BRAC.'' It so happens that the Senator from Arizona, Senator MCCAIN, said, ''I think we ought to change it to 50–50.''

So we sat down, and worked it out. And we agreed to do that. So there have been compromises during this process. We debated this. We went through the whole committee system. We came out, and finally said that even though as individuals it is going to be politically very difficult as it is, and every time you shut down a military installation—we have done over 100 of them so far—it is always difficult to do. It is difficult for the local House and Senate Members. But it has to be done. So the committee voted unanimously to do that.

Some people have suggested that the GAO report is not accurate. We actually had the committee meeting where we had the GAO people there.

We said, ''We want you to be sure that we understand you correctly. You are saying this is going to cost $468 million. Do you still stand by that today?''

They said, ''The data, as near as we can determine, indicates that that is what the cost will be.''

I said, ''Have you considered everything; privatization in place?''

They said, ''Yes, we have considered that. That is part of the report.''

So we have an extensive report right here by the GAO that comes up with these conclusions. Some people have suggested that perhaps it was not a part of that report. I will quote something from the report. According to GAO, ''The cost to operate the other depots at 50-percent capacity will far exceed any projected savings through public-private competition, $468 million. This fact begs the question: What is the real objective of public-private competition? The only feasible answer is to save jobs, and Texas and California are to appease the private sector appetite for new business. Neither is an acceptable answer.''

So we did this. We went through this thing. We looked at what the GAO was recommending, and decided that we were going to have to do that.

This hearing that we had lasted about 3 hours. They said there is no question about the fact that we are going to have to do something to build the others up to a reasonable respectable capacity.

So that gets into the next issue. ''What is the respectable capacity of the remaining ALC's in order to have this logistics system function in a prudent manner in the United States?'' GAO said somewhere between 75 and 85 percent.

You might ask. Why not get them up to 95 or 100 percent? The reason is very clear. If something should happen that we should have to go to war, we are going to have to have that excess capacity to take care of the needs to meet the new threat that is out there.

That sounds very reasonable. So we have left it there. It is not exactly the same in the House bill as the Senate bill. In the House bill it was 80 percent, and in the Senate bill it was 75 percent—75 percent because Senator MCCAIN thought that 75 percent would be a better number.

So again, we caved in a little bit on that. So we are now talking about what to do with this and whether or not we should allow this process to be violated for the first time.

I would just suggest to you that almost every State has had to undergo the closure of some type of installation. It would be very difficult.

I saw Senator SESSIONS walking through here just a minute ago. For him to go back to the State of Alabama and say that we now are going to go ahead and make an exception, and they would say, ''Wait a minute. Why wasn't the exception made in Alabama, in fact, where we really wanted to keep our bases open?''

So it is difficult when you lose jobs. We have had to bite the bullet and go through this. A majority of the Members of this U.S. Senate have had to go through with that.

Mr. President, there has also been some discussion that perhaps they left an option open. I know several people who for political reasons would like to believe that there is another option that is out there, and they clearly said they had been closed out.

Let me read a couple of the things that I think are necessary for us to understand. If it had been the intent of the BRAC Commission to leave an option to privatize in place, they would have said there is an option to privatize in place. In the case of 1993 BRAC round in Newark, the Newark Air Force Base, they said, ''The workload can either be contracted out to one or more of several existing manufacturers, or privatize in place.''

They said in the 1995 Naval Service Warfare Center in Louisville, ''Transfer workload equipment and facilities to the private sector for local jurisdiction, as appropriate, if the private sector can accommodate the workload onsite.'' That is privatization in place onsite. But what they clearly intended in this case was not to have privatization in place—not to leave the jobs on site because they want to consolidate them.

Last, I want to mention that this should not be a jobs issue. This is a national security issue. The whole reason, Mr. President, that we came up initially on this 60–40, which was a ratio—it was arbitrary, and I am the first one to say that it is arbitrary and needs to be changed at a date when we can correct the national security ramifications of this issue. But until then

we are trying to keep some type of a ratio in place that would allow the public sector to be able to know that in case of war we are not going to be held hostage by one supplier.

That is the big issue. Should that be 60 percent? I was willing to go 50 percent. But I think a better solution is to do what we did in this bill. We have a good bill. In this bill for the first time we have defined what core is. Core is for those functions that are performed that are necessary for us to defend America. That is a fairly simple definition. But that is it.

So, if we define core, then we say that we are going to have to do the core work on site. That would solve the problem. We wouldn't be talking about 60–40 or 50–50.

So I made a commitment to Senator MCCAIN that, if we can go ahead and drop the 50–50, let's give it a couple of years. Let's allow them to see how this works with our new definition of core, and see if we can't solve it that way and get away from this somewhat arbitrary type of a formula.

So the real issue here is twofold, I would say. One is we have involved a lot of money, and, if we do not do this, we are going to have to come up with it somewhere. It is going to be a very costly process if we agree that we are going to violate the intent and the letter of the BRAC.

No. 2, this is even more important than just the money; that is, we are talking about defending America. We are talking about having a capability in the public sector to be able to have air logistics centers. That will keep our airplanes in the air, and will keep our soldiers fighting in the event that war comes up.

People would like to say there is not that threat out there. I am not going to go into my normal speech that I make when we talk about this. I have to tell you. I look wistfully back to the days of the cold war when we had one other superpower, and our intelligence knew pretty well where they were. We knew what threat was out there, and we defined that threat. We could predict how the Soviets were going to act. That is not true anymore. We have some 25 nations that have weapons of mass destruction. We have a country that was just written about in yesterday's newspaper in the Washington Times that the Chinese now are selling more and more technology in systems to deliver those weapons of mass destruction to countries like Iran.

So we are faced not with just one single predictable superpower who poses a threat to us but also to many, many powers out there.

So as a member of the Armed Services Committee, as chairman of the Readiness Committee, I can say that the big issue here is we have a country to defend and as difficult as the process is, as difficult as it is to go through, as upset as I am with the President for politicizing this in August 1996, nonetheless, we are going to have to try to stay as close to the recommendations as possible. Because, if we violate it just one time, I can tell you right now it is not only going to be the Senator from Georgia who said, ''If we do not go ahead and carry out the recommendations of the 1995 round, I am going to oppose any future BRAC recommendations.'' I can assure you that I will do the same thing. I imagine the majority of the Members of this Senate are going to come up with the position that if we do not carry out the recommendations that were clearly identified in the 1995 round that we are not going to have any more base closure rounds.

So for the time being, I yield the floor, and will stay engaged here.

Mrs. HUTCHISON. Mr. President, I want to talk about some of the issues that have been raised by my colleagues, because it seems that there are some very important issues that need to be clarified. A lot has been said about the integrity of the Base Closure Commission process. In fact, it is so important that everyone understand we are protecting the integrity of the base closing process.

I want to read the language that comes straight out of the commission recommendation:

> The Commission finds the Secretary of Defense deviated substantially from the force-structure plan and final criteria 1, 4, and 5. Therefore, the Commission recommends the following: realign Kelly Air Force Base including the Air Logistics Center. Disestablish the Defense Distribution Depot, San Antonio.

This is the important language:

> Consolidate the workloads to other DoD depots or to private sector commercial activities as determined by the Defense Depot Maintenance Council.

Mr. INHOFE. Will the Senator yield on that point.

Mrs. HUTCHISON. That is the BRAC recommendation.

Mr. INHOFE. Will the Senator yield on that point.

Mrs. HUTCHISON. I would be happy to yield.

Mr. INHOFE. I would ask the Senator from Texas to read the next sentence in that report. If she does not have it, I have it. If she does, I would appreciate it.

Mrs. HUTCHISON. Mr. President, I think it is important we look at this language. I have it right here:

> Consolidate the workloads to other DoD depots or to private sector commercial activities as determined by the Defense Depot Maintenance Council.

The rest of it:

> Move the required equipment and any required personnel to the receiving locations. The airfield and all associated support activities and facilities will be attached to Lackland Air Force Base.

Mr. INHOFE. I thank the Senator.

Mrs. HUTCHISON. It is right there. The important part of this recommendation from the BRAC Commission report is that the option is given to the Department of Defense through the Defense Depot Maintenace Council to move the workload to other depots, yes, or to privatize. The option is given because the Base Closure Commission understood that it was important for the Defense Department to have the flexibility.

In fact, to augment that argument, I want to read a letter from the Chairman of the Base Closure Commission. The letter says:

> The Commission believes reducing infrastructure by expanding privatization to other DoD industrial and commercial activities will reduce the cost of maintaining and operating a ready military force. Privatization of these functions would reduce operating costs, eliminate excess infrastructure and allow uniformed personnel to focus on skills and activities directly related to their military missions.

