

FEMA's policy on small public assistance projects is resulting in unnecessary costs to disasters. Small projects are those under \$43,600 and are funded based on estimated cost. Under FEMA's policy, grantees are only required to certify that the project is completed; they are not required to account for project costs. As a result, funds that have not been used for disaster-related costs are not being returned to FEMA.

Grantees are not required to account for and are not spending all the funds provided for administrative costs associated with public assistance grants. There are two ways grantees can receive funds for administrative costs: (1) a statutory fee calculated as a percentage of public assistance awards; and (2) a management grant. The management grants are fulfilling much of the grantees' administrative requirements leaving much of the statutory fees unspent. FEMA needs to reexamine its policy for providing administrative fees to grantees to ensure that the funds are accounted for and actually needed for the delivery of disaster related services.

Considerable savings could be achieved by limiting the Federal cost share for public assistance projects to 75 percent of estimated project cost. Since 1989 the cost share for 22 disasters was 90 or 100 percent. We estimate that over \$1.5 billion could have been saved if the cost share had been held to 75 percent.

BACKGROUND

Since passage of the Stafford Act in 1988, FEMA has obligated about \$12 billion for disaster relief. FEMA officials project that an additional \$8 billion could be obligated for disasters declared prior to July 1, 1995. The Federal contribution for disaster assistance has increased dramatically in the past 20 years, due in part to the greater number and magnitude of disasters.

There is growing Congressional concern over the spiraling Federal outlays associated with FEMA's disaster assistance programs and a desire to control future disaster spending. FEMA, also, has recognized the need to control disaster costs. It has several initiatives underway or planned to get a better grip on the escalating costs.

Among the major initiatives that FEMA is currently developing or planning are: (1) a new financial system to permit better identification and control of billions of dollars of disaster related costs, (2) a property management system that will allow for better accounting and control over the millions of dollars of property purchased for disasters, (3) improvements in staffing disasters to control personnel and travel related costs, (4) centralization of support services such as financial management and applicant registration, (5) automation of labor intensive processes such as damage inspections, and (6) Performance Partnership Agreements with States that will limit the amount of disaster assistance based on a per capita dollar amount. All of these initiatives are underway, and if successful, should result in better management and control over disaster dollars.

Congress, however, remains concerned with the escalating costs of disasters. On April 27, 1995, the Office of Inspector General received a request from Christopher S. "Kit" Bond, Chairman of the Appropriations Subcommittee for Veterans Administration, Housing and Urban Development, and Independent Agencies, to undertake a review of FEMA's Disaster Relief Fund to identify ways that costs can be reduced.

This audit responds to the Senator's request by examining the nature of costs charged to the Disaster Relief Fund, the feasibility of converting loan programs to grants, the economy and effectiveness of disaster operations, and implications of increased cost sharing.

AMBASSADOR ALBRIGHT'S TESTIMONY ON IRAQ

Mr. PELL. Mr. President, yesterday the Senate Foreign Relations Subcommittee on Near Eastern and South Asian Affairs held two hearings on Iraq. The hearings, chaired by the distinguished subcommittee chairman, Senator BROWN, focused on the importance of maintaining U.N. sanctions on Iraq and on the Iraqi atrocities against the Kurds.

I thought both hearings made a significant contribution to the Senate's understanding of a critical foreign policy issue, and I commend Senator BROWN for bringing the matter to the forefront of the subcommittee's agenda.

At the start of the first hearing, U.S. Ambassador to the United Nations Madeleine Albright made a compelling, irrefutable case for keeping U.N. sanctions in place against Iraq. Equally as important, her testimony underscored the superb job the United Nations is doing to dismantle Iraq's weapons of mass destruction programs, deter further Iraqi aggression, and to protect Iraq's minorities.

At a time when the Congress is considering numerous proposals to condition or reduce U.S. support of the United Nations, Ambassador Albright's testimony serves to remind us of the tremendous contributions the United Nations makes to advance vital U.S. foreign policy interests. I ask unanimous consent that the full text of Ambassador Albright's remarks be printed in the RECORD.

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

STATEMENT BY AMBASSADOR MADELEINE K.
ALBRIGHT

Good afternoon, Mr. Chairman, and members of the subcommittee.

I welcome this timely opportunity to discuss with you United States policy towards Iraq, with particular attention to the aspects of that policy that are carried out through the United Nations.

As members of the subcommittee know, the United States has been determined, in the aftermath of the Persian Gulf War, to prevent Iraq from once again developing weapons of mass destruction or threatening its neighbors with aggression. In this effort, the tool of economic and weapons sanctions, imposed by the U.N. Security Council, has been of singular value.

