from the current reliance on response and recovery to one that emphasizes preparedness. The Federal Emergency Management Agency (FEMA) has already established administratively a program to assist disaster-prone communities, one in every state, in developing strategies to avoid the crippling effects of natural disasters. My proposal would allow the SBA to begin a pilot program that would be limited to small businesses within those communities which are eligible to receive disaster loans after a disaster has been declared. Currently, SBA disaster loans may only be used to repair or replace existing protective devices that are destroyed or damaged by a disaster. In connection with repairs, funds may also be used to install new mitigation devices that will prevent future damage. My legislation is necessary to authorize SBA to establish this pilot program to provide mitigation loans prior to the occurrence of a disaster.

Mr. President, I believe that this disaster mitigation program will address two areas of need for our small businesses—reducing the cost of recovery from a disaster and reducing future disaster costs for small businesses. It also addresses the opportunity for small businesses to contract work during a period when market forces haven't driven up the prices for these services, thereby ultimately reducing the cost of disaster assistance to the taxpayers.

I thank my colleagues on the Small Business Committee for including both of these initiatives, which I think will serve the needs of so many, in this bipartisan legislation. I look forward to its prompt enactment. Thank you, Mr. President.

Mr. SHELBY. Mr. President, I ask unanimous consent that the amendment be agreed to, the substitute amendment be agreed to, the bill be considered read a third time and passed, the amendment to the title be agreed to, the title, as amended, be agreed to, the motion to reconsider be laid upon the table, and that any statements relating to the bill be printed in the RECORD.

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

The amendment (No. 3674) was agreed to.

The committee amendment, as amended, was agreed to.

The bill (H.R. 3412), as amended, was considered read the third time and passed.

ORDERS FOR THURSDAY, OCTOBER 1, 1998

Mr. SHELBY. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until 9 a.m. on Thursday, October 1. I further ask that the time for the two leaders be reserved.

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

PROGRAM

Mr. SHELBY. For the information of all Senators, on behalf of Senator LOTT, tomorrow the Senate will convene at 9 a.m. and begin 3 hours of debate on the defense authorization conference report.

At the conclusion of debate time at approximately 12 noon, the Senate will proceed to vote on the adoption of the conference report. Following that vote, the Senate may begin consideration of S. 442, the Internet tax bill, with relevant amendments in order and a Bumpers amendment regarding catalog sales. The Senate may also consider S. 1092, the Cold Bay-King Cove legislation under a 6-hour time agreement or any other legislative or executive items cleared for action.

Therefore, Members should expect rollcall votes throughout Thursday's session with the first vote occurring at approximately 12 noon.

ORDER FOR RECESS

Mr. SHELBY. Mr. President, if there is no further business to come before the Senate, I ask that the Senate stand in recess under the previous order following the remarks of Senator ROBB.

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

STROM THURMOND NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1998—CONFERENCE REPORT

Mr. ROBB. Mr. President, I have heard many of the statements made here today and yesterday regarding the defense authorization conference report and, indeed, I had hoped to come to the floor earlier, but I was involved in a meeting in my office with the Foreign Minister of the Republic of Yugoslavia in a very serious and protracted discussion about the possible military options that Mr. Milosevic's Government and our Government were considering with respect to the situation in Kosovo, and the readiness of the military forces as well as the ability of those forces to respond to various contingencies was a significant part of our discussion.

Many of our colleagues have expressed their concern over the degraded state of readiness of our armed services. Mr. President, I share those concerns, especially as they relate to our fundamental ability to fight and win two major wars as is called for by our national military strategy.

Admittedly, the need to fight two such wars has been challenged by many, but until the tense situations in the Middle East and the Korean peninsula are behind us, we do not have the luxury of cutting force structure anymore. Indeed, in the words of the well-known Broadway musical, ''we've gone about as 'fer' as we can go.''

Yesterday, the Chairman of the Joint Chiefs of Staff and the four service chiefs confirmed that the risk we now associate with fighting in a second theater is high. By ''high risk,'' we mean that the level of troop losses in such a conflict could be unacceptably high. This, Mr. President, is a serious development and one which merits our immediate attention. Many of our colleagues have also expressed frustration that we were made aware of this and other readiness problems only recently.

While I share some of these frustrations, I also appreciate the complexity of predicting problems even a few months out. Pilot retention, for example, can be a function of the strength of the economy. Moreover, I appreciate the comments by our service chiefs in a hearing yesterday that reinforced the immense complexity of managing our readiness, especially like a major downsizing unlike anything we have been through since the end of World War II.

This having been said, we have a serious readiness problem that threatens to nosedive very quickly. We are already eating our seed corn, and the threat of a hollow force, according to our witnesses yesterday, looms only 5 or perhaps a few more years out.

Some fixes can be made in short order; others, such as fielding new equipment that won't consume so much of our resources to maintain, may take years.

The obvious solution and one quoted by many of those participating in the hearing and certainly by our service chiefs is more money.

While I will support supplemental funding for the Department of Defense, I do so with considerable frustration over this Congress' inability to have the courage to cut wasteful defense spending. While we rail on and on about the administration for underfunded readiness, we refuse to cut bases. One more base closure round should realize around $3 billion a year in steady-state savings, enough to pay for a host of readiness problems.

While some attack our service leaders for not being forthcoming, we add hundreds of millions of dollars in military construction projects that, although requested by the military for future years, we rush to build today so we can score points back in our States and districts just before an election. While some claim we have had no indications of a looming readiness problem, the fact is that we have. But despite this, we added over $2 billion in this bill for procurement and research and development projects that were simply not requested by the military. I am not suggesting they are not necessary in the long term, but they were not requested by the military in this bill.

Mr. President, I support this conference report. I will support the supplemental funding package. But I hope each and every Member will find the will next year to support substantial infrastructure reductions and stop pushing so many Member interests

onto the defense authorization bill so that we can put those limited tax dollars that we do have available for our Nation's defense to work directly and exclusively for the soldiers, airmen, sailors, and marines who are willing to risk their lives for this Nation.

With that, Mr. President, there will be more to say tomorrow when the defense authorization report is formally considered by the Chamber.

I ask unanimous consent that the previous unanimous consent order be modified to accommodate the distinguished Senator from Arkansas.

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

The Senator from Arkansas is recognized.

Mr. BUMPERS. Mr. President, I thank the distinguished Senator from Virginia for making that request. I will be very brief.

First, I compliment the Senator from Virginia. I came here to speak on another subject, but his remarks on what is the current topic about military readiness were very topical and timely. He made one very salient point that needs to be reinforced, and I would just like to lend my support because, as you know, I will not be here next year, and I regret it for a number of reasons, but one of the reasons is because I won't be here for the debate about just how bad off our Defense Department is on readiness, No. 1. No. 2, the question keeps coming back to me on why, if $270 billion, which is this year's defense budget—or maybe that is the amount we appropriated for next year, $270 billion—if that isn't enough when you consider the fact that that is more than all the defense expenditures of the rest of the world and twice as much as China and Russia and the so-called seven or eight rogue nations, you have to ask yourself, what are we doing with that $270 billion?

When you add NATO to it, NATO and the United States combined spend well over twice as much as the rest of the world combined.

I wish I was going to be here for this so-called readiness debate. I have watched this thing happen about five times since I have been here, where we go along and all of a sudden the Defense Department comes over and says, ''Our readiness is declining; our ability to meet the contingencies that we see are something we are not going to be able to meet with our existing manpower.''

It makes me wonder, because then Senators begin to hear from their constituents back home that the Joint Chiefs have said we are woefully inadequate in this department, woefully inadequate in that department. And among other things, General Shelton pointed out yesterday in the Armed Services Committee that one of the reasons they feel like their readiness is slipping is because they have things imposed on them to the tune of about $4 billion or $5 billion this year they didn't ask for.

When you consider the fact that our retention rate of pilots is 27 percent, and we are in the process of building about 700 new F–18s and 339 F–22s, you have to ask yourself, Who is going to fly those planes? If we can't compete with commercial airlines, then we ought to raise the salaries of our pilots.

It is absolutely unconscionable that we spend the amount of money that we do—hundreds of thousands of dollars—training pilots only to watch the commercial airlines take them away from us once they have been trained. The only way you are going to overcome that is to change the salaries of pilots so you can retain them.

I am like Senator ROBB, I will have more to say on this subject later.

I really came over to give another brief statement.

This is the eighth year I have been trying to kill the space station. Everybody knows that. I only have about 6 more days to speak my mind in the U.S. Senate.

I know that everybody is going to be extremely rhapsodic and excited to hear the good news, and that is, since I stood on the floor about 6 months ago and tried to kill the space station once again, the cost of it has only gone up $8.3 billion. We are now headed into the second $100 billion for the space station. You have to bear in mind that that is only if the Russians are ready, for example, with a service module by April of 1999, and even NASA itself says they are not likely to be ready until the fall of 1999.

When I tell you that we are soaring past the $25 billion mark right now, and we will probably be at $30 billion by April of next year as best we can project, and you understand that the Russians are not going to be ready with a service module by next April as anticipated, and if it is next fall, just keep adding a billion here and a billion there.

Mr. President, all I can do is to tell my children and grandchildren I did my best to stop this thing before it got completely out of control, and I failed miserably. I never received more than 35 votes, maybe 40 at one time.

I have to admit, it is extremely gratifying to come over here and tell you, ''I told you so.'' There is just nothing politicians like better than to be proven right.

I will be down in Arkansas watching C–SPAN occasionally. Senator Pryor tells me he is so happy now he doesn't even watch C–SPAN anymore. He says sometimes it just ruins his whole day. I will be down there and probably watching C–SPAN as I watch the cost of the space station soar from $100 billion—it is about $104 billion right now—right on up to $150 billion and watch the U.S. Senate put their imprimatur on it and say, ''Sic 'em, tiger; go at it, and we'll just keep spending the money.''

It doesn't make any difference. I can tell you right now it does not matter what the space station winds up costing; we are going to build it. Nobody can tell you why, but we are going to.

I will have a little more to say on this the first opportunity tomorrow or Friday.

I yield the floor, and I assume we will stand in recess.

RECESS UNTIL 9 A.M. TOMORROW

The PRESIDING OFFICER. The Senate stands in recess under the previous order.

Thereupon, the Senate, at 5:53 p.m., recessed until Thursday, October 1, 1998, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate September 30, 1998:

DEPARTMENT OF VETERANS AFFAIRS

KENNETH W. KIZER, OF CALIFORNIA, TO BE UNDER SECRETARY FOR HEALTH OF THE DEPARTMENT OF VETERANS AFFAIRS FOR A TERM OF FOUR YEARS. (REAPPOINTED)

IN THE ARMY

THE FOLLOWING NAMED ARMY NATIONAL GUARD OF THE STATES OFFICERS FOR APPOINTMENT TO THE GRADE INDICATED IN THE RESERVE OF THE ARMY UNDER TITLE 10, U.S.C. SECTIONS 12203 AND 12211:

To be colonel

MATTHEW L. KAMBIC, 0000
JAMES G. PIERCE, 0000

SOCIAL SECURITY ADMINISTRATION

RICHARD A. GRAFMEYER, OF MARYLAND, TO BE A MEMBER OF THE SOCIAL SECURITY ADVISORY BOARD FOR THE REMAINDER OF THE TERM EXPIRING SEPTEMBER 30, 2000, VICE HARLAN MATTHEWS, RESIGNED.

GERALD M. SHEA, OF THE DISTRICT OF COLUMBIA, TO BE A MEMBER OF THE SOCIAL SECURITY ADVISORY BAORD FOR A TERM EXPIRING SEPTEMBER 30, 2004. (REAPPOINTMENT)