He goes on further to say:

> It is my view and the view of the Commission's general counsel that the commission's recommendation in the case of both McClellan Air Force Base and Kelly Air Force Base authorizes the transfer of any workload other than the common use ground communication electronic workload to any other DOD depot or to any private sector commercial activity, local or otherwise, including privatization in place.

Signed Alan Dixon, Chairman, Base Closure Commission.

A letter signed by four other members of the Base Closure Commission, which would make a majority with the Chairman:

> It was our clear intention to provide the Department of Defense with sufficient flexibility to maintain readiness, make optimum use of scarce resources and to exploit the strength of the United States commercial sector where possible, where doing so would provide the best economic value to the Government. The department has access to all of the relevant information and is in the best position to decide which option best fits its needs.

They are saying clearly they do not expect the U.S. Congress to make that decision. They think the Department of Defense is in the best position to decide which option fits best. They go on to say:

> The Commission felt that privatization was a key tool the Department of Defense could employ to achieve significant savings. As members of the 1995 Base Realignment and Closure Commission, we support the department's efforts to remove legislative restrictions which are arbitrary and undermine effective depot maintenance management.

Signed Rebecca Cox, Benjamin Montoya, J.B. Davis, and Josue Robles. That is in addition to the Chairman, Alan Dixon. It is very clear the intent of the Base Closure Commission, along with the actual wording, that privatization must be an option for the Department of Defense to be able to use the precious defense dollars for readiness of our country rather than wasting taxpayer dollars by artificially having mandates that 60 percent of all maintenance must be done in a public depot. That is what we are arguing about today.

Now, the Senators have said that we have gone down to 50 percent from 60 percent, and they say that is an accommodation. At 50 percent, you are still

mandating that there not be competition, that the Department of Defense not have the flexibility to do the job it needs to do in the most efficient and best way, and to save those defense dollars for readiness.

In fact, I will quote to you from the people who are responsible for our readiness and their view of this issue. Admiral William S. Owens, the Vice Chairman of the Joint Chiefs of Staff, retired, is talking about the importance of the fixed-costs versus the variable costs:

> The world's largest business—

The defense business, the Defense Department—

> is 65 percent fixed costs and 35 percent variable costs.

The variable costs, the 35 percent, translate to the war-fighting capability, but the money is in fixed costs.

So what they are trying to do, according to Admiral Owens, is reduce those fixed costs.

So he says, in order to reduce fixed costs, he believes they must have privatization. He says he would eliminate a particular percentage split and let the core work be decided by the services according to their needs.

Dr. John White, Deputy Secretary of Defense:

> Privatization provides substantial savings. As we go forward, we have a situation where we have to emphasize modernization.

Dr. White is saying we need flexibility to run this Department so that we can fight wars, and we need to save it where we can, and privatization provides savings.

General Shalikashvili, our sitting Chief of the Joint Chiefs:

> I believe we must get on with privatization outsourcing.

This is from March 6, 1996, testimony to the Defense Appropriations Committee:

> We need your support to make the hard choices and the changes to make these initiatives work. I particularly ask for your support where changes in law are required.

The changes in law he is asking for is to do away with 60–40 or 50–50 so that they can have the full ability to decide what is core workload, what can be done in the private sector and how they can save money so that our money will go to, be able to go into the equipment that protects those young men and women who are out in the field who have given their lives to protect our freedom.

In response to a question, General Fogleman, on March 14, 1996, said in answer to the question, how can the services close the $20 billion procurement gap that they face in trying to cut costs, one word: ''Privatization.''

General Viccellio, who was in charge of the depots, testified May 7, 1997, he needs the flexibility to privatize. DOD, he says, doesn't want to privatize everything, but they want the flexibility where they know they can do better.

So, Mr. President, not only are we keeping the integrity of BRAC, which states in their recommendations they are leaving the option to the Department of Defense to move the workload to depots or to privatize, not only is it in the writing of BRAC, but it is augmented by letters signed by a majority of the members of the Base Closure Commission, who very specifically say to restrict privatization options would be wrong.

That is further augmented by the Vice Chief of the Joint Chiefs, by the Chairman of the Joint Chiefs, and by the Deputy Secretary of Defense. I did not read to you the testimony from the Secretary of Defense, both William Perry and Bill Cohen. They all say if we are going to do the job you are giving us to do, which is cut costs yet remain ready and do the best for our troops, we need the flexibility to privatize. And yet the authorization bill that is tried to be brought up, which we are objecting to being brought up, continues to keep Kelly and McClellan from being able to bid in a public-private competition, to have the most efficient use of taxpayer dollars. They would prevent the ability to have the competition, and instead say it does not matter if we waste taxpayer dollars; it does not matter if the Department of Defense has testified they do not want to do it; we are going to force them to do this work in one of the depots.

Mr. President, it does not make sense. It does not make common sense. It does not make money sense. And we are going to try to come to an accommodation so that the depots feel that they will not be threatened. I do not want them to be threatened. But I do want what is best for the taxpayers. I do want the Department of Defense to make this decision based on the facts and based on what is best for the Department of Defense, and I think they are in the best position to make this decision. And that is what I am fighting for today.

It has been stated that the GAO report says you cannot have savings by doing the privatization in place, and I think it is most important that we say for the record that the GAO has never taken into account bids in competition. They have told me that, and we must have the ability for the Department of Defense to take the bids so that we will know if we are going to be able to have the savings.

So, Mr. President, I am trying to stand today for the integrity of the BRAC process. BRAC recommended privatization as an option. That has been thoroughly augmented by the majority of the members of the BRAC in letters since the closing of the BRAC. It has been augmented by every important military leader who has testified before the Armed Services Committee or the Defense Appropriations Committee. There is unanimity in the Department of Defense that they need this flexibility in order to use the millions of dollars that they can save by doing this work privately and put it in the readiness area.

I have to say I am somewhat amused to hear privatization used as if this is un-American. Who makes the aircraft? Who makes the engines? I believe private companies make those. Why would we be against the same private companies that manufacture the engines, that manufacture the aircraft, repairing them? I really do not understand that argument very well.

I think the Department of Defense is in the best position to know if they are, in fact, the best people to repair the engines that they built or repair the aircraft that they built, and I think we should let the experts make that decision. That is what we are fighting for today. We are fighting for public-private competition, we are fighting for integrity of the BRAC process. We are fighting for the experts to be able to make the decision of where those precious defense dollars would go.

We are on the side of the right, and I hope we can work with those who are trying to protect three depots—which I want to be protected as well. But they don't have to be protected against competition. They don't have to be protected in the name of artificial constraints on the Department of Defense to be able to make decisions. They should be protected because the Department of Defense wants them to be there. I am ready to pass a law saying protect them. But I am not willing to pass a law saying you cannot have public-private competition by the Department of Defense even if that is the decision that the Department of Defense makes, because they know best, they are the experts that we have trusted to make these decisions, and we are trying to uphold the integrity of that process.

Mr. INHOFE addressed the chair.

The PRESIDING OFFICER (Mr. COATS). The Senator from Oklahoma.

Mr. INHOFE. Mr. President, I have some comments to make in response to the very eloquent comments of the Senator from Texas, but first I ask if she would answer one question that I have. I think it is probably the most important question that could be asked, in these terms. We all understand. Although the Senator is not on the Armed Services Committee now as she was last year, she knows the significance of an authorization bill. I think we all agree that this, the defense authorization bill, which the Senator presiding right now was a very important part of, is a very significant bill.

While she gives a compelling case—and I know it comes from the heart—on privatization, on changing what our interpretation of what the BRAC recommendations are, would she be willing, in order to protect the authorization bill, to go ahead, let's take the bill up in the form that it is and offer an amendment to strike that provision that she finds objectionable so we can then isolate that one problem and still have an authorization bill, not hold the

entire authorization bill hostage, which I am sure she would agree would not be in the best interests of the country? Would the Senator be willing to do that?

Mrs. HUTCHISON. Mr. President, let me say this is the first time in this entire process that anyone has tried to get a fair solution to this issue. We were not able to do that last year in the armed services authorization bill, and we certainly do not have a bill that would allow for good public policy before us today. It is not as if the Department of Defense would go without appropriation if there was not an authorization bill because, in fact, many departments of Government go forward if there is no authorization as long as there is an appropriation. So there is no ongoing issue of the Department of Defense not having the ability to do its job and the money being there for them to do it.