Over the past year, we have worked hard to gain and maintain support for our view that sanctions should remain in place until Iraq is in overall compliance with all relevant Council resolutions. This effort has been successful. In March, May, and again in July the sanctions were extended without controversy or change.

Iraqi officials have said publicly in recent days that, if the sanctions are not lifted in September, when they next come up for review, Iraq will cease to cooperate with the United Nations Special Commission, or UNSCOM, which is the body established to monitor Iraqi compliance. Such statements are harmful both to the interests of the Iraqi people and to the world at large.

The re-integration of Iraq into the world community is a goal we all share, but there

is only one path to that objective—and that path requires full cooperation with UNSCOM and full compliance with the requirements of the Council. The regime in Baghdad must understand that it is not involved in a negotiation; it is under an obligation brought on by its own transgressions.

The United States is insisting, as is a majority of Security Council members, that before there is serious discussion of lifting sanctions, Iraq must comply not only with its obligations concerning weapons of mass destruction, but with other obligations established under council resolutions. These include the return of stolen property, accounting for those missing in action, and ending support for terrorism and repression against the Iraqi people.

In his speech on July 17, Saddam Hussein characterized the UN sanctions as "cruel, harsh and repressive" and said they were causing "great suffering" among the Iraqi people. Unfortunately, the sincerity of this statement of concern is belied by Saddam's refusal to accept the terms of Security Council Resolution 986, which would permit Iraq to sell up to \$1 billion of oil every three months in order to purchase humanitarian supplies. It is belied, as well, by the "putting people last" spending priorities of the Iraqi government, by Saddam's campaign of terror against minorities in the north and south, and by the barbaric treatment given Iraqis suspected of disloyalty to the regime.

For four years, Iraqi officials have sought alternatives to full compliance with Council resolutions. They have delayed and obfuscated. They have demanded concessions in return for small steps. They have threatened and bullied UNSCOM. They have lied. Last fall, they even attempted to intimidate the Council through threatening military maneuvers directed towards Kuwait.

These tactics have not worked; and in the interests of stability and justice, they must not be allowed to work.

Last month's decision by the Iraqi government to release two American citizens who had been detained since March was welcome, but irrelevant to the sanctions issue. The two Americans should not have been jailed in the first place. We congratulate Representative Bill Richardson for his successful effort to gain their release, but his was strictly a humanitarian endeavor. There was no message of any kind from the Administration and no authorization to negotiate. The Richardson trip did not represent the opening of a new channel of communication between Iraq's government and our own, and it has not and will not influence our policy with respect to sanctions.

Let me describe now, more specifically, what that policy is and why we feel so strongly about it.

We are insisting that Iraq meet fully all obligations established by the Security Council because we remain highly distrustful of the Iraqi regime, and because that regime remains a potential threat to a region of great strategic importance to us and to the world. It was five years ago this week that Iraq invaded Kuwait. Hundreds of thousands of American soldiers put their lives at risk to halt and reverse that act of blatant aggression. We should not allow Saddam Hussein to regain in the Security Council what he forfeited through his own ambition and miscalculation on the battlefield.

It should be obvious that a premature return to business as usual with this regime would entail grave and unacceptable risks. If past is prologue, we could expect the Iraqi Government to resume the development and production of weapons of mass destruction as rapidly as possible; we could expect it to test repeatedly the limits of what could be gained through the intimidation of its neighbors; we

could expect a halt to progress in resolving humanitarian and financial issues arising out of Iraq's invasion of Kuwait; and we could expect continued brutal repression of the Iraqi people.

Accordingly, we are determined to maintain sanctions until we are convinced by Iraq's behavior that it no longer constitutes a threat to peace and stability in the Persian Gulf. Iraq can demonstrate that by proving—through its compliance with the Resolutions—that it is no longer an outlaw state. Only when its peaceful intentions are proven will there be grounds for modifying the sanctions regime.

Experience tells us that Saddam Hussein's Iraq will respond constructively only to a policy of firmness and steady resolve. Last fall, when Iraqi troops once again threatened Kuwait, President Clinton responded immediately, forcefully and effectively. As a result, Baghdad not only pulled back its troops; but it agreed, at long last, to recognize formally its legal border with Kuwait.

The central question, of course, is whether Iraq is, in fact, complying with the terms of the relevant Security Council resolutions. The answer, unfortunately, is that Iraqi compliance has been grudging, slow, sporadic and insufficient.

During the next few minutes, with the help of the National Intelligence Council, I would like to review with you the facts and the evidence that supports them. Mr. Andrew Liepman of the CIA is here to assist in answering any questions you may have.

WEAPONS OF MASS DESTRUCTION (WMD)— BIOLOGICAL WARFARE

First, with respect to weapons of mass destruction.

On July 3, the Security Council was notified by UNSCOM Chairman Ekeus that Iraq had finally admitted that it had, indeed, possessed an offensive biological warfare program. The Iraqis said that the program was conceived in 1985 and that the production of biological warfare agents began at the Al Hakam facility in 1989 and continued until 1990. They claimed that the biological warfare agents produced were destroyed in October 1990 in view of the imminence of hostilities.

The Iraqis have now undertaken to draft a complete report on their biological warfare program. We understand that an initial draft has been prepared, and that it is—as we speak—being reviewed in Baghdad by UNSCOM. If past efforts by Iraq are any precedent, we can expect the process of explanation and verification to consume a considerable amount of time. In the area of chemical weapons, for example, Iraqi obfuscation, deception and sloppiness caused a delay measured not in days or months, but years. The sad fact is that no initial Iraqi weapons declaration has been truthful.

There are, moreover, ample grounds for continued skepticism.

Iraq claims—we believe falsely—that the biological warfare agents produced were never weaponized. We believe that the Iraqis began their biological warfare program much earlier than they have admitted, and that more biological agents were manufactured and many more facilities and people involved than Iraq has revealed.

Iraq has not acknowledged to the UN anywhere near the number of people normally associated with a research effort of this size. Iraq will have to cooperate with UNSCOM in showing the location of its biological warfare facilities and the equipment used in production. UNSCOM will also need a full explanation of the disposition of the more than 17 tons of biological growth media that remain unaccounted for and of the ways and means by which the produced biological agents were allegedly destroyed.

We should not forget that, until five weeks ago, Iraq denied outright the existence of an offensive biological warfare program. The story changed only after irrefutable evidence was made available to UNSCOM and members of the Security Council that such a program had existed. In other words, Iraq only admitted what we already knew. We cannot count on Iraqi officials to volunteer accurate information and, in this context, the importance of obtaining complete, accurate and verifiable data is critical.

Consider that the Iraqis have admitted to producing more than 500,000 liters of anthrax and botulinum toxin at the Al Hakam facility. Anthrax, in doses of a millionth of a gram, is fatal within five to seven days, nearly 100 percent of the time. Botulinum is 100,000 times more toxic than the chemical warfare agent sarin that was used by terrorists in the Japanese subway tragedy earlier this year. Although weather conditions and limitations on delivery capability would limit potency, it is at least theoretically true that the amount of biological warfare agents Iraq admitted producing is more than enough to kill every man, woman and child on earth.

OTHER WEAPONS OF MASS DESTRUCTION

Discrepancies between the Intelligence Community's assessments of the scale of Iraqi WMD efforts and Iraqi declarations to the UN lead us to believe that Iraq is still hiding equipment and materials belonging to its other WMD programs. For example, the U.S. Intelligence Community estimates that as many as several dozen Scud missiles remain unaccounted for.

We are concerned, moreover, that if the oil embargo is lifted unconditionally, Baghdad could well order the departure of UN inspectors. Under those circumstances, Iraq could then rebuild its weapons of mass destruction programs, a process that would take: less than a year for Iraq's biological weapons programs; two to three years for its chemical warfare (CW) program; and five to seven years, with foreign help, for a first nuclear device.

Lest there be doubt about its intentions, Iraq continues to devote money and manpower to rebuilding its infrastructure for its weapons of mass destruction and conventional weapons programs. The Al Kindi missile research and development facility, for example, supported many Iraqi weapons programs before the war. The facility was damaged heavily during Operation Desert Storm but has been largely rebuilt and even expanded since then. The facility has been under UN supervision, but if UN inspectors were forced to leave, it could easily be converted to support prohibited weapons programs.

The Habbaniyah II facility produced CW agent precursor chemicals before Desert Storm. The Iraqis have rebuilt the main production building and the chlorine plant and have added a phenol production line as well as a ferric chloride line. These production lines contain dual-use equipment that, in the absence of UNSCOM, could easily be converted to CW agent or precursor chemical production.

RETURN OF CAPTURED KUWAITI MILITARY EQUIPMENT

The Security Council has required that Iraq return to Kuwait the military equipment it stole during the invasion. Iraq's claim to have complied with this requirement is laughable.

Baghdad says that it retains only a few pieces of damaged Kuwaiti combat equipment; the truth is that Iraq has integrated a variety of this equipment into its own military.