We are talking about a budget that starts on October 1 of this year, so we have time, and I think we need to take the time. I think we need to solve this problem in the best interests of the people of America, our armed services, our Department of Defense and all of the depots that we would like to protect. I think we have time to do that and do it right. I do not think it is in the best interests of our country to go forward with a bill that has such a flawed policy that will have such far-reaching implications and one in which I am not sure, because of parochial interests, we will be able to amend unless we are able to make an agreement before we take the bill up for consideration.

What I am hoping is that before October 1 of this year, the members of the depot caucus will work with us in sincerity for something that they think is fair, that we think is fair, that is fair to the taxpayers, that is fair to the Department of Defense, and that we can go and negotiate and stand for together. Because, if we can stand together on something that is right, we will win and it will be better for America.

So, we have time. Let's do it right. I thank the Senator for the question.

Mr. INHOFE. I thank the Senator from Texas for that answer, but it is really a shorter answer I was looking for. That is, would the Senator be willing to take up her issue, that which she finds objectionable about the defense authorization bill, and debate that thoroughly on the floor—and if she is more persuasive or has a better case, then, of course, she would prevail on that—instead of blocking the entire authorization bill? This is my concern. The Senate is different than the other body that I served in for 8 years. Over there, you cannot do that. But in the Senate I guess one person can just block a bill from being passed. I hope the Senator from Texas would consider offering her position as an amendment to strike the language that was put in by the committee.

I will not ask for a response now, but I hope she would consider doing that.

Mrs. HUTCHISON. Mr. President, I would like to respond, if the Senator from Oklahoma would allow me to?

Mr. INHOFE. Of course.

Mrs. HUTCHISON. This bill goes into effect on October 1, 1997. I would like to see sincerity on the part of the Senator from Oklahoma to work on this. Let's get a fair agreement so all of us can be together on this floor fighting for what is right for America, what is right for the Department of Defense, what is right for our young men and women who are defending this country. We have time to do it right. Let us do it right. Because he is correct, in the Senate we do not treat people the way they treat people in the House sometimes. In the House, they run over people. Normally, we have not done that in the Senate. That is why the rights of the minority in the Senate are protected.

I think it is very important that we work together on this issue. I think we have an incentive to do it. We have plenty of time, and when we can come to a fair accommodation, I hope we can all work together on a bill that is good policy for America and allows us to use the precious defense dollars that we have for the readiness of our country and for the quality of life for our troops.

Mr. INHOFE. I thank the Senator from Texas. She brings up a very good point, and that is we are in the middle of a process now that is very complicated. First of all, we have our defense authorization bill. It is very, very significant that we get this passed because we have pay raises for those people who are serving right now in Bosnia and other places. We have military construction projects that, if we do not pass this authorization bill, can be in jeopardy. This goes far beyond depot maintenance. I just hope, instead of holding up the entire authorization bill, that we could address this in a way where an amendment could be crafted by the Senator from Texas that would take out the offensive language and then debate it openly, for hours and hours. Because these are critical decisions.

I have to respond to a few things that were said. First of all, the idea of privatization in place—no one is going to exceed my efforts for the past 30 years for privatization in place. I can remember when I was mayor of the city of Tulsa, I was privatizing everything that would not move. I remember our trash system—we privatized it in place. Of course, people do not like change. I can remember they ended up dumping in my front yard. However, now it is the greatest system we could have had—privatization in place.

There is a big difference between privatizing a trash system and privatizing a core responsibility of the military. So here we are trying to defend America and putting ourselves in a posture where, if we follow all the way through with the privatization argument and privatize everything in the military, then we would not have a core capability within the public sector to defend America. That is clearly what this issue is all about.

I would also like to talk a little bit about the committee process that we have gone through. The Senator from Texas talks about the committee perhaps not coming out with the right conclusions. We have been going through this every year. Certainly I, when I was in the other body, sat through this process. Am I happy with it? No. I would like to have a better process. The committee process is a very difficult one and it is one of compromise. We have compromised.

In this process our committee—first of all, in the Subcommittee on Readiness we discussed this issue, we aired it. It was not partisan. It was not Republicans versus Democrats. It was how can we address the issue of having enough of the critical workload, core workload in the public sector so we know if a war comes up we will not be in a hostage situation by one supplier or one contractor who might be in a position to undercut the public sector a little bit at the present time. That is really what it is about.

So we discussed this and we aired this in committee. I see now that Senator THURMOND, the chairman of the committee, is here in the Chamber. I am just reminded that, back when it was very difficult for the Senator from South Carolina to comply with it, they came along and closed, in the 1993 BRAC round, the Charleston naval shipyard. He does not have to answer this question, but I can tell you right now he was not very happy about that. But he bit the bullet and said we have to eliminate excess capacity.

I can say the Senator who is presiding right now, Senator COATS—Mr. President, you can remember when you had to close Fort Benjamin Harrison in Indiana. Was that fun? No, it was not fun. But you were very strong at that point and said we have to protect the integrity of this nonpoliticized process and close excess capacity. There is hardly a Senator in here who did not have to bite the bullet. All of a sudden, we are saying the system is not good and we are going to have to ignore the BRAC process for facilities in two States. There are 50 States. There are still 50 States. This is just two States we are talking about. So we went from the subcommittee into the committee, and Senator THURMOND will remember that we debated this hour after hour. We had amendments that were offered that would strike the language that we put in, saying in order to protect the integrity of the BRAC system, we have to close two of the ALC's and move that workload so others are going to have at least 75 percent capacity. The House said 80 percent, the Senate said 75 percent, and we debated that. We had some votes that were really close votes.

If you remember, Mr. President, we debated these and had the votes, and then there were amendments that were offered, and in the final analysis, we came out and said this bill is a good bill. This bill does things we have been trying to do for a long time. We have been trying to define what is core. Always before we have had a very loose definition that the DOD has used, and that has been acceptable, and we took their definition and put it into this bill so we will have a definition of what is core, what is necessary to be performed by the public sector in order to protect us in times of war so we do not become dependent upon some outside contractor.

So we have that definition in there. We also have another compromise that I made, and that is, one of the reasons—in a minute I am going to talk about the bidding process—we can't have any kind of bidding on this thing that is fair to the public sector is because they cannot do the same things the private sector can do. So we put in a teaming provision. That is to say that the public sector can do what the private sector can do. Let's take Tinker Air Force base in Oklahoma City. If Tinker Air Force base wants to compete for some of the workload that private contractors in Texas are currently trying to hold, they cannot subcontract out or have teaming arrangements with other subcontractors on work that they would like. In this bill, when we pass this authorization bill, we put a provision in here that says, yes, they can go ahead and contract out. So, if they find the private sector can do one particular function or one product more efficiently than the public sector can, then they can go ahead and do that and that work will be counted as public work in any formula.

That is a great concession, and it is one I don't mind making, because in that situation, the private sector could do the work, but we could not be held hostage because the public sector would control the contracting out of that work. They want to do it. There is not an ALC in America that doesn't want to have the capability of contracting out small parcels that might be better done while they can still protect the core condition or concern that is there.

We have things such as bundling in a package. I can tell you right now that if they continue the way they are doing it right now in trying to induce competition for these core responsibilities, that they are going to win. You cannot compete when you are operating on a playing field that isn't level.

Right now they can bundle it, and they have bundled these projects, for example, in Texas, so that only those in Texas could come out realistically and win this thing.

In our statutes, we have depreciation schedules, where the private sector can use a different schedule than the public sector. We have another provision, which I don't disapprove of, which is one that I, as mayor of Tulsa, actually had the opportunity at one time to participate in, and that is when they decided that Air Force Plant No. 3 in Tulsa, OK, was no longer inventory that the Air Force wanted and wanted to have to keep up, we went through this process, the process of divesting ourselves of inventory we do not want: First, we let the Federal agencies look at it to see if they want it. If they want it, it is taken up there. If not, it goes to the State, and if not there, it goes to the local communities and counties.

In the case of Air Force Plant No. 3, the city of Tulsa ended up with it. What can we do now? We can take that and, at no cost, offer it to a contractor to go out there and compete. This is, I suggest, exactly what can happen and will happen if they are successful in what they call competition down at Kelly for some of the ALC work. They would be able to pick up that base that is closed, that resource worth many, many, many millions of dollars, give it, for all practical purposes, to a contractor. That contractor can submit a bid and bid against any of the remaining ALCs at no cost for overhead.

So here we are in Utah or Georgia or in Oklahoma saying we are going to have to pay for all of this overhead in our bid, we have to account for that some way, and they get something free. No, we can't bid. I don't care if we gave them a 20-percent advantage, there is no way we could do that, and we shouldn't be talking about that anyway because the issue here is national defense. Are we going to be capable, Mr. President, of defending America, of handling those core issues and concerns within the public sector?

I have to share something, because the very eloquent Senator from Texas quoted a number of people, and I would like to suggest to you, Mr. President, that of the eight members of the BRAC committee, only one who came out for privatization in place as something that is reasonable. I would like to read to you what some of the other Commissioners said. This comes from Commissioner Steele. She said:

> The Commission was, in general, supportive of privatization of DOD industrial activities where appropriate. However, privatization as a concept and forced privatization in place of what is clearly excess depot capacity are two very different issues.
>
> In the specific case of Sacramento and San Antonio ALCs, the Commission was very aware that we were recommending the closure of two very large industrial activities. The Commission's recommendation to consolidate these workloads, other than common-use ground-communication and electronics work, ''to other DOD depots or to private sector commercial activities as determined by the Defense Depot Maintenance Council. Move the required equipment * * * to the receiving locations''—
>
> ''To the receiving locations,'' that means a location other than Kelly Air Force Base and other than McClellan out in California, because you still don't resolve the problem, if you merely privatize in place and end up with five, so to say, ALCs all operating at 50-percent capacity.
>
> Forced privatization in place of all of the workload is contrary to the intent of Report language.

She says, further reading toward the end of the letter:

> The Commission clearly did not intend to privatize in place all of the workload from the 2 ALCs we voted to close, as noted in our Findings, ''closure * * * permits significantly improved utilization of the remaining depots and reduces DOD operating costs.'' Where the Commission encourages privatization in place, our Report addresses it directly * * *

And she cites the page numbers.

> Such was not the case with the ALCs.

Finally:

> If any Commissioner had offered a motion—

Listen, Mr. President—

> If any Commissioner had offered a motion to privatize in place, as the President proposes, I am 100-percent certain that such a motion would have been defeated handily.

This is Wendi Steele, a Commissioner who went through all the processes. I won't go through the whole letter from Commissioner Lee Kling, but I will read the last paragraph of his letter. Now keep in mind, these are two of the eight Commissioners. We have letters from all but former Senator Dixon.

He says:

> The Commission's review clearly documented significant excess capacity in the five Air Force Air Logistic Centers. Privatization in place of all of the workload of Sacramento and San Antonio Air Logistic Centers could result in little or no savings to the Air Force by the closures. Further, it might result in privatizing excess capacity rather than eliminating it and could also miss the opportunity to improve the efficiency of other DOD depots by increasing their utilization.

Mr. President, I ask unanimous consent to have these letters from Commissioner Wendi Steele and Commissioner Kling printed in the RECORD.

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

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION,
Arlington, VA, September 21, 1995.

Hon. J.C. WATTS, Jr.
U.S. House of Representatives,
Washington, DC.

DEAR REPRESENTATIVE WATTS: Thank you for your letter of September 15 and questions regarding the issue of privatization in place for the workload of the Sacramento and San Antonio Air Logistics Centers.

The Commission was, in general, supportive of privatization of DoD industrial activities where appropriate. However, privatization as a concept and forced privatization in place of what is clearly excess depot capacity are two very different issues.

In the specific cases of the Sacramento and San Antonio ALCs, the Commission was very aware that we were recommending the closure of two very large industrial activities. The Commission's recommendation to consolidate these workloads, other than common-use ground-communication and electronics work, ''to other DoD depots or to private sector commercial activities as determined by the Defense Depot Maintenance Council. Move the required equipment . . . to the receiving locations'' was intended to move that workload to the most cost-effective and operationally sound location after

closure of the ALCs and elimination of that capacity.

We felt that the Depot Maintenance Council, rather than the Air Force. Would be in the best position to proceed in good faith to maximize efficiencies by determining what portions of that workload should be interserviced, moved to another ALC or transferred to the private sector (not necessarily ''in place''). Forced privatization in place of all of the workload is contrary to the intent of our Report language.

The only instance I am aware of the Commission specifically discussing the possibility of significant ALC privatization in place, or a government owned/contractor operated facility (GO/CO), was the C–5 work at Kellly (excluding engines). That would assume it could be accomplished by a private contractor at that location for less than the savings and efficiencies which would be realized by moving it. By all of our measures, it appeared that the long-term savings to DoD would be substantial by moving that workload to another ALC, but we did not want to pre-determine the outcome of a complete and fair analysis by the Depot Maintenance Council, which the President's proposal disallows.

Though the Commission did not direct the engine work to move to another ALC, our Findings state, ''The Commission urges the Air Force to consolidate engine maintenance activity at Tinker to reduce excess capacity. The Commission firmly believes that consolidation of engine activities will result in lower costs and increased efficiencies.''

Privatization in place of all the workload of the 2 closing ALCs would enhance our national security posture only when: Moving the work to another DoD depot or to a private activity would have unmanageable operational/readiness risk; the costs to move the work would outweigh the long-term efficiencies and savings which would be realized (capacity utilization, reduction in overhead, etc.); or a truly unique capability or strategically important redundancy would be lost or unable to be cost-effectively replicated elsewhere in the public or private sector.

It's important to remember that both DoD and the Commission's review clearly documented significant excess capacity in the 5 ALCs. Privatization in place of all of the workload of Sacramento and San Antonio would result in shifting excess capacity to what appears would be a competitively protected segment of the private sector rather than eliminating it, and further, would miss the opportunity to improve the efficiency of the other DoD depots.

The Commission clearly did not intend to privatize in place all of the workload from the 2 ALCs we voted to close, as noted in our Findings, ''closure * * * permits significantly improved utilization of the remaining depots and reduces DoD operating costs.'' Where the Commission encouraged privatization in place, our Report addresses it directly (see pgs. 1–58 to 1–61). Such was not the case with the ALCs.

Moreover, not allowing the remaining ALCs—all of which ranked higher in military value—to compete for the additional workload, will cause them to become increasingly less cost-competitive in the future. Even beyond common sense issues of most effectively utilizing our limited defense resources, I am at a loss to understand why it would be in the Air Force's best interest to protect its lowest ranking depots at the expense of its 3 superior installations.

As difficult as it was to vote for the closure of 2 facilities of this size and quality, the Commission voted 6–2 to do so because we felt that it was in the best interest of the Air Force, DoD, and the American taxpayers. If any Commissioner had offered a motion to privatize in place, as the President proposes, I am 100% certain that such a motion would have been defeated handily.

Representative Watts, I hope I have answered your questions. Please feel free to contact me if I might be of further service on this or any other matter.

Highest regards,

WENDI L. STEELE,
Commissioner.

S. LEE KLING,
St. Louis, MO, September 29, 1995.

Hon. J.C. WATTS, Jr.
Congress of the United States, House of Representatives, Washington, DC.

DEAR CONGRESSMAN WATTS: Thank you for your recent letter concerning the issue of privatization in place for the workload of the Sacramento and San Antonio Air Logistics Centers. I certainly understand your interest in this question.

As Chairman Dixon noted in his July 8 letter to Deputy Secretary of Defense John White, the Commission was generally very supportive of the concept of privatization of DoD industrial and commercial activities. This is consistent with the May, 1995 Report of the Commission on Roles and Missions of the Armed Forces, which concluded that ''with proper oversight, private contractors could provide essentially all of the depot-level maintenance services now conducted in government facilities within the United States.'' Privatization is very beneficial in certain situations but not all.

In specific cases of Sacramento and San Antonio Air Logistics Centers, the Commission was very aware that we were recommending the closure of two very large industrial activities. The Commission's recommendation to consolidate the workloads of these two Air Logistics Centers ''to other DoD depots or to private sector commercial activities as determined by the Defense Depot Maintenance Council'' was intended to give the Air Force and the Secretary of Defense the maximum flexibility to implement the closure of these two Air Logistics Centers in a way that would eliminate excess capacity without harming ongoing Air Force operations and provide the greatest savings. With the exception of the direction to move the common-use ground-communication electronics workload currently performed at Sacramento Air Logistics Center to Tobyhanna Army Depot, the Commission did not direct any of the workload of McClellan or San Antonio Air Force Bases to any specific DoD depot or to the private sector. We felt that the Defense Department was in the best position to make these judgments.

The Commission's review clearly documented significant excess capacity in the five Air Force Air Logistics Centers. Privatization in place of all of the workload of Sacramento and San Antonio Logistics Centers could result in little or no savings to the Air Force by the closures. Further, it might result in privatizing excess capacity rather than eliminating it and could also miss the opportunity to improve the efficiency of other DoD depots by increasing their utilization.