For example, Iraq claims that it has only four of the BMP-2 infantry fighting vehicles

that it stole from Kuwait; we estimate it has more than 200.

Prior to the invasion of Kuwait, Iraq only had single-carry heavy-lift transporters in its inventory. They stole about 100 Kuwaiti transporters capable of carrying two APCs each. The Iraqis even used them to move pieces of equipment—including the stolen Kuwaiti BMP-2's—that were used to threaten the emirate last October.

Much of what Iraq actually has returned is not Kuwaiti at all, but rather derelict Iranian equipment, captured during the Iran-Iraq war, complete with documents written in Farsi and painted-over pictures of the Ayatollah Khomeini.

TERRORISM

Iraq has also continued to use terror as an instrument of state policy.

We believe Iraqi security services were behind a highly suspicious auto accident last summer that resulted in the death of the son of the late spiritual leader of Iraqi Shia.

In April 1994, Iraqi intelligence officers murdered Talib al-Suhayl, an Iraqi oppositionist in Beirut. The officers were arrested and still being held by Lebanese authorities.

Iraq also remains in contact with terrorist groups such as the Abu Nidal Organization and the Palestine Liberation Front.

REPRESSION OF THE IRAQI PEOPLE

Security Council Resolution 688 requires that the Government of Iraq cease its brutal repression of the Iraqi people. Here, as elsewhere, the record of Iraqi compliance is dismal.

The Special Rapporteur of the UN Commission on Human Rights, Max van der Stoep, reports that repression continues, including political killings, mass executions and state-sponsored terrorism.

In the north, Saddam's economic blockade of the three Kurdish provinces is now in its third year, and Baghdad's shut-off of electrical power to Dahuk province is in its second year.

In the south, at least 700 hamlets have been destroyed by government forces since 1991. More have been destroyed this year. Government attacks against Shia communities have been accompanied over the past two years by the draining of the southern marshes. This has produced catastrophic results for local animal species and for the marsh Arabs whose unique and ancient culture now verges on extinction.

The Special Rapporteur has asserted that the Government of Iraq has engaged in war crimes and crimes against humanity, and may have committed violations of the 1948 Genocide Convention. The Special Rapporteur continues to call on the Government of Iraq to permit the stationing of monitors inside the country to improve the flow of information and to provide independent reporting of alleged human rights abuses. We continue to support Mr. van der Stoep's work and his call for monitors.

COPING WITH SANCTIONS—PALACES FIRST; PEOPLE LAST

In April, the Security Council approved Resolution 986, to simplify procedures for Iraq to sell a limited amount of oil to purchase humanitarian goods for its people. Iraq has rejected this resolution, demonstrating again that Saddam Hussein desires not to ease his people's suffering, but to use that suffering to gain sympathy for getting sanctions lifted.

Neither war nor sanctions nor diplomatic isolation have altered Saddam's priorities; he continues to devote considerable resources to rebuilding the Iraqi military and his own palaces.

Iraq has built 50 new palaces or luxury residences since the end of Desert Storm at

a cost of over \$1.5 billion. There are now 78 such palaces or residences in Iraq for use by Saddam, his family, or close supporters.

For example, the Mosul palace complex includes two areas; one with five palaces and two offices or apartment buildings; the other with three completed palaces and a fourth under construction on a newly excavated, man-made lake. The estimated postwar cost of expanding this complex is between \$170-\$230 million.

One of the largest and most elaborate palaces in Iraq is in the Lake Tharthar complex; its estimated size of about 300,000 square feet is about five times the size of the White House and one and one-half the size of Versailles. Other buildings on the compound, including residence and service and security facilities, add at least another 150,000 square feet to the complex. The estimated cost of this complex is \$180-\$240 million.

An additional \$230-\$310 million has been spent since the end of the war adding new wings with elaborate archways to the Baghdad Republican Palace, a building which serves as the official palace and symbol of the regime.

In addition to diverting scarce resources away from needed purchases of humanitarian goods, Saddam and his family capitalize on their official positions in Iraq for personal profit, often at the expense of their own citizens.

For example, members of Saddam's family, particularly his son Uday, control extensive business interests in Iraq. Some family members exploit the economic distortions caused by UN sanctions by importing goods into Iraq for resale at exorbitant prices. Saddam's relatives also are involved in illicit oil exports from Iraq and use the proceeds, in part, to line their own pockets. Finally, relief supplies donated by the international community also have ended up for sale in stores reserved for the elite friends of the regime.

A LOOK AHEAD

In closing, Mr. Chairman, I would like to stress several points.