Thank you for your continuing interest in the base closure process.

Kindest regards,

S. LEE KLING.

Mr. INHOFE. Mr. President, this is taken directly out of the BRAC language. It is critical that we find ourselves in a situation where we are going to be able to actively interpret the intent of the BRAC Commissioners. Eight Commissioners, and they used the same criteria everywhere they went. They visited all the installations. They were in Oklahoma. It was very tense. We have five installations in Oklahoma. They went to all of them. These people worked for years to try to come up with conclusions, so I am going to read some of the conclusions they have, and then I would like to yield to the Senator from Georgia, if it is his desire to be heard on this subject.

Mrs. HUTCHISON. Mr. President, will the Senator yield for one question?

Mr. INHOFE. Yes, I will yield for a question, and then I do want to hold the floor so I can conclude my remarks.

Mrs. HUTCHISON. Yes, I understand, and since I was willing to answer any questions you had, I think that is fair.

Mr. President, I understand that the Senator has read a letter from one of the Base Closing Commissioners, Wendi Steele. And I just ask if the Senator from Oklahoma will tell us where Wendi Steele worked just before she went on the Base Closing Commission?

Mr. INHOFE. Where did she work?

Mrs. HUTCHISON. Yes.

Mr. INHOFE. Maybe you can tell me. I know she lived in Texas.

Mrs. HUTCHISON. Yes, Wendi Steele was actually the defense legislative assistant for DON NICKLES. She is from Oklahoma. I don't know if she lived in Oklahoma.

Mr. INHOFE. I think she is from Houston.

Mrs. HUTCHISON. But she worked for DON NICKLES before becoming a member of the Base Closing Commission.

Mr. INHOFE. Can I ask a question of the Senator from Texas? During the time that we approved the appointments by the President of the eight Commissioners, we went through long hearings. You, at the time, were a member of the Senate Armed Services Committee, I believe, and I was there, too. I ask, did you have any objection to the appointment of Wendi Steele as one of the Commissioners during those hearings?

Mrs. HUTCHISON. As a matter of fact, I was very concerned about the appointment of a former staff member of a Senator from a State that was going to be in competition with our State on several bases. I was concerned about it. I asked Ms. Steele at the time if she would be willing to recuse herself, since she was on Senator NICKLES' staff, from any of the decisions that would bear on a base that was in competition with Oklahoma, and she said no. I thought of objecting to her at the time. I decided that I would not object because I hoped that she would be fair and open and honest.

I was concerned when, as a member of the Commission, she was doing the routine tour that Commissioners do of Kelly Air Force Base and she, at the time, said to the commander of the base, ''This is a really nice facility. I wonder what we will be able to do here when all of this is moved to Tinker?''

Now, this was when she was just in the research phase taking the routine

trips that everyone takes, and she had made up her mind that this was going to be moved to Tinker.

So I just think when I read the letters from the five members of the Base Closing Commission that stated clearly that privatization is an option that they meant to leave open in these base decisions, I just wanted the Senator to know what the background was on the letter from Wendi Steele.

Mr. INHOFE. Let me reclaim my time. Thank you very much, I say to Senator HUTCHISON.

Mrs. HUTCHISON. Thank you, Mr. President.

Mr. INHOFE. I appreciate you calling that to our attention. I also, Mr. President, call to your attention the Commissioner in question is a resident—was a resident, I assume is still a resident—of Houston, TX, and she had not been on the staff of Senator NICKLES for some time.

I think when we went through this process of determining whether or not anyone was prejudiced on that Commission, I asked every Commissioner questions. I asked them: ''Are you going to use the criteria in an unprejudiced manner?'' And they all responded yes. There is not one person who objected to Wendi Steele.

I will also say, I also quoted extensively Lee Kling. I don't believe Lee Kling was ever on Senator NICKLES' staff.

I want to yield to the Senator from Georgia, but since it is so critical we know what the intent was, not just by reading the reports from the Commissioners, let me just go ahead and read a few things that actually came from the BRAC commission report. These are quotes, Mr. President, if you will bear with me for just a moment.

> . . . significant excess capacity and infrastructure in the Air Force depot system requires closure of the San Antonio ALC.

They addressed separately the question in California. But the point here is, I keep hearing, don't worry about it, they are already closed. No one is going to be naive enough to say by closing it, they didn't fully intend to stop the excess capacity from taking place in Texas and in California. It was assumed that that would take place.

Second:

> . . . closure of the San Antonio ALC and related activities in Kelly AFB, including the defense distribution depot and information processing megacenter, permits significantly improved utilization of the remaining depots and reduces DOD operating costs.

Third, another direct quote from the BRAC committee:

> The Commission found the cost to realign Kelly AFB to be less than that estimated by the DOD and the annual savings to be significantly greater than DOD's estimate.

I heard someone, I believe it was the Senator from California, just a short while ago make a statement—maybe I am not attributing that to the right person—saying that the GAO study did not take into consideration relocation. The GAO study clearly did take into consideration relocation.

Quoting further:

> The Commission assumed that a depot closure and consolidation of work would permit a personnel reduction—

Listen, Mr. President—

> of 15 percent of selected ALC personnel and a 50 percent reduction in management overhead personnel.

Further quoting:

> The decision to close the San Antonio ALC is a difficult one, but given the significant amount of excess depot capacity and limited defense resources, closure is a necessity . . . The San Antonio ALC closure will permit improved utilization of the remaining ALCs and substantially reduce DOD operating costs.

I could go on all day with these things. There is a lot of redundancy here. But it clearly expresses to us what their decision was and what they meant.

The Commission staff presented data indicating large annual savings could be realized by consolidating engine maintenance activities at Tinker Air Force Base, OK. Both Kelly and Tinker are operating at less than 50 percent of their engine maintenance capacity. * * * The Commission urges the Air Force to consolidate engine maintenance activity at Tinker to reduce excess capacity. The Commission firmly believes that consolidation of engine activities will result in lower costs and increased efficiencies.

Again, Mr. President, there can be no doubt that even if you tried to isolate certain things that were said or maybe a rumor that was heard down in Kelly Air Force Base, I do not think we should be talking about statements that cannot be documented and rumors that someone said this or someone said something else.

If you just stop and realize, if you have five ALC's operating at 50-percent capacity, and you close two, and, as the bill calls for, you do not privatize anything in place there until the remaining, more efficient—according to the BRAC process—certification of ALC's located in Oklahoma and Utah and in Georgia are operating at a minimum of 75-percent capacity, I do not care if it is 65 percent, but the bottom line is anyone who has any business background knows that you cannot operate at 50-percent capacity and do so efficiently.

I do not think we need to attack the integrity of the independent commissioners. I feel that people like Wendie Steele and Lee Kling and the rest of them have spent time, their valuable time—sure there is compensation, but there are very few people who would be willing to take 2 years out of their lives to do nothing but evaluate the operation of literally hundreds of military installations.

Now, I have a lot more things to talk about. I would like to yield to the Senator from Georgia. You know, I commented several times, as he sat in there with us in the Senate Armed Services Committee, that this not a partisan thing. This is about defending America.

So I yield the floor.

Mr. CLELAND addressed the Chair.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. CLELAND. Will the Senator from Oklahoma yield?

The PRESIDING OFFICER. The Senator from Oklahoma yielded the floor.

Mr. CLELAND. Mr. President, I missed some of the discussion of the Senator from Oklahoma. I would like to just highlight some points that I will mention about this discussion.

I say to the Senator, I am a newcomer to this basic issue here, but you have been involved from the beginning of the BRAC process, all the way through.

Was it your understanding when this process was set up to close bases, that that was exactly the intent of the entire process, to indeed close bases, and that this issue of privatization in place came along some time afterward as possibly something that was new to the process and has actually thrown that process off track? Is that your understanding?

Mr. INHOFE. That is my understanding.

Before the Senator from Georgia got in here, I commented on several of the States. For example, Indiana, where the presiding office is from, he lost, and did so with grace, as much grace as he could, a major installation in Indiana.

Our own chairman, Senator THURMOND, I mean, no one, no one can have more political influence to stop the closing of a base in his home State than the chairman of the Armed Services Committee. And Senator THURMOND was willing to say, all right we have to bite the bullet.

The big issue here is, we need to use the money that is used on excess capacity to be spent on such things as modernization, quality of life, on readiness, on force strength. These are the things that we need to be talking about.

So, yes, the whole thing on privatization in place, it was anticipated someone might bring it up. So the GAO in their report, when they came to the conclusion that if you privatize that excess capacity in place in Sacramento and in San Antonio, it is going to cost the taxpayers, and I say cost the defense system, because that is what it is going to come out of—$468 million a year. Over the 5 years, they said that is $2.34 billion.

In further responding to the Senator's question, I would say, you sat there in those committee meetings when we had the service chiefs in there and said, ''Where are we going to come up with the money if we don't carry out the recommendations of the BRAC system?'' We have to come up with several hundred million dollars. Is it going to kill the force stream and quality of life and come out of modernization. ''Where is it going to come from?'' What did they say? They said, ''We don't have anything for it to come out of.''

Mr. CLELAND. I ask the Senator, is it your understanding, if this privatization in place policy stands—of course, the bill reported out of the Senate Armed Services Committee does not prohibit privatization. It just prohibits this policy which has thrown the BRAC process off track in terms of their logistics centers.

Mr. INHOFE. That is a very good point.

In fact, several people, who would like to have us believe that—referring to the privatization in place—very conveniently leave out one sentence when they talk about realigning Kelly Air Force Base, including the air logistics center. The last sentence says, ''Move the required equipment * * * [and any required personnel] to the receiving locations * * *.''

That means not there. Do not privatize excess capacity where you maintain the problem of having five locations, each operating at 50-percent capacity. It is very, very clear.

Mr. CLELAND. I ask the Senator, isn't it true that if the action follows, that is, the privatization-in-place policy, that we have heard testimony—you and I were in the subcommittee listening to the testimony from the Air Force—that if you followed the privatization-in-place policy, rather than just sheer privatization, it begins to thwart not only the BRAC decision, but it begins to obscure the whole concept of privatizing to begin with, and that when the Air Force talks about competition, say, competing for the C–5–A workload, they put qualifications on it in order to adjust to the privatization-in-place requirement and require that work to be done for the C–5–A workload at Kelly, and that absolutely compromises, I think, the whole sense of competition between an air base, say, like in Warner Robins—it is going after that workload—and a private contractor?

Isn't it your opinion that if we do not get rid of this privatization-in-place policy, we will end up with five air logistics centers, which is not the desire of the BRAC Commission, but three will be publicly run by the Air Force and two will be private, costing the taxpayers hundreds of millions of dollars? Is that not right?

Mr. INHOFE. You know, that is one of the three bottom lines here. It is just so logical that if you have five operating at 50-percent capacity—as they said in this overdraft quoted out of their report; they said it over and over again—you have to close two and transfer the workload.

Now, the whole idea of privatization came up—and I hate to say it, but it was highly political. We all get political right before an election. This is what happened right before the election. And it happened out in California. There are a lot of electoral votes in California. The administration said: ''We want to privatize in place.''

But clearly you are right. The Senator from Georgia is exactly right. That does not resolve the problems.

A minute ago I said there are three bottom lines. That is one bottom line. Another bottom line is the fact that this is a national defense issue. How can we be sure that if there is a war, if Iran decides they are going to use some of that technology and the systems they are getting out of China or Russia and go to war with us, that we are going to be in a position to fight that war? It is a national security issue so that if we do get in a war, we will not become dependent, for those core activities, on a private contractor.

You know, I am all for privatization in place. But that is the other issue.

The third, of course, is cost. Those who say that GAO did not consider privatization in place, they did. The GAO was before our committee. You were there with me. We sat there for several hours. We cross-examined this gentleman. He said, and repeated over and over again, ''Yes, the costs. It is going to be to the taxpayers or to the defense system. We proximate $468 million a year.'' Then I said, ''Is that old information? Is that new?'' ''No; we brought it up to date.''

So that is their current position. That is their past position. The GAO was set up to be an independent agency to evaluate these things free of political interference. They came out with this, that third-cost thing. The Senator from Georgia knows the problems that we are suffering from right now in our defense system. He knows that we cannot come up with $2 or $3 billion and take it out of something that is existing. So the Senator from Georgia is exactly right.

Mr. CLELAND. I say to the Senator, you and I both sit on the subcommittee. That point is well-taken, that regardless of some of the aspects of this issue, which can be kind of arcane, when you start talking about air logistics centers, the bottom line is, are we going to fulfill the goal of the BRAC Commission, and that is have three air logistics centers, lean and mean and working at full capacity and ready to go in terms of the readiness of our forces? That is the bottom line. If we compromise the BRAC decision, then we will not have three air logistics centers lean and mean operating at full capacity really ready to do their job in a time of conflict and combat. That is one of the things that really concerns me about this whole issue.

Mr. INHOFE. I respond to the suggestion of the Senator from Georgia that in capacity, there is potentially enough capacity so there will be a public depot in the event of war and have some capacity to grow into it. That is the reason that, again, it is somewhat arbitrary as to whether it is 75, 80, or 85 percent. The GAO again said that you should operate the three remaining air logistics centers somewhere between 75 and 85 percent capacity to leave enough capacity so that, as the Senator suggests, in time of war we would have that capacity and then we would be at full capacity. Clearly this is a national defense issue.

Mr. CLELAND. I appreciate the Senator from Oklahoma and his leadership on this point and his concern for readiness of our forces, readiness of our air logistics centers to do the job, the ability of those centers to do the job economically and effectively, which in my reading of the BRAC process was part of the reason for the process even occurring, and that he marshaled great facts and arguments for the committee bill here, which I support, which does not eliminate privatization, it just eliminates an absurd policy that is costing the taxpayers of this country hundreds of millions of dollars and is inefficient, ineffective, and ultimately weighs down and compromises three outstanding air logistics centers.

I just want to thank the Senator for his leadership and his scholarship on this issue. I will be supporting him on a vote.

Thank you, Mr. President.

Mr. INHOFE. Before the Senator yields the floor, I would like to respond, in a way. We are talking about this as being a major national defense issue. That is what it is really all about.

I am deeply concerned because I understand, certainly not as well as some of the others around here, that the Senate rules do provide that any one Senator can stop the train, can stop and can kill a bill.

I see Senator THURMOND down there, the chairman of our committee, the hours that we put into this thing. I just hope that those who disagree with one small part—this is a tiny part of this bill. We have pay raises for our guys in Bosnia. We have modernization programs in there. We have barracks that are starting construction right now that we have to continue. We have literally hundreds of things that are totally out of this realm, not associated with the depot maintenance, that are in this bill.

So I just hope that those who are opposed to this part or any part of the bill would not use the Senate prerogative that each Senator has to stop the bill altogether so that we will not have the defense authorization bill, but merely offer amendments to take out those parts that they find offensive. I am prepared to debate against such amendments that might cause this to come out.

So, I just respond by saying, I hope that you share my concern that we do not want to hold up the defense authorization bill. Let us go ahead, as Senator THURMOND had suggested in a meeting yesterday and said we have a good bill here. A lot of good things are in it. If somebody does not like some provision, they have every right to stand here on the floor and argue that case and be as persuasive as they can to take that out. I think that is the process, for the sake of America's defense, that should be used.

I assume the Senator from Georgia would agree with that.

Mr. CLELAND. The Senator from Oklahoma is absolutely correct. I support him 100 percent on that point. And the great chairman of our committee is absolutely correct; if there is anyone who disagrees with portions of this authorization bill, offer an amendment to delete it. But to hold up the whole bill is wrong.

Second, I am the ranking Democrat on the committee that deals with personnel in the military, particularly with quality-of-life issues. There are many things in this piece of legislation that we are about to discuss, like the 2.8 percent pay rate increase in barracks housing and housing for families on many bases and an increase in aviator pay, to recruit and retain the best pilots and service men and women.

There are many things in this bill that our soldiers and sailors, airmen, marines, coastguardsmen out there really need. I hate to see this bill run aground on this particular point that we have been debating.

So the Senator is absolutely correct. I support him 100 percent on that point.

Mr. INHOFE. Of course, the Senator from Georgia being the ranking member of the Personnel Subcommittee, and Senator KEMPTHORNE, being the chairman, as I go around and make the base visits, it is very distressing. You mentioned flight pay.

We are losing our quality pilots to the private sector because there is a great demand out there. How can we compete, when these guys are willing to do it? They want to fly the F–16's, the F–14's and the F–18's, and the equipment we have, the heavy equipment, the B–1's and B–2's, and so forth, but they also have families and they have children and we have to provide them with the pay that is somewhat competitive. We are way below that. However, you are able to get in some provisions that will, I think, retain some of these pilots.

Right now we are in the middle of an incredible housing shortage and we have troops on food stamps, we have housing that they would not let prisoners live in.

We have a lot of improvements here due to your hard work and that of Senator KEMPTHORNE. To jeopardize all of that work just because of one small provision—I suggest there are some things I do not like in this bill. If I do not like them I will offer an amendment to take it out. That is the process. I just hope we can follow that process.

Mr. BENNETT. Mr. President, do I have the floor?

The PRESIDING OFFICER. The Senator from Utah has the floor.

Mr. BENNETT. I will not prolong this particular debate about depots, but I was passing through and heard it going on and could not resist the opportunity to make some comments about it. The issue clearly will be debated at greater length and I will have more statistics and information at that time.

The point I want to make in this context has to do with the issues raised by the Senator from Georgia and the Senator from Oklahoma regarding readiness and capability in the depots. It is the corrosive effect of a depot operating at less than full capacity or even approaching full capacity.

If I may, I will share with the Senate my experience at Hill Air Force Base where we have the air logistics depot that was rated No. 1 during the last BRAC process. Let it be understood there were five depots that BRAC looked at, and according to the ratings that were given these depots, Hill Air Force Base was rated No. 1, McClellan Air Force Base which BRAC said should be closed was rated No. 5, and Kelly Air Force Base, which BRAC said should be closed was rated No. 4.

However, the expected shift of workload from Kelly and McClellan to the surviving three has not taken place. At the Hill Air Force Base they are now down to about 52 percent of capacity. There has been a lot of conversation here about how inefficient and expensive that is. I agree with all that conversation. It is ineffecient and expensive. But it is more corrosive than that in terms of what it is doing to the personnel on whom we will depend at some point for support if there is a war.

The work force at Hill is aging. As people leave, they are not replaced. Why should they be—the capacity of the base is not being used, so as attrition comes along and people leave, they are not replaced. The people who are looking toward retirement in the next 5 to 10 years recognize they will not be replaced if this capacity problem is not solved. Their morale is down. When they speak to the people in the surrounding community who might want to apply for jobs, be trained and acquire the expertise that we will need, the present folk tell them, quite understandably and logically, ''Don't bother. Don't come to work here. The Air Force has no loyalty to its personnel. The Air Force has no loyalty to this depot. They have done everything they can to close the depot by keeping work spread out at other depots around the country.''

The time will come, and it will come relatively soon in terms of international defense issues, that is, within the next 5 to 10 years, when we will not have a work force at all. These people will have retired, they will have left, no one will have come in to be trained, and the Air Force will suddenly sit there and say, who can we get to do this work at virtually any price, at any place? Depots do not manage themselves. It takes people. Problems do not get solved by facilities, it takes people.

The process the Air Force is following in this privatization in place procedure is corrosive and destructive of not only the morale but the skills of the people at each one of these depots. We would not have this problem at Hill Air Force Base if Hill Air Force Base were operating at 75, 80 or 85 percent of capacity. People would be busy doing productive, worthwhile things.

Now they are painting rocks—not literally, but figuratively. I have been in the Army. I know what happens when the drill sergeant has you for the afternoon and has nothing for you to do. He requires that you go out in front of the barracks and pick up all the rocks and paint them and then put them back. That is not a really good morale experience to go through. I have gone through that. I think just about anybody who has gone through training in the American military has had that kind of experience from time to time. You want to spend your time in worthwhile activities, in real training, but they have you for the afternoon, they do not have anything for you to do, and military life being what it is, they will not let you go, so the top sergeant has you out there painting rocks. Well, figuratively, many of the people at Hill Air Force Base are drawing their full salary, charging the taxpayer the full cost, but they are painting rocks. Why? Because the work they should be doing is still being done on the bases that the BRAC ordered to be closed.

We can talk about the price, we can talk about the money that is being wasted, we can talk about the inefficiency, but we should not lose sight of the corrosive impact on the morale, the expertise and the ultimate future of the work force that will be necessary to keep this country alive and strong in the defense in the future.

I hope the members of the Armed Services Committee who address this issue keep this in mind, along with all of the other issues. We are arguing about jobs and where they will be. We are arguing about dollars and where they will be spent. However, we are in an exercise created by the Air Force's refusal to abide by the requirements of BRAC, that is terribly corrosive of the work force, and ultimately the readiness capacity of this Nation.

It is very difficult to measure but that does not mean it is not real. It is very difficult to pin down in specifics, but that does not mean it is not serious. It is real. It is serious. It is going on, and the BRAC process must be implemented as quickly as possible in order to stop it.

Mr. THURMOND. Mr. President, the Senate has a very able majority leader. It is his business to take matters up after the committees have acted and to get action one way or the other. The Senate Armed Services Committee has brought forth a bill here. It is ready to be acted on. Why is this delayed? Some Senators are not pleased with what it contains.

Now, any Senator who is not pleased with any portion of this bill and wishes to amend it or repeal it has an opportunity to offer an amendment to do that. But to say to the Senate, we are going to object to even taking up the bill, even considering the bill, and holding up the work of the Senate—isn't it reasonable to go forward with

this bill, let amendments be offered, let them be acted on? That is the democratic way.

Now, the Senate Armed Services Committee passed this bill out unanimously. Every member of the Senate Armed Services Committee voted for it. Every Republican and every Democrat voted for it. It cannot be too bad a bill in view of the unanimous support it has received.

Again, I repeat, any Member who is dissatisfied with any portion of this bill has an opportunity to offer an amendment to the bill to their liking. I hope the objections to going forward with the bill and considering it will be discontinued and we can proceed with the welfare of the Senate which is to take up this bill and act on it.

I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. GRAMM. Mr. President, I came down at noon with my colleague from Texas, Senator HUTCHISON, and objected to bringing the Defense authorization bill to the floor of the Senate under unanimous consent. I then rushed back to the Finance Committee where we were finishing our markup on Medicare, Medicaid, and welfare reform. I did not have an opportunity when I raised the objection to explain exactly what all of this is about. I wanted to come over very briefly and do that now.

Let me say I once had the great privilege of serving on the Armed Services Committee. I have always been a strong supporter of national defense. My dad was a career soldier, a sergeant in the Army. I was born at Fort Benning and I have always had a special place in my heart for people who wear the uniform of the country. So it produces no great happiness in my heart being in a position of holding up this bill.

Let me also say that I never like to do anything that brings distress to the chairman of this committee, Strom THURMOND, who is the greatest man that I have ever served with in public life.

However, let me explain to my colleagues why this issue is so important, although I do not want to get into a debate today about the issue. I am hoping we can work something out. I am hoping that reason and fairness will prevail, and like everything else in life, if you look at something from a different perspective, you see it differently. I do not have any doubt that our dear colleague from Oklahoma in his heart sees this thing differently than I do. I think one of the things that has helped me in public life is what an old Virginian, Thomas Jefferson, once said, ''Good men with the same facts are going to often disagree.'' So I never try to get personalities involved with issues.

This is about what we want to achieve, in some cases for our States, in some cases for the country. Let me tell you how I see the issue. This is an old issue, in the sense that it has been building for several years. It started in the House with a group called the Depot Caucus. This is a group of Members of Congress who have depots in their district. For those who know more about trains than they do about military maintenance, a depot is a Government-owned facility where Government employees do work for the Defense Department—primarily work in maintaining defense systems.

Now, we have had a longstanding debate about whether maintenance work ought to be done in depots, or whether it should be done by the private sector. You will hear people argue on both sides of the issue. Some people will say only these depots can be relied upon to maintain weapons systems that were built by the private sector, not the private sector. We have gone through three base closings, and we have now closed five bases in Texas.

I was an original cosponsor of the base closing commission. I voted for the commission reports that closed all of those bases. I hated it. It seemed to me that we were penalizing the very people who won the cold war, but I understood it had to be done. Let me say to my colleagues that I am for another round of base closings. We have cut defense by a third; we have reduced the number of military bases by 18 percent. We have more Army nurses in Europe than we have combat infantry officers in Europe. Tell me that makes sense. We have a huge bureaucracy that was built in another era, for another time, for another conflict. And we all love parts of that bureaucracy. Part of it is in our State. But it is profoundly wrong for the country, and we have to have a bureaucracy that fits the military we have now.

So I am not here trying to defend a base in Texas, Kelly Air Force Base. That is closed. It is closed. The case is over. I voted to set up the commission that closed it and voted for the report that closed it, even though I wish we had closed a base in someone's State who doesn't support defense as much as I do. So the issue we are debating here is not trying to keep a base open. It is going to be closed. I don't want to reverse the decision. It is done. I wish it had been decided differently, but it wasn't.

Now, the issue before us is a very simple issue. The Defense Department, the Secretary of Defense, the Secretary of the Air Force, and those involved in procurement believe that we can save tremendous amounts of money through price competition. Surely, in America, that is not a revolutionary concept. What the Defense Department wants to do is to have competitive bidding between the three depots in the Air Force that are doing maintenance work and private contractors. I should also point out to my colleagues that my State, when Kelly is closed, will lose a minimum of 7,000 jobs that will go to the other three depots—7,000 jobs.

Now, what Senator HUTCHISON and I want is simply to allow private contractors in our State or anywhere else to have the right to compete for this work and, if they can do it better, if they can do it cheaper, they would have an opportunity to do it. Quite frankly, the Air Force believes that we could have savings in the range of 20 to 25 to 30 percent by having price competition and by choosing the depots through Government employees to do the work when they are cheaper and choosing private companies to do the work when they are cheaper.

I remind my colleagues, given that defense has been cut by a third since 1985, it ought to be welcome news that we can save that kind of money. We currently have a proposal out to privatize the maintenance of the C–5, the great big transport plane that is operated by the Air Force. We have all seen it or seen pictures of it; it is big. Now, that was a function at Kelly. So what the Air Force wants to do is to put it out for bids, and if one of the depots can do it cheaper, to move it there, or if a private contractor can do it cheaper, take the facility that has been turned over to the City of San Antonio and lease it to a private contractor, or even let a private contractor in any other city in the country do it, if they can do it cheaper.

Now, the bill before us says that that contract would have to be stopped, that you could not have competitive bidding until the depots were operating at 75 percent of capacity, which would be most of all the work that exists in the Air Force today, so in effect there would never be another competitive bid. And it says, even if you had a competitive bid, nobody using facilities that used to be Kelly Air Force Base, or used to be McClellan Air Force base in California, could compete.

Now, I understand give and take. I understand compromise. But I don't understand knocking people down and stepping in their faces. That is basically what we are talking about here. Now, if we were simply talking about Texas' interest, I am for Texas' interest. I get paid to represent it, and I try to do a good job at it. But the reason that I am adamant about this subject is this is not just Texas, this is America. Why should we not have price competition?

I would like to remind my colleagues, when I was on the Senate Armed Services Committee—and two of my colleagues here sat with me every day I was on that committee—I always supported competition, I always supported privatization, and I always supported it, even though my State might have benefited if we had stopped competition, because it is something I believe

in. It is fundamentally important to America. I know we have people who stand up and say, well, we can't contract out maintenance for the F-l6. You could not trust somebody who didn't work for the Federal Government to maintain the F-l6. Our freedom depends on it. Well, who built the F-l6? Private contractors. The plain truth is, if Government defense without the involvement of the private sector really worked, we would have lost the cold war.

My point is this: We ought to have it as a matter of policy, and since I am standing on our side of the aisle, let me speak as a Republican. If Republicans believe in anything, it is competition. If Republicans stand for anything, it is that when we are spending the taxpayers' money, we ought to do it as efficiently as possible. We ought not to be concerned about where somebody lives that can do the work cheaper. We ought not to be concerned about what their gender is or their ethnicity. We ought to be concerned about the work they can do, the quality they can provide, and what they are willing to charge.

I have tried to break this impasse. Let me explain what I have proposed and why I think it is more than reasonable, bending over backward, and then I will yield the floor. Obviously, if you wanted to be reasonable on this issue, you would simply say to the Defense Department, look, here are a set of criteria for looking at a fair competition with a level playing surface. Let me say, with all due respect, to the depot caucus in the House, the only fair competition to them is no competition. The last thing on Earth they want is competition. But we could set out simple criteria for a level playing surface to have competition between the public sector and the private sector to do this work. What we ought to do is to do that scrupulously and choose the low bidder for the highest quality and get the most defense we can for the money we have. That is logic.

To try to break this impasse, I have made the following proposal. Have competitive bidding after you first set out the criteria for competitive bidding. If you want to look at the cost of the facilities they are using, to make adjustments for it, then look at everything—look at retirement costs, look at every single cost, come up with a way of measuring it, and have a competition. And then, even if the depots lose the competition by less than 10 percent, give it to them anyway. In other words, let's say that we can maintain the C–5 through a Government depot for $109 million, and let's say that a private contractor can do it for $100 million. What I have said is, to try to break this impasse, cheat the taxpayer out of $9 million. Give it to the depot. But if the private sector can do it for more than 10 percent less, give it to them.

Now, what that is saying is that the depots will win any close competition. If they are no more than 9.99 percent higher, they win. But if the private sector can do it for 10 percent or more less, can it be prudent public policy, can it make any sense to deny them the right to do that work? I think the answer is no. That has been a proposal that I have made.

Some people have answered, well, you won't have a fair competition. The Air Force will cheat us. I am willing to try to set out criteria. I personally don't believe any of us are so important that the Air Force is out to cheat us. I have never believed in conspiracies. But the point is, all I am trying to do here is not keep a Texas base open. It is going to be closed. But what I want the workers there to have a chance to do is to go to work for private companies that might have a chance to compete for work. So I am not asking for anybody to give anything to San Antonio, TX. But I am demanding that we have an opportunity to compete. A problem we have here is we have a bill that bans that competition. And then we are going to conference with the House, which basically has the approach that whatever money there is belongs to us and we are not worried about how efficiently it is spent, and this is really defense welfare anyway.

So what I am trying to do, and what I would very much like to do to move ahead, is to try to work out an agreement on the principle of competition, something we believe in, something that clearly works, and I am willing to give an edge to the Government. But I think a 10-percent edge is more than generous. I don't think most Americans would agree with that, especially when many of the people competing are small, independent businesses. But, again, I mention this not because I think it is what we ought to do, but what I am willing to do to try to break this logjam. So I thought it was important, having run over here from the Finance Committee and objected and then run back without having a chance to say anything, to get an opportunity to explain why this is important.

This is a critically important issue. I feel like Senator HUTCHISON and I have not been treated fairly on this issue. I believe there is a fundamental national objective here, and I see it as the competition between special interests and the public interest and, in this case, the public interest is also the Texas interest. When you combine the two, I am getting paid twice to do the same work. So I want to be sure that I do it well. That is what this whole thing is about.

Again, I want to apologize to my colleagues for inconveniencing the process. I know they want to move ahead with their bill. But I know that each of them, from time to time, have found themselves in a similar position.

Thank God the Founding Fathers set up the Senate where one Member does have power; where one person can stand in the face of large numbers of others and say, ''no.'' Ultimately, they can be run over, but they can't be run over for a long time. I think we all benefit from that.

So I am simply taking advantage of the rights I have as an individual Member, as any Member here would, I believe, under the circumstances.

I thank my colleagues for listening. I yield the floor.

Mr. LAUTENBERG addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. LAUTENBERG. Mr. President, are we at the moment in morning business?

The PRESIDING OFFICER. We are on S. 4.

Mr. LAUTENBERG. Mr. President, I ask unanimous consent that S. 4 be set aside and that I be permitted to speak for up to 15 minutes.

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

THE WAYNE, NJ INTERIM STORAGE SITE

Mr. LAUTENBERG. Mr. President, I rise to express my objection to a provision in the defense authorization bill that is expected to shortly come before the full Senate.

The reason that I take this time now to bring this to the Senate is that it is a matter of great urgency. This is the kind of thing that I think citizens throughout the country will automatically rebel against. This is kind of a shock treatment that every now and then happens here that ought to come to the attention of the American public because it is such a flagrant example of the abuse of power, and the power belonging to a corporation with a good friend inside this body.

The provision I am objecting to is one of the most flagrant examples of special interest corporate subsidy that I have ever witnessed in my roughly 15 years in the U.S. Senate. This provision is section 3138 of the defense bill, will have the effect of exempting a company called W.R. Grace—a company that has contributed to a hazardous wastesite in my State of New Jersey—from any further liability at this site.

Mr. President, this provision was written to get W.R. Grace off the hook—out of any responsibility for pollution that they created, out of the obligation to pay for it, thus passing the buck to the American public. This company contributed to this hazardous wastesite in the State of New Jersey, and now the bill includes this reference that excuses them from any further liability for pollution that they created at this site.

The provision effectively grants a special exemption for this company from a law known as the Superfund law, the law which embodies the concepts that the polluter should pay for the pollution and contamination that they created. It is fundamental. The