First, UN sanctions against Iraq have accomplished much. Iraq's capacity to produce weapons of mass destruction has been dismantled; weapons have been destroyed; the border with Kuwait has been recognized; there are clear constraints on what Iraq can do to intimidate its neighbors. The effectiveness of sanctions is directly attributable to their multilateral nature. Here, the value of the United Nations, and the importance of international cooperation in defense of common interests, is clear.

Second, the continued effectiveness of sanctions cannot be taken for granted. We have indicated that we would use the veto, if necessary, to prevent sanctions from being lifted prematurely. But to be most effective, sanctions must be enforced, and that is much harder to do unilaterally. This is a major reason we have argued so strongly, in the context of Bosnia and elsewhere, that the integrity of UN sanctions must be respected.

Third, the value to our interests of sharing appropriate, but sensitive, information with United Nations bodies has been demonstrated clearly in this case. And those who lapse into derisive generalities about the quality and capabilities of UN organizations should recognize that UNSCOM has performed its complex tasks extremely well despite difficult and at times dangerous conditions.

America's position on Iraq sanctions has been consistent, principled and grounded in a realistic and hard-won understanding of the nature of the Iraqi regime.

Our policy will not change until and unless Iraq does everything the UN Security Coun-

cil says it must. As President Clinton stated in his most recent report to Congress on this subject:

Iraq is still a threat to regional peace and security . . . I continued to be determined to see Iraq comply fully with all its obligations under the UNSC resolutions. I will oppose any relaxation of sanctions until Iraq demonstrates its overall compliance with the relevant resolutions. Iraq should adopt democratic processes, respect human rights, treat its people equitably and adhere to basic norms of international behavior.

I should add that the Administration appreciates the strong and bipartisan support it has had from Congress with respect to our policy towards Iraq. This has been, and will remain an essential ingredient to that policy's success.

Thank you once again for the opportunity to be here today. I look forward to any questions you might have.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORT ENTITLED "SUSTAINABLE ENERGY STRATEGY: CLEAN AND SECURE ENERGY FOR A COMPETITIVE ECONOMY"—MESSAGE FROM THE PRESIDENT—PM 73

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Energy and Natural Resources.

To the Congress of the United States:

Throughout this century, energy has played a prominent role in American progress. The rise of the great industrial enterprises, the ascendance of the automobile, the emergence of environmental awareness, and the advent of the truly global economy all relate to the way that society produces and uses energy. As we face the opportunities and challenges of the next century, energy will continue to exert a powerful influence on our Nation's prosperity, security, and environment.

Energy policies that promote efficiency, domestic energy production, scientific and technological advances, and American exports help sustain a strong domestic economy. The need to protect the environment motivates our continual search for more innovative, economic, and clean ways to produce and use energy. And although oil crises have receded into memory, their poten-

tial for harming our economy and national security remains.

Our Administration has actively pursued a national energy policy since January 1993. We have engaged in an active dialog with thousands of individuals, companies, and organizations. Informed by the dialogue, we have committed the resources of the Department of Energy and other agencies to ensure that our policy benefits energy consumers, producers, the environment, and the average citizen.

This report to the Congress, required by section 801 of the Department of Energy Organization Act, highlights our Nation's energy policy. The report underscores our commitment to implement a sustainable energy strategy—one that meets the needs of today while expanding the opportunities for America's future. By implementing a sustainable strategy, our energy policy will provide clean and secure energy for a competitive economy into the 21st century.

WILLIAM J. CLINTON.

THE WHITE HOUSE, August 4, 1995.

REPORT OF THE DISTRICT OF COLUMBIA FINANCIAL RESPONSIBILITY AND MANAGEMENT ASSISTANCE AUTHORITY OPERATING BUDGET FOR FISCAL YEAR 1996—MESSAGE FROM THE PRESIDENT—PM 74

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Governmental Affairs.

To the Congress of the United States:

In accordance with section 106(a) of the District of Columbia Financial Responsibility and Management Assistance Authority Act of 1995, I am transmitting the District of Columbia Financial Responsibility and Management Assistance Authority's operating budget for FY 1996.

The Authority's request for its FY 1996 operating budget is \$3.5 million. This budget was developed based on an estimated staffing level of 35 full-time employees. After reviewing the budgets and staffing levels of other control boards, the Authority believes this staffing level is the minimum necessary to carry out its wide range of fiscal, management, and legal responsibilities.

This transmittal does not represent an endorsement of the budget's contents.

WILLIAM J. CLINTON.

THE WHITE HOUSE, August 4, 1995.

MESSAGES FROM THE HOUSE

At 9:41 a.m., a message from the House of Representatives, delivered by one of its clerks, announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate: