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House of Representatives

The House was not in session today. Its next meeting will be held on Wednesday, September 6, 1995, at 12 noon.

Senate

MONDAY, AUGUST 7, 1995

(Legislative day of Monday, July 10, 1995)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, Dr. Lloyd John Ogilvie, offered the following prayer:

Let us pray:

Almighty God, You have blessed this Nation so bountifully. You have lavished Your love in natural resources and expressed Your providential care in the creation of a nation where we believe all are created equal and given the rights of life, liberty, and the pursuit of happiness.

Today, we regretfully acknowledge that Your glorious intention for this Nation is debilitated for many who are caught in the syndrome of poverty, disadvantage, and disability. In Your Word You consistently call those who believe in You to reach out to the poor and those who suffer. But Lord, You know there is sharp division on how to implement Your admonition.

As this Senate considers welfare reform measures, we ask for Your wisdom to discern how best to care for those in need. Help us to listen for the echo of Your truth as Senators speak from the several different approaches to the role of government in welfare programs. May what is done be more than a hand out, but a hand up to lift people from the vicious cycle of poverty or a life of habitual dependence on government. Show us the most creative balance of responsibility between the Federal Government and the States.

Lord, we believe there is a workable solution for the future, and that during the hours of discussion and debate, You will guide the Senators to a way to unite in creative legislation. To this end we commit our work this week. Amen.

RESERVATION OF LEADER TIME

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

MORNING BUSINESS

The PRESIDING OFFICER (Mr. THOMAS). Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 10:30 a.m., with Senators permitted to speak therein for not to exceed 5 minutes each.

The Senator from Tennessee [Mr. Frist] is recognized to speak for up to 60 minutes.

SCHEDULE

Mr. FRIST. Mr. President, this morning, the leader time has been reserved and there will be a period for morning business until the hour of 10:30. At 10:30, the Senate will resume consideration of the welfare bill.

The majority leader has stated that rollcall votes can be expected during today's session but will not occur prior to the hour of 4:30 this afternoon. All Senators should be aware that the cloture vote on the Department of Defense authorization bill has been postponed to a later time to be determined by the majority leader, if that vote is necessary.

It is the hope of Senator DOLE to complete action on the Department of Defense authorization during today's session, as well as to make progress on the welfare bill.

PRESERVE MEDICARE

Mr. FRIST. Mr. President, over the next hour, a number of Senators will be presenting a very simple message. That message is that we, together, must work to save Medicare for the current generation, to strengthen it for all future generations, and to simplify it for everyone to make it easier to use and easier to understand.

I now turn to the Senator from New Mexico to make an opening statement on our efforts to preserve Medicare.

Mr. DOMENICI. Mr. President, this morning I want to continue our Medicare discussion with the American people.

For 30 years, Medicare has provided health protection to the elderly and disabled citizens. Medicare has been a successful program. It has provided an important source of health security and needed benefits to millions of Americans since its inception 30 years ago. Today, 37 million Americans receive the benefits and health security that Medicare provides.

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

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Medicare has become an expensive program, and everyone, including the President, agrees that the system needs fundamental structural reform.

Medicare is running out of money. Unless we make changes now, Medicare will not continue to provide the same level of health security in the future.

Nevertheless, 1 week ago, the President held a rally for Medicare. All he talked about was the past. The President forgot the most important element of an anniversary celebration—he forgot to look forward to the next anniversary and the next anniversary after that. If the President fights the reforms necessary to save Medicare's future, then in just 7 years, on the 37th anniversary of Medicare, the program will be bankrupt.

In the President's first budget, which he sent to us in February, Medicare would go bankrupt in the year 2002. Seven more years—that is all we would give the Medicare Program in terms of its existence. After that, there would be no money to pay Medicare hospital benefits. The President would let you choose your doctor, he says, but there would be no money to pay your hospital bills.

The President's original Medicare proposal was great—for the next 7 years. But the 37th anniversary of Medicare would be its last. Under the President's original plan, if you are on Medicare, you better not get sick 8 years from now.

Back in January, the President did not listen to his own Cabinet Secretaries. Three of his own Cabinet officers—Secretaries Bentsen, Shalala, and Reich—are trustees of the Medicare system. Along with two public trustees they told the President and the Congress that the Medicare hospital insurance trust fund had only enough money to pay benefits for the next 7 years.

The President chose to ignore that. The Republicans in the Congress did not. We invited the public trustees up to Capitol Hill to tell us what needs to be done. We listened carefully. Now we are taking their advice.

Let me read from the summary of the trustees' report. The full board of trustees says:

> The Hospital Insurance Trust fund * * * will be able to pay benefits for only about 7 years and is severely out of financial balance in the long range.

This is the report, the summary of it, ''Status of Social Security and Medicare Programs.'' It clearly indicates:

> We strongly recommend that the crisis presented by the financial condition of the Medicare Trust Funds be urgently addressed on a comprehensive basis, including a review of the program's financing methods, benefit provisions, and delivery mechanisms.

This is what the public trustees of Medicare recommend that we do so that we can strengthen Medicare and have many, many, anniversaries to come. This is exactly what we are trying to do now.

There are those who claim, Mr. President, that we are making changes to Medicare for other reasons. They say we are changing Medicare to balance the budget. We are changing Medicare to lessen the tax burden on working families. That is what some people say.

Both of those claims are false. We are making changes to the Medicare system to save the program, to strengthen Medicare so it can survive into the next century. Even if we are not going to balance the budget, Mr. President, even if we are not going to balance the budget, we need to save Medicare. And whether or not we cut taxes, we still have to save Medicare.

Any attempt to link the two is no more than blue smoke and mirrors from the opponents of reform who think the status quo will last forever, and that we will have a 40th anniversary of Medicare by just leaving it alone, when it is patent it will not be there in 10 years.

The Republicans in Congress have chosen to look toward Medicare's future. We decided this spring that we would save Medicare from bankruptcy, control the growth of costs of the program, and ensure that the program would survive past its 40th anniversary. We developed and passed a budget plan in June that guaranteed a strong Medicare into the next century.

Suddenly—and to some extent we are grateful for this—the President decided to join us. In June, he submitted the outlines of a new budget proposal, one which he claimed would save Medicare.

In June, the President made a good start. His budget would save $127 billion from Medicare over the next 7 years. He is now comparing that with our budget, which will slow the rate of growth by $270 billion over the next 7 years.

If I believed that we could save Medicare by doing what the President wants to do, I would do it in a second. But after a long hard look at the numbers and the program, and after extensive discussions with the Congressional Budget Office, I do not think the President's plan will save Medicare.

You see, the President assumed that the costs of the program would not grow as fast as projected by the nonpartisan Congressional Budget Office.

The President's June budget outline assumes that a serious Medicare problem does not exist. He says the problem is not as hard to solve as the neutral Congressional Budget Office says. The President, therefore, is much more optimistic in his assumptions than the Congressional Budget Office.

I wish it were true, but I am afraid it is not. As much as the President wishes it would, the problem will not go away.

The President has come a long way since his first budget in January. Now all he has to do is use the Congressional Budget Office numbers, and we will have an excellent starting point for discussions.

All he has to do is live up to the commitments that he made in his first State of the Union Address, his promise that we would use the Congressional Budget Office as the neutral analyst of budget information.

We in Congress use that neutral body. The honest, responsible way to budget is to rely on one single source of assumptions, and that is what we did, both in our budget plan and in our Medicare estimates. We did not make the problem go away by wishing that it would go away. We asked the Congressional Budget Office and the trustees what it would take to save Medicare, to keep it alive to its 40th anniversary.

The trustees have told us what we must do. The Congressional Budget Office has told us what we must do. And now we have to get on with doing it.

We are going to slow the rate of growth of the program. Medicare spending will grow 6.4 percent per year under the reform plan. Over the next 7 years, Medicare spending is going to increase from $4,800 per person to $6,700 per person. Let me repeat. Medicare spending in the 7 years of the budget plan is going to increase from $4,800 per person to $6,700 per person—$1,900.

I know older Americans are seriously concerned about the future and what it will bring to them and what it will bring to their children and grandchildren. I have found that senior citizens are extremely concerned about the crushing burden of the debt that our current policies will place on their grandchildren. All I know is that they also want a Medicare Program that is fair, both for them and for generations yet to come.

I also know that a 65-year-old couple that starts receiving Medicare this year will, over their lifetimes, receive $117,000 more in Medicare benefits than they will put into the system in payroll taxes and premiums. I know that this will concern many seniors, who want Medicare to be there in the future for them, for their children, and for their grandchildren. We are going to spend nearly 5 percent more per year on Medicare beneficiaries in this budget. So anyone who says we are cutting Medicare is just not telling the truth.

What, honestly, should scare America's senior citizens and disabled citizens is the prospect that we will do nothing. For if we do nothing, seniors will have a hospital benefit plan for only 7 more years. If we do nothing, seniors will be able to keep their doctors but only for the next 7 years. After that, you will still have your doctor, but he will not be able to treat you in a hospital. After that, the hospital insurance trust fund will run out of money and Medicare will not be able to pay hospital benefits.

I want to make sure that our seniors can keep their existing coverage. I want to give them the opportunity to choose other health plans, just like my colleagues and I in the Senate can choose our own health plans. And I believe this is exactly what the Republicans in the Senate want to see happen. They want to give the seniors the opportunity to choose other health plans just like we choose every year.

Most important, I want to make sure that they can do all of these things for more than just 7 years. In September we are going to report legislation that will strengthen Medicare. We are going to simplify Medicare, and we are going to make sure that every Medicare beneficiary has the right to choose his or her health plan, just like my fellow Senators and I have. We need to strengthen Medicare. And to do that we have to control the program's rate of growth.

The first thing we are going to do is to attack the waste and fraud in the system. Every senior recently receiving Medicare knows the system is inefficient, complex, and filled with opportunities for waste and fraud. We are going after that money first.

But all experts tell us that will not be enough. We are going to do that, but then we are going to have to look at changes to the program, in both the short and the long term.

In the short run, we are going to have to look at how much we pay doctors and hospitals—that is in the short term— and the way we pay doctors and hospitals for the services seniors receive. We are going to create the right incentives, so that doctors and hospitals are smart about how they spend your money.

Most importantly, we are going to offer seniors more choices. As a Senator, I have, as has everyone in this body, an opportunity to choose my health plan once a year. If I want a generous program with lots of benefits and no deductibles, I pay a bit more.

In some of the areas of the country, Medicare already is experimenting with this, and seniors have a choice. But that is a very small portion. For the most part, the Medicare Program is stuck in the rigidities of a 30-year-old program while health delivery in America has moved strongly away from that to various choices for our people, not just one choice.

We are going to expand this program and gradually change the system so that all seniors will have choices like we have in the Senate. Some seniors are going to have to pay a little more. There is no way we can get around that. But we going to come to seniors last after we have attacked fraud and waste and after we have made changes to the way we pay doctors and hospitals and after we have started to phase in changes that provide seniors with many choices.

Any changes are going to be phased in gradually over time. We are concerned and considerate with seniors. They do not want rapid changes. We do not think that is necessary. We know that seniors who are on fixed incomes have difficulty adjusting to dramatic changes, and we are taking that into account.

We are not going to let Medicare go bankrupt. Yes, I too celebrate the 30th anniversary of Medicare. It has been an important program critical to health of America's older and disabled people. But right now I am thinking about how we are going to make sure that Medicare has a 40th anniversary and beyond.

I yield the floor.

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER (Mr. JEFFORDS). The Senator from Tennessee.

Mr. FRIST. Mr. President, I would like to continue our discussion this morning on Medicare and our efforts to save it, to strengthen it and to simplify it for the current generation.

As the distinguished Senator from New Mexico just said, this is the 30th anniversary of the Medicare system, a program, a system that is beloved by over 37 million Americans.

Mr. President, a birthday celebration is—by definition—a recognition of the past and not the future. In commemorating the birth of a loved one, we honor all that he is and has done to earn our esteem. As much as we may wish it, however, whether that person lives to celebrate future birthdays, is out of our hands.

Perhaps that is why when President Clinton celebrated the 30th anniversary of the birth of Medicare last Saturday—a system beloved by more than 37 million Americans—he spent the day reminiscing about its past, and ignoring its future.

But just as blowing out all the candles will not guarantee that your wish comes true, closing our eyes to the facts about the health of the Medicare system will do nothing to prolong its life.

Mr. President, on April 3 of this year, Medicare was diagnosed as terminal. Unless Congress takes ''prompt, effective, and decisive action''—we were told—Medicare will be dead in 7 years.

Who made this diagnosis? Not a band of wild-eyed, budget-cutters on Capitol Hill. Not a horde of Robin Hood-like raiders who want to steal from the old to give to the rich, as the President and some in his party would like the American people to believe.

No, Mr. President, it was the bipartisan board of Medicare trustees—a board which includes the Commissioner of Social Security, two public trustees appointed by Democrats and Republicans, and three members of Mr. Clinton's own Cabinet: Robert Rubin, the Secretary of the Treasury; Robert Reich, the Secretary of Labor; and Donna Shalala, the Secretary of Health and Human Services.

It has already been pointed out in this report by the Medicare trustees.

So why is the President ignoring their advice? Perhaps because the President has no plan of his own to save Medicare. Perhaps because he believes that if he just ignores the problem long enough, it will go away. More likely, Mr. President, it is because he hopes that senior citizens will simply be too scared to understand that they can take control of their own health care without the Government telling them what to do.

Mr. President, Medicare's impending bankruptcy is not a Republican nor a Democrat issue—neither one. It is just a plain fact. It is a fact because the average 65-year-old couple retiring today will consume about $120,000 more in Medicare benefits than they paid into the system, than they paid into this trust fund, in terms of premiums, in terms of taxes over their lifetime.

It is a fact because it now takes the taxes of more than three and a half workers to pay for one retiring couple's health care regardless of that couple's income. It is a fact because before long the number of senior citizens on Medicare will far exceed the number of taxpaying workers. And it is a fact because for years Congress has been putting off reform, ignoring the warning signs and tinkering around the edges by raising payroll taxes and by cutting payments to providers. Well, we can tinker no longer.

It is a fact because next year for the first time in its history Medicare will be spending more that year than it takes in. And once that happens, the trust fund begins to go broke. Once that happens, the trust fund will be bankrupt in 7 years.

Mr. President, when it goes bankrupt, when that happens under Federal law, no hospital bills can be paid. In just 7 years seniors will not have less Medicare; they will have no Medicare.

Mr. President, unlike President Clinton and some other Members of the Democrat Party, Republicans simply are not willing to abandon 37 million Americans to a wish and a prayer.

Our birthday present to Medicare will be a plan to save it, to strengthen it, and to simplify it—to save it for every citizen who depends upon it now today, to strengthen it for every person who is counting on it in the future, and to simplify it for everyone to make it easier to use and easier to understand.

Let me make three points very quickly.

First, under the Republican plan, Medicare will continue to grow. Yes, it will be at a slower but a more sustainable rate that will preserve it, that will save it over time.

Today, Medicare spending is growing at the rate of 10.4 percent per year—that is more than three times the rates of inflation, and more than twice the rate of private health care spending.

Under the Republican plan, Medicare spending will continue to grow—at the rate of 6.4 percent per year—which is still more than twice the rate of inflation.

Spending per beneficiary will increase from $4,800 per senior this year to $6,700 per senior by the year 2002—an increase of more than $1,900 per beneficiary, and

Under the Republican plan, by the year 2002, the Federal Government will have spent $96 billion more on Medicare beneficiaries than it spent in 1995.

Mr. President—any way you slice it—that is not a cut.

The second point: The Republican plan will also guarantee that every senior citizen will have the right to choose:

The same traditional fee-for-service Medicare insurance they have right now; the same insurance as any Member of Congress; the same insurance their children have; and preretirees will have the right keep their current benefit package, without having to change to a Government system that offers them less care than they had in the private sector.

Mr. President, under the Republican plan, seniors will not lose their Medicare entitlement. They will continue to be entitled to the right to receive all of Medicare's benefits—including inpatient hospital care, skilled nursing facility care, home health care, hospice, care, physician services, laboratory and diagnostic tests, and x ray and radiation therapy.

They will continue to be entitled to the right to remain in the current Medicare system that they know today.

But they will also be entitled to a right that is denied them today under the current Medicare system, the right to choose insurance that is available to other younger Americans, insurance that may offer them more benefits, be it prescriptions, be it eyeglasses, than they have today, and quite possibly at lower costs.

The third point is that we must take time to do it right. Mr. President, Medicare is just too critical. As a physician, I have had the opportunity to see it work, doctor to patient, every day for the last 18 years. It is too important to apply politics as usual. It must be a bipartisan effort. But the longer we do nothing, the worse Medicare's financial status becomes.

We must act now—act now to save Medicare for those who are on it today.

We must begin that process today of strengthening the Medicare system for those who will be counting on it in the future. We must work together, and we must do it right.

Mr. President, in closing, just as every birthday offers a new opportunity to change in many ways to a healthier lifestyle and a reminder of what will happen if we do not change, so too does this Medicare anniversary, this Medicare birthday provide us with the incentive we need to begin the process, a process that, indeed, will guarantee Medicare not just a 7-year survival but a long life and many happy returns of the day.

Mr. President, I thank the Chair. I look forward to continuing the discussion over the next 30 minutes or so, and at this juncture I would like to turn to the distinguished Senator from Wyoming, who has coordinated much of what we call the freshman focus which reflects what many of us in the freshman class, the 11 new Senators, want to accomplish, and that is significant change, effective change, because that is what our mandate was from the American people.

I thank the Chair and I yield the floor.

The PRESIDING OFFICER. The Senator from Wyoming is recognized.

Mr. THOMAS. I thank the Chair.

STRENGTHENING OF MEDICARE

Mr. President, I rise to speak in support of the strengthening of Medicare, to continue some of our dialog this morning about this important issue. As my friend from Tennessee said, those of us who came to the Senate this year I think have been particularly interested in dealing with those questions that require change. I think we all came with a renewed idea of the feeling of voters because we were elected in this last election, a feeling of voters that there does need to be a change; that there does need to be an honest evaluation of programs; that we do need to react to the needs of programs, to change them when they need to be changed, and not simply seek to apply some sort of political remedy that makes everybody feel good. So we have found ourselves dealing with some pretty tough issues and intend to continue.

So I rise in support of strengthening Medicare, of course. I think most everybody at this point understands that there has to be change. Everybody I know of wants to strengthen the Medicare Program. Everybody I know of thinks that there is value in this program, thinks it is a program that needs to be maintained, one that needs to continue to be available, not only for the 37 million people who currently participate but, frankly, it means a lot to some of us who do not yet participate, yet who have mothers, as in my case, who do participate, and I feel very good about that. She feels good about it as well. She feels confident that there will be care for her as she grows older.

So it is not a question of whether we want the program or whether we like the program. We do. The question is, How do we preserve it? The question is, Do we respond to the facts that are readily available, most graphically portrayed in the trustees' report, that you have to do something or the program goes broke? That is fairly clear. Or I suppose you can seek to use it as sort of a political tool and then spin it into a protectionist sort of thing and try to use it in 1996.

I hope that is not the case. In fact, Mr. President, that causes me to reflect just a moment on something that bothers me quite a little bit, in that this issue has become something of a victim of that tendency to spin and merchandise issues for their political value rather than really being willing to deal with them as the facts dictate.

That is not something unique to the Democrats or unique to the Republicans or, indeed, unique to groups that are outside of the parties that deal in political issues. Frankly, it troubles me a great deal. If we are, as we are, a Government of the people and by the people and for the people, then the people who are going to ultimately make the decisions need to make those decisions based on facts.

It is almost an irony that the technology of information has changed so much that we have more information available to us, more quickly, wherever we live. In Wapiti, WY, where I come from, people can see when Yeltsin gets up on the tape 10 minutes after it happens. Imagine this compared to 50 years ago or 100 years ago when issues and facts and Government only came to people after months of communications.

So it is an irony to me that we now have for each of us as voters the best opportunity to know facts and to know them quickly. However, we are faced with this notion of a continuing growth in the idea of spinning issues so that the facts are not there.

It is legitimate to have a different view as to how you solve problems. It is legitimate to have great debates. It is legitimate to say I wish to go this way and you want to go that way, but they ought to be based on facts. In this instance, the facts are before us. The facts are put forth by a bipartisan group, not only bipartisan but made up a majority of this administration's Cabinet. So there are facts there.

I do not know what there is new to say except to reiterate the 30th birthday of Medicare. Two weeks ago, the Democrats flocked to Independence, MO, to celebrate, as they should, a successful program, but there were two words missing. One was bankruptcy and the other was 2002 which the facts tell us should be what we are really concerned about in making the changes necessary to strengthen Medicare.

My colleague from Tennessee mentioned 37 million people by whom the program is beloved. It is also beloved by many others who feel confident that their mothers and fathers are going to be taken care of. Unfortunately, the program has major financial concerns and the administration has chosen to ignore them. The administration has chosen to attack those who want to strengthen the program by making some changes.

The fact is there are two choices that will be available if we do not do something. One is we will have to eliminate the coverage for hospital services and home care and the other is raise taxes by $711 billion. Neither option is acceptable. Seniors cannot afford to go without health care and no one suggests that they should. Indeed, we are here to strengthen it. The payroll tax needed to make the part A hospital insurance trust fund permanently sound would be an increase of over 3 percent on top of the 2.9 percent that is now paid. This would more than double the withholding. It means the payroll tax for a worker earning $45,000 would be increased by $1,584, nearly $1,600 a year.

One of the interesting notions is the attempt to tie the tax reduction proposal to the changes being proposed in Medicare, but it really does not fit there at all. Part A of this program, which provides coverage for hospital, home health care, and skilled nursing facility services, is financed by Social Security payroll taxes, not by general

funds. And for the first time next year, we will be digging into the reserves to pay for that.

So those are the options that are before us. While it has already been described, we need to make a change that reduces the annual rate of growth from 10 percent to roughly 7 or 6.5 percent. This will allow spending to increase from $4,800 to over $6,700 per individual. That takes into account the growing number of individuals. We also must change from a defined benefit program to a defined contribution program. Older people come in all kinds of financial conditions. They want to make choices with regard to the type of coverage they want and should be able to do that.

We had hearings last year in the House, specifically in the Committee on Government Operations which I was a member of, on fraud and abuse. The witnesses testified that fraud represented 10 percent of overall costs in terms of the amount of money that is spent on health care. That is almost $90 billion. Clearly, we must do something about fraud and abuse.

Another change that must be made is to encourage all of us, and the elderly in particular, to look at their bills to see if double-billing or over-billing exists. Taxpayers should no longer tolerate the response, ''What do you care? You don't have to pay for it anyway.'' I ran into this in a nursing home in Cheyenne, WY, where the materials that were sent there just happened to be a mechanical thing that cost about three times what it ought to cost them. The answer was, ''It doesn't matter because you don't have to pay for it.'' I disagree because it does matter.

So, Mr. President, I am pleased Medicare is high on our agenda. I am pleased we are focusing on a problem that needs to be fixed. I am pleased that we are trying to strengthen the program so it may continue to exist and provide benefits not just on the 30th anniversary, but the 40th, and the 50th. That is our goal.

Mr. President, I yield the floor.

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. FRIST. I see that the distinguished Senator from Arizona is here as we continue our discussion to save Medicare and to strengthen it for the current seniors, individuals with disabilities, as well as for the next generation.

I should also thank the Senator from Wyoming for his statements and simply add that, if we were to do nothing—when he brought up taxes and how Medicare is paid for—by the year 2020, we would have to pay twice as much in taxes, in payroll taxes, as we pay now to keep that trust fund afloat.

We must act and we must act now.

Mr. KYL addressed the Chair.

The PRESIDING OFFICER. The Senator from Arizona.

CRISIS IN MEDICARE

Mr. KYL. I would like to thank the Senator from Tennessee for yielding this time. I think it is fortunate that in the Senate now we have a distinguished surgeon, someone very familiar with the delivery of health care, who can help us in the crafting of legislation to deal with this important problem that faces us today, the reform of our Medicare system to preserve and to protect and to strengthen Medicare. That is the challenge that faces us today. And I appreciate the time to talk on that.

Before I begin that discussion, however, I would like to ask unanimous consent that, after my remarks, there be printed in the RECORD a copy of an editorial that was carried this morning in the Wall Street Journal dealing with the subject we debated much last week and which, hopefully, will be concluded this week. The editorial is entitled ''GOP Stakes Missile Defense.'' It is about our missile defense program and the work that the Senate has done to foster that program.

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

(See exhibit 1.)

Mr. KYL. Mr. President, my colleague, JOHN MCCAIN, and I have been conducting a series of townhall meetings in the State of Arizona for the last several months to talk about this question of how we preserve and protect and strengthen Medicare. We have listened to our constituents. And I think the first thing we ought to do here, when we begin to craft solutions, is to find out what they think is important to retain and what needs to be fixed and how to do that.

So I am hoping that our colleagues will utilize what little time might remain of the August recess to hold such meetings with constituents, come back with new ideas about how to address the problem when we really begin work on this in September.

People might wonder why we are talking about this particular subject this morning. Of course, the reason we are doing it is because, hopefully, at the end of this week we will be leaving Washington for 3 weeks or so for the so-called recess. And it does offer us that opportunity to begin to talk to people about it. We want to begin that conversation right now.

There has been much conversation already about the Medicare trustees' report. I do not think that anyone now who is familiar with the problem will deny that there is a problem, that we have to do something right away to fix that problem, to take quick action. If we do not, as has been noted before, Medicare will be bankrupt beginning in the year 2002. Let me quote one small portion from the Medicare trustees' report.

> We strongly recommend that the crisis presented by the financial condition of the Medicare Trust Funds * * * be urgently addressed on a comprehensive basis, including a review of the program's financing methods, benefits provisions, and delivery mechanisms.

Mr. President, that is something that I like to begin meetings with when I talk to my constituents in Arizona, because the Medicare trustees say we need to look at all three of these aspects.

First, a review of the program's financing aspects. This means talking about taxes and premiums primarily, as my colleague from Wyoming just pointed out. The Medicare part A payroll tax paid by workers would have to be increased by up to 600 percent if we are going to solve the financial condition of Medicare by a payroll tax increase. If we are going to deal with it by increasing the premiums, the part B premiums, they would have to be increased by up to 700 percent. I ask seniors in Arizona, ''Is anybody here in favor of raising taxes or premiums?'' It might not be surprising that no hands go up, at least very few hands go up on that.

All right. Let us turn then to the second thing that the trustees say we have to review, a review of the program's benefits provisions. Likewise, it might not surprise anyone here that when you ask whether or not anyone would like to see benefits reduced, you see very few hands go up in the audience. And, indeed, limiting benefits would merely exacerbate the Medicare coverage limitations that force seniors to spend millions per year on MediGap supplemental insurance.

If we are talking, on the other hand, about restricting Medicare reimbursements to providers, that has been tried in the past. That is how we have tried to deal with this problem so far. And it has not worked. It only increases the incentives for rationing. We have seen the results of that because Medicare pays only between 60 and 70 percent of the cost of care. More and more providers have decided not to provide that kind of care. So that limits the choice for seniors.

Well, the third thing that can be done in dealing with Medicare reform, according to the trustees, is review of the delivery mechanisms. And that is where the real savings are to be found. That is where the real incentives for providing better care at an ultimately reduced cost is going to be found, I think.

I think review of delivery mechanisms divides itself into two convenient ways of discussing the problem. The first are specific things that we can do in the delivery of this care, that we know will save money and will not at all adversely affect the care that seniors receive. When we hold these townhall meetings, we like to ask the people in attendance, ''Has anybody here ever reviewed a bill for something that they received and had Medicare pay for and found a mistake in the bill?'' Well, almost every hand goes up. And as a matter of fact, during the question and answer period, again, it is not surprising that you have tens of seniors coming up telling their personal stories about the surgery that they had to have or their spouse had to

have and the bill, and they cannot believe what they charged. They asked about it, and it was, ''Yes, it is an overcharge, but we do not have the mechanism for trying to deal with that. Somebody else is paying for it. Do not worry about it.''

That frustrates seniors very greatly because they saved all their lives, paid taxes and they see the waste and abuse and, yes, sometimes fraud. And it makes them mad. It ought to make all of us mad. They want that dealt with. Before there is any talk about increasing any contribution that they may want to make or having to deal with the delivery of health care differently, they want to know that we have squeezed every dime of savings that can be squeezed out of this program in eliminating the waste and the fraud and even the abuse.

One of the ideas we talked about to deal with this is some kind of reward whereby those who find the mistakes receive, let us say just hypothetically, 10 percent of all of the mistakes that have been certified to have existed or the fraud that has resulted in overpayments. So that is one way to deal with the problem.

There is also a need, obviously, for tort reform, because there is too much excess spending in the program that results from the necessity of physicians and hospitals having to practice what we call defensive medicine, having to protect themselves from liability lawsuits and, therefore, ordering extra, unnecessary, and costly tests and procedures. So we need to have tort reform as a part of this overall reform.

There are other things like computerized billings and some other things that we know will save a lot of money and does not affect the delivery of care at all.

But we also know the second part of this discussion has to involve actual changes in the way that the various health care options are presented to seniors so that they can then have a wider array of choices and, with that wider array of choices being presented, the competition by the providers will naturally result in driving costs down.

We also know that if they have the option of making choices themselves, where they may be able to keep some of the savings that result, there will necessarily be savings because it is no longer a third party paying it without consequence, it is rather the seniors being able to exercise a choice and save some of the money that is saved in the system.

So we think these are additional ways by which we can save money.

Now, we do not have a secret plan out there as to how to do this. That is why we want to talk to our constituents to find out what they think is the best way to do this. But there have been some pretty good ideas out there. And they basically enhance choice. They say, if you like the current kind of system, you can keep that. If you think it would be beneficial to you to go to an HMO, you can do that, although there should not be any disincentives for those who do not want to go to an HMO.

Some people like the idea of going to PPO's and some like the idea of the medisave account. Frankly, I think this presents a great opportunity for us because, as I said a moment ago, with a medisave account you basically provide seniors with an amount of money they can spend so long as they can buy a major medical policy that can take care of their major medical expenses. They then have enough money left over to pay the out-of-pocket expenses that they have to pay until they reach the limit that would then kick into a major medical or a catastrophic policy. But if they do not spend that money, they get to keep what is left over and that provides a powerful incentive not to be spending as much on health care. That is the bottom line.

We have to decrease the rate of growth from about 10 percent down to about 7 percent, which is still twice the rate of increase in the private sector and twice the rate of inflation increase.

So as we go out to visit with our constituents this August, Mr. President, I suggest we visit with them about some of these options, ask them what is on their minds, how they would see the solution to the problem being developed. And when we come back in September, hopefully we will have developed some kind of consensus so we can present the plans, debate them, have a good, thorough debate around the country, but eventually this fall come up with legislation that can preserve, protect, and strengthen Medicare for the seniors who are currently beneficiaries and all of us in the future.

Again, I thank the Senator from Tennessee for conducting this important discussion this morning.

[From the Wall Street Journal, Aug. 7, 1995]

EXHIBIT 1

GOP STAKES MISSILE DEFENSE

Missile defense is back. In an important 51–48 vote last week, largely upon party lines, the Senate approved construction of a system to defend the nation against attack by ballistic missile. The House approved a similar bill this spring. Beyond taking a crucial step to ensure the country's future security, the Republican Senate has thrown down a huge political marker for the coming presidential campaign.

The part of the bill that has gotten the most attention is the plan to build a network of land-based missile-defense sites over the next eight years. Even more important is its increased funding for an upgrade of the Navy's Aegis air-defense system, which could provide a rough defensive capability for the continental U.S. by the year 2000. It also ups the spending for Brilliant Eyes, a space-based sensor capable of detecting missile launches and tracking missiles in flight. In the long run, space-based defenses—Star Wars—are the most efficient and effective way to defend against missile attack.

It's hard to overstate the significance of the Senate vote. It is a long-delayed recognition of the need to prepare now for a future threat. This is not a bad lesson to remember in the month that we are commemorating the 50th anniversary of the end of a terrible war that we were unprepared to fight. It's a lesson, however, that the Administration rejects; it's threatening to veto the Senate bill, so the campaign issue is clearly drawn.

Nations with ballistic missiles

Afghanistan	Iran	South Africa
Argentina	Iraq	South Korea
Brazil	Israel	Syria
Britian	Kazakhstan	Taiwan
Belarus	Libya	Ukraine
China	North Korea	U.S.
Egypt	Pakistan	Vietnam
France	Russia	Yemen
India	Saudi Arabia	

Sources: Heritage Foundation; other sources.

As to the threat, consider the nations on the nearby list that already possess ballistic missiles with conventional weapons capabilities of some range (either developed indigenously or bought from a superpower). It's hardly difficult to imagine that once some madman gains this power in one of the Bagdhdads or Pyongyangs of the world, he'll be sorely tempted to threaten a San Francisco or New York with it.

''Already North Korea is developing missiles that could attack the military installations in Alaska,'' warned Senator Ted Stevens of Alaska in Thursday's debate. When that capability eventually exists, it will of course be too late for the U.S. to start cobbling together a national missile defense.

A more immediate reminder of the need for a national missile defense comes from China. Two weeks ago in a ''routine test,'' it launched six missiles that splashed down in the Taiwan Strait. China already has an ICBM capable of reaching California. The Taiwan ''test'' didn't cause a big news stir, but imagine what would be our response if someday it ''tested'' one of those unarmed missiles by lobbing it into San Francisco Bay, say, during the visit of a Taiwan official to Ithaca, New York? There would be a popular upheaval in this country.

Apart from the welcome attention it gives to the need for a national missile defense, the second significance of the Senate vote lies in the message it sends about arms control. The Senate has said, in effect, that it no longer is going to let the tail wag the dog. From now on, it's going to tailor arms-control treaties to suit national security policy, not the other way around.

That ultimately means the demise of the 1972 Anti-Ballistic Missile Treaty, in which the U.S. made the reckless promise not to defend itself against missile attack. The Administration is screaming that the Senate bill would violate that treaty, and put in jeopardy the two Start treaties, under which the U.S. and Russia are dismantling their nuclear arsenals. Just so. Those treaties have always been invoked as the reason for according the ABM treaty sacred status, thereby foreclosing any intelligent debate on missile defenses themselves. While Republicans are talking publicly about modifying the ABM Treaty, many have come to the private conclusion that it has to go.

As a technical matter, that is easier said than done. There is a withdrawal clause, but it's up to the executive branch to exercise it. That's something that will almost certainly have to wait until the next President because this one subscribes to the ancient arms-control dogmas. We wonder how that will play in the summer of 1996.

The pro-missile defense group, Committee to Defend America, has been raising that issue in focus groups around the country in recent months. Along the way it has discovered that most citizens think we now can shoot down an incoming ballistic missile.

When they find out we have the ability to develop such a capability but choose not to exercise it, the overwhelming response is outrage—and a demand that we build it immediately.

Ultimately, of course, the Republican candidates also have to credibly convince voters they recognize the modern realities. But if the party's candidates hold to the position staked out by the Senate last week, this will be one issue on which Bill Clinton will be sounding like a very old Democrat.

Mr. FRIST addressed the Chair.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. FRIST. Mr. President, as we continue our discussion this morning, there have been four central things: First is that Medicare will be bankrupt in 7 years; second, under the GOP plan, Medicare spending will continue to rise; third, that seniors truly deserve the right to choose, to have more than they have today, though they can preserve their traditional fee-for-service system; fourth, we must take time to do it right, but we need to act and to act now.

To continue our discussion this morning on how best to save and strengthen Medicare, I turn to the distinguished Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, let me thank my colleague for yielding, but also let me thank him for taking out this special order to discuss with the Senate and those who might be watching this morning the tremendously important issue of Medicare.

I think I, along with him and many others, are dismayed and amazed at the recent attempts to attack the integrity of the Medicare trustees' report on the status of the Medicare trust fund.

There has been a great deal of partisan rhetoric on the validity of the report, as well as criticism of the budget resolution the Congress has adopted this year in reflection of that report in an attempt to handle it in an up-front way.

When you look at those who are members of the board of trustees, it becomes clear that the report is certainly not a partisan effort to spin one idea or another about Medicare. The Medicare trustees are Robert Rubin, the Secretary of the Treasury; Robert Reich, the Secretary of Labor; Donna Shalala, Secretary of Health and Human Services; Shirley Chater, Commissioner for Social Security; Stanford Ross; and David Walker.

These six people serve on the Social Security and the Medicare boards of trustees. The last two members, Stanford Ross and David Walker, were appointed by the President and confirmed by the Senate to represent the public. The boards are requested by law to report to the Congress each year on the operation of the trust funds and to project the financial status of those funds.

The Medicare trustees, in their annual report on the Medicare trust fund released in April of this year, concluded that action is needed to be taken if Medicare is going to operate after the year 2002. The following is an excerpt that other Senators this morning may have mentioned, but I think it is clearly noteworthy and ought to be a part of the RECORD. Let me read from that trust fund report:

The Federal hospital insurance—

HI as it is known.

trust fund which pays inpatient hospital expenses will be able to pay benefits for only about 7 years and is severely out of financial balance in the long range. The trustees urge the Congress to take action.

Let me repeat that:

The trustees urge the Congress to take action.

That is their job, Mr. President, to tell us what is wrong and to suggest to us what we ought to do, and they urge us to take action designed to control the Federal hospital insurance trust fund to address the projected financial imbalance in both the short range and the long range through specific program legislation as part of a broad-based health care reform. The trustees believe that prompt, effective and decisive action is just critically necessary.

So some people will say this is not an urgent issue because the trustees have reported these concerns of solvency, or lack thereof, over the past and it still continues to exist today. We hear Members of the other body shrugging their shoulders and saying, ''This isn't big news. This isn't important news. We've heard these reports before.''

It is because the Congress in the past has heard those reports, Mr. President, and has micromanaged making the minor adjustments over the years to control the costs that have allowed us to maintain the trust funds.

However, those artificial cost controls, lower reimbursement rates, the growing paperwork that has been a result of these reactions to reports and the solutions now no longer work, or at least that is what the trust funds are saying, that we have to make the adjustments and we have to do it now or the Medicare beneficiaries in rural States like mine are simply not going to be served as they have been served in the past.

At or below-cost reimbursement rates have made it difficult to recruit new physicians in my State of Idaho and have forced many doctors to limit the number of Medicare patients they will treat. In other words, our actions of the past, while trying to save the system, have now squeezed it into a situation where doctors are dividing and sorting out and saying, ''We will, but we won't, and we'll limit our practices and we'll limit our ability to receive and care for Medicare patients.''

As I said many times both on the floor of the House of Representatives when I served there and now in the Senate, rural Idaho is not just 20 miles down the interstate. It is something that sometimes requires hundreds of miles of distance and time. Of course, if it is the middle of the winter, it may be that very difficult passage over a snowbound pass that results in the care or lack of care delivered, and that is all a part of this Medicare equation that we have to talk about.

I will say that even the President realizes this is a problem now that he cannot walk away from and it is why he dealt with it in his own budget. Although his rhetoric does not match up with the figures of his own budget, he, too, unlike a lot of other Members of his party, recognizes the critical nature Medicare is in and has to be addressed.

President Clinton has launched a number of attacks on the Congress for spending too little on Medicare. However, when you start comparing numbers, there is little difference between the President's plan for Medicare over the next 7 years and the budget targets set in the congressional budget resolution. They are just a little ways apart.

According to the Office of Management and Budget, President Clinton proposes to spend $1.697 trillion on Medicare over the next 7 years. That figure is very close to the $1.62 trillion—and I said ''trillion''—that was targeted for Medicare spending under the congressional budget resolution.

In real money terms, Mr. President, the difference is less than a nickel on the dollar between the President and the Congress. On some of the graphs I have seen, it is almost nondiscernible.

In addition, the spending targets in both the Congress' and President's budgets are not cuts in spending, as others would like to have us believe. Rather, they are lower rates of growth. Under the Republican plan, Medicare's annual spending will increase by $178 billion this year to $274 billion in the year 2002. That is an annual growth rate of 6.4 percent, and yet, there is this wringing of hands to suggest that we are severely slashing Medicare to its recipients.

Let me suggest that it is a 6.4-percent growth, and that is substantially larger than current rates of health care increases on a cost annualized per patient.

Right now we are spending over $4,816 a year per Medicare recipient and, by 2002, under the Republican plan to strengthen and maintain Medicare, we would be spending $6,732.

Regardless of which figure you use, both represent increases in spending about one and a half times higher than the rate of growth in private sector health care spending.

That level of growth can be achieved without breaking the trust. However, the trust cannot continue to grow more than twice as fast, because that path leads us to bankruptcy.

Mr. President, just 19 months ago, the President proposed major reductions in Medicare in order to pay for his Government-run health care proposal. He said at that time that those reductions were not cuts:

Today, Medicaid and Medicare are going up at three times the rate of inflation. We propose to let it go up at two times the rate of

inflation. That is not a Medicare or a Medicaid cut. So when you hear all this business about cuts, let me caution you that is not what is going on.—President Bill Clinton, speech to the AARP.

So, what is all this rhetoric about? It's about politics. Not policy. Not the future of Medicare, Mr. President. And, certainly not about meeting the needs of America's seniors. The facts are pretty clear: No one is cutting Medicare; the proposed spending levels are very similar; and, Clinton's proposal doesn't protect, preserve or improve Medicare.

Mr. President, another accusation I have heard about the spending targets proposed over the next 7 years is that they are being made to pay for a tax break for the wealthy. Reading the summary of the 1995 annual report will dispel that story.

Mr. President, this is not about tax cuts or spending cuts. This is about bankruptcy. The President agreed, and said so on June 11 of this year.

We cannot leave the system the way it is—when you think about what the baby-boomers will require—that's going to require significant long-term structural adjustment. We'll just have to look at what we can do there. But the main thing we can't do—we can't have this thing go broke in the meanwhile.

In addition, three members of president Clinton's Cabinet and the Commissioner of Social Security were in agreement and said so on April 3 of this year.

The Medicare trustees stated in their report issued on the third of April that, ''under all sets of assumptions, the trust is projected to become exhausted even before the major demographic shift begins.''—Page 3 of the report.

Some people will avoid responsibility, and will say that there is no problem. They are wrong. Next year, for the first time in the history of the Medicare Program, more money will go out of the trust fund than will come in. The debt will continue to grow until the trust fund is completely depleted.

Mr. President, I am concerned that the trustee's annual report is no longer in print.

In addition, Mr. President, I hope my fellow Idahoans will take the time to review this summary.

I will be sending copies of today's CONGRESSIONAL RECORD to each of my State offices and will have it available for review in the office. The summary is not very long, but speaks volumes about this problem.

I hope my colleagues will do the same to make sure that this document gets out and the American people can read for themselves the financial problems that the Medicare Hospital Insurance Trust fund faces.

Mr. President, to cast stones and ignore this problem is not an option. Regardless of age, we all need to be concerned about the solvency of Medicare. We must act now.

Mr. President, I had the pleasure of celebrating my 50th birthday in July of this year. As I embark on my second half century, a few harsh realities are drawing near. I may not be knocking on the door of my retiring years, but they are coming fast.

Issues like health care are of interest and concern to me, like all Americans. I want Medicare to continue to exist for those who are now beneficiaries.

I also want it around for my wife and me. But, more importantly, I want the program to be there for my children, and my children's children, and so on.

An individual from Idaho that I know fairly well contacted me recently, to let me know that I would be in big trouble if anything were done to Medicare. The conversation progressed and finally, this individual told me they didn't care if Medicare went bankrupt in 7 years because there was no way in the world they'd still be alive.

Well, Mr. President, we laughed a little at that. And, then, it was as if it were finally becoming clear. This individual realized that when he was gone, someone else would be in his situation, that the need would still exist, and the situation, if not addressed would be far worse. After all, the baby-boomers are no longer thirty-somethings. I know, because I am a baby-boomer.

In the end, my caller agreed that what we needed to focus on was long-term solutions that would reform Medicare in a way that will shore up the solvency of the trust fund. Mr. President, it is a tall order, but there is no alternative. It must be done.

I ask unanimous consent that the executive summary, the 1995 annual report of the Social Security and Medicare board of trustees also be printed in the RECORD immediately following my comments.

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

STATUS OF THE SOCIAL SECURITY AND MEDICARE PROGRAMS

A SUMMARY OF THE 1995 ANNUAL REPORTS

A message to the public

The Boards of Trustees are pleased to present this Summary of the 1995 Annual Reports of the Social Security and Medicare trust funds. The reports include extensive information about these important social programs and, we believe, fully and fairly present their current and projected financial condition.

In particular, we encourage current and future beneficiaries to consider what the reports mean for them as individual citizens. Based on the Trustees' best estimates, the reports show:

The Federal Old-Age and Survivors Insurance (OASI) Trust Fund, which pays retirement benefits, will be able to pay benefits for about 36 years. The Board believes that the long-range deficit of the OASI Trust Fund should be addressed. The Advisory Council on Social Security is currently studying the financing of the program and is expected to recommended later this year ways to achieve long-range actuarial balance in the OASI fund.

The Federal Disability Insurance (DI) Trust Fund, which pays disability benefits, is projected to be exhausted in 2016. The Board believes that the long-range deficit of the DI Trust Fund should be addressed. The Advisory Council on Social Security currently also is studying the financing of the DI program and is expected to recommend later this year ways to achieve long-range actuarial balance in the DI fund.

The Federal Hospital Insurance (HI) Trust Fund, which pays inpatient hospital expenses, will be able to pay benefits for only about 7 years and is severely out of financial balance in the long range. The Trustees urge the Congress to take additional actions designed to control HI program costs and to address the projected financial imbalance in both the short range and the long range through specific program legislation as part of broad-based health care reform. The Trustees believe that prompt, effective, and decisive action is necessary.

The Federal Supplementary Medical Insurance (SMI) Trust Fund, which pays doctor bills and other outpatient expenses, is financed on a year-by-year basis and, on this limited basis, is adequately financed. The Trustees urge the Congress to take additional actions designed to more effectively control SMI costs through specific program legislation as part of broad-based health care reform. The Trustees believe that prompt, effective, and decisive action is necessary.

Pubic discussion regarding the financing of the Social Security and Medicare programs needs to take account of the critical differences among the four individual trust funds and, at the same time, the important relationships among them. A key aspect of thinking about future financing of these trust funds is recognition that under current law the timing and magnitude of the financing problems facing the programs are distinctly different. This summary presents the current and projected financial status of these four programs both separately and together in the hope that it will enhance public understanding of them and encourage necessary program reforms.

By the Trustees:

ROBERT E. RUBIN,
Secretary of the Treasury, and Managing Trustee.
ROBERT B. REICH,
Secretary of Labor, and Trustee.
DONNA E. SHALALA,
Secretary of Health and Human Services, and Trustee.
SHIRLEY S. CHATER,
Commissioner of Social Security, and Trustee.
STANFORD G. ROSS,
Trustee.
DAVID M. WALKER,
Trustee.

STATUS OF THE SOCIAL SECURITY AND MEDICARE PROGRAMS—A SUMMARY OF THE 1995 ANNUAL REPORTS

What Are the Trust Funds?—Four trust funds have been established by law to finance the Social Security and Medicare programs. For Social Security, the Federal Old-Age and Survivors Insurance (OASI) Trust Fund pays retirement and survivors benefits; and the Federal Disability Insurance (DI) Trust Fund pays benefits after a worker becomes disabled. When both OASI and DI are considered together, they are called the OASDI program.

For Medicare, the Federal Hospital Insurance (HI) Trust Fund pays for hospital and related care (often called ''Part A'') for people over 65 and workers who are disabled. The Federal Supplementary Medical Insurance (SMI) Trust Fund pays for physicians and outpatient services (often called ''Part B'') for people over 65 and workers who are

disabled. These two trust funds are not usually considered together, because they are funded differently.

Who Are the Boards of Trustees?—Six people serve on the Social Security and Medicare Boards of Trustees: the Secretary of the Treasury, the Secretary of Labor, the Secretary of Health and Human Services, the Commissioner of Social Security and two members appointed by the President and confirmed by the Senate to represent the public. The Boards are required by law to report to the Congress each year on the operation of the trust funds during the preceding years and the projected financial status for future years.

What Were the Trust Fund Results in 1994?—Assets of all trust funds except SMI increased during calendar year 1994. At the end of the year, 42.9 million people were receiving OASDI benefits and about 37 million people were covered under Medicare. Trust fund operations, in billions of dollars, were (totals may not add due to rounding):

	OASI	DI	OASDI	HI	SMI
Assets (end of 1993)	369.3	9.0	378.3	127.8	24.1
Income during 1994	328.3	52.8	381.1	109.6	55.6
Outgo during 1994	284.1	38.9	323.0	104.5	60.3
Net Increase	44.1	14.0	58.1	5.0	−4.7
Assets (end of 1994)	413.5	22.9	436.4	132.8	19.4

What Were the Administrative Expenses in 1994?—The cost of administrative expenses in fiscal year 1994, shown as a percentage of benefit payments from each trust fund, was:

	OASI	DI	OASDI	HI	SMI
Administrative Expenses (FY 1994)	0.7	2.8	0.9	1.2	3.0

How Are the Trust Funds Financed?—Most OASDI and HI revenue consists of taxes on earnings that are paid by employees, their employers, and the self-employed. The tax rates are set by law and, for OASDI, apply to earnings that do not exceed a certain annual amount. This amount, called the earnings base, rises as average wages increase. In 1995, the earnings base for OASDI is $61,200. Beginning with 1994, HI taxes are paid on total earnings. The tax rates for employees and employers each under current law are:

Year	OASI	DI	OASDI	HI	Total
1990–93	5.60	0.60	6.20	1.45	7.65
1994–96	5.26	0.94	6.20	1.45	7.65
1997–99	5.35	0.85	6.20	1.45	7.65
2000 and later	5.30	0.90	6.20	1.45	7.65

People who are self-employed are charged the equivalent of the combined employer and employee shares, but only on 92.35 percent of net earnings, and may deduct one-half of the combined tax from income subject to Federal income tax.

All the trust funds receive income from interest earnings on trust fund assets and from miscellaneous sources. The OASI, DI and, beginning in 1994, HI Trust Funds also receive revenue from the taxation of Social Security benefits.

The SMI or Part B program is financed similarly to yearly renewable, term insurance. Participants pay premiums that in 1994 covered about 30 percent of the cost; the rest is paid for by the Federal Government from general revenues. The 1995 monthly premium is $46.10.

In all trust funds, assets that are not needed to pay current benefits or administrative expenses (the only purposes for which trust funds may be used) are invested in special issue U.S. Government securities guaranteed as to both principal and interest and backed by the full faith and credit of the U.S. Government.

How Are Estimates of Trust Fund Balances Made?—Short-range (10-year) estimates are reported for all funds, and, for the OASI, DI, and HI Trust Funds, long-range (75-year) estimates are reported. Because the future cannot be predicted with certainty, three alternative sets of economic and demographic assumptions are used to show a range of possibilities. Assumptions are made about economic growth, wage growth, inflation, unemployment, fertility, immigration, and mortality, as well as specific factors relating to disability, hospital, and medical services costs.

The intermediate assumptions (alternative II) reflect the Trustees' best estimate of what the future experience will be. The low cost alternative is more optimistic; the high cost alternative is more pessimistic; they show how the trust funds would operate if economic and demographic conditions are better or worse than the best estimate.

What Concepts Are Used to Describe the Trust Funds?—The measures used to evaluate the financial status of the trust funds are based on several concepts. Some of the important concepts are:

Taxable payroll is that portion of total wages and self-employment income that is covered and taxed under the OASDI and HI programs.

The annual income rate is the income to the trust fund from taxes, expressed as a percentage of taxable payroll.

The annual cost rate is the outgo from the trust fund, also expressed as a percentage of taxable payroll.

The percentage of taxable payroll is used to measure income rates and cost rates for the OASDI and HI programs. Measuring the funds' income and outgo over long periods of time by describing what portion of taxable earnings they represent is more meaningful than using dollar amounts, because the value of a dollar changes over time.

The annual balance is the difference between the income rate and the cost rate. If the balance is negative, the trust fund has a deficit for that year.

The actuarial balance is the difference between the annual income rates and cost rates summarized over a period of up to 75 years, and adjusted to include the beginning fund balance and the cost of ending the projection period with a trust fund balance equal to the next year's outgo; if the balance is negative, the fund has an actuarial deficit.

The trust fund ratio is the amount in the trust fund at the beginning of a year divided by the outgo for the year. It shows what percentage of the year's expenditures the trust fund has on hand. For example, a trust fund ratio of 100 percent would reflect an amount equal to 1 year of projected expenditures.

The year of exhaustion is the first year a trust fund is projected to run out of funds and to be unable to pay benefits on time and in full.

How Is the Financial Status of the Trust Fund Tested? Several tests, based on the intermediate assumptions, are used to review the financial status of the trust funds.

The short-range test is met if, throughout the next 10 years, the trust fund ratio is at least 100 percent. Of, if the trust fund ratio is initially less, but reaches 100 percent within the first 5 years and stays at or above 100 percent, and there is enough income to pay benefits on time every month during the 10 years, the short-range test is met.

The long-range test is met if a fund has an actuarial deficit of no more than 5 percent of the cost rate over the 75 years, and if the actuarial deficit for any period ending with 10th year or later is a graduated amount of 5 percent. If the long-range test is met, the trust fund is in close actuarial balance.

The test for SMI actuarial soundness is met for any time period if the trust fund assets and projected income are enough to cover the projected outgo and there are enough assets to cover costs incurred but not yet paid. The adequacy of the SMI Trust Fund is measured only for years for which both the beneficiary premiums and the general revenue contributions have been set.

What Is the Future Outlook for the Trust Funds?—The status of the OASI, DI, and HI Trust Funds is shown together on charts because they are financed the same way. SMI is financed differently, so its status is described separately.

The short-range outlook (1995–2004)

Chart A shows the projected trust fund ratio under the intermediate (alternative II) assumptions for OASI, DI, and HI separately. It also shows the ratio for the combined OASI and DI trust funds. (Chart not reproducible in RECORD.)

The OASI trust fund ratio line is over the 100 percent level at the beginning of the 10-year period and stays over that level through the year 2004. Therefore, the OASI Trust Fund meets the short-range test of financial adequacy.

The trust fund ratio line for DI starts at 54 percent, reaches 100 percent in 1996, and remains above that level throughout the remainder of the period. Thus, the DI fund also meets the short-range test.

The trust fund ratio line for the combined OASI and DI Trust Funds begins above the 100 percent level and stays over that level throughout the 10-year period; therefore, the OASDI program, as a whole, meets the short-range test of financial adequacy.

Although the trust fund ratio line for HI is over the 100 percent level at the beginning of the 10-year period, it falls below that level in 1995. As a result, it does not meet the short-range test. Under the intermediate assumptions, the projected year of exhaustion for the HI Trust Fund is 2002; under more adverse conditions, as in the high cost alternative, it could be as soon as 2001.

The financing for the SMI Trust Fund has been set through 1995, and the projected operations of the trust fund meet the test of SMI actuarial soundness.

The long-range outlook (1995–2069)

Chart B shows the actuarial balance, as a percentage of the cost rate, for OASI, DI, and HI separately under the intermediate (alternative II) assumptions, as well as for the combined OASI and DI Trust Funds. (Chart not reproducible in Record.)

For a trust fund to meet the long-range test of close actuarial balance, the actuarial balance line for that trust fund must stay above the shaded area throughout the 75-year period. The triangle above the shaded area but below the zero percent level shows the range of allowable deficits a fund can have and still be in close actuarial balance.

None of the three trust funds is in close actuarial balance over the next 75 years. However, the chart shows that the actuarial balance line for OASI, as well as for the OASDI program as a whole, stays above the shaded area for many years to come.

The actuarial balance line for DI alone starts above the shaded area but declines below it in about 2009 and continues to decline significantly for about an additional 25 years before the rate of decline slows. The actuarial balance line for HI starts well into the shaded area and declines continuously over the long-range period.

The year of exhaustion for the OASI Trust Fund under intermediate assumptions does not occur until 2031—36 years from now. For the combined OASI and DI Trust Funds, the year of exhaustion would be 2030—in 35 years. However, combined OASDI expenditures will exceed current tax income beginning in 2013. Thus, as Chart C illustrates, current tax income plus a portion of annual interest income will be needed to meet expenditures for

years 2013 through 2019, and current tax income, annual interest income, plus a portion of the principal balance in the trust funds will be needed for years 2020–2029. (Chart not reproducible in Record.)

Another useful way to view the outlook of the trust funds is to compare the income rate for each fund with its estimated cost rate. Over the 75-year period the income rates for OASI, DI and HI remain relatively constant, while the cost rates generally rise steadily.

For OASI, the income rate is projected to remain significantly above the cost rate for a number of years. Starting in about 2010, however, the OASI cost rate will begin increasing rapidly as the baby boom generation begins to reach retirement age. In 2014 and later, the cost rate for OASI will exceed the income rate.

The income rate for DI is slightly higher than the cost rate only until 2004, after which the annual shortfall of tax income is projected to increase slowly over the entire 75-year period.

The cost rate for HI is higher than the income rate, by rapidly growing amounts, throughout the 75-year projection period—by the end of the period, the HI cost rate is projected to be roughly 3 times greater than the HI income rate. Chart D shows the virtually level income rates and rising cost rates for OASI, DI and HI. (Chart not reproducible in the RECORD.)

An additional way to view the outlook for the trust funds as projected under current law is in relation to the economy as a whole. The table below shows the estimated outgo from each trust fund as a percentage of estimated gross domestic product (GDP) from 1995 to 2069. OASI and DI increase at about the same rate over this period, while the increases in HI and particularly in SMI are much greater.

OASI, DI, HI, AND SMI OUTGO AS A PERCENT OF GROSS DOMESTIC PRODUCT

Trust fund	1995	2020	2045	2069	Percent increase
OASI	4.18	5.05	5.72	5.98	43
DI	0.60	0.87	0.87	0.86	44
HI	1.62	2.83	4.05	4.46	175
SMI	0.99	3.18	4.01	4.29	333

Conclusions

The status of the Social Security and Medicare programs can be summarized by looking at the results of the tests used to evaluate the financial status of the trust funds and at the number of years before each trust fund is expected to be exhausted under the intermediate assumptions:

FINANCIAL STATUS OF THE OASI, DI, HI, AND SMI PROGRAMS

Is the test of financial adequacy met:

Trust fund	Short-range 10 years	Long-range 75 years	Years until exhaustion
OASI	Yes	No	36
DI	Yes	No	21
OASDI (combined)	Yes	No	35
HI	No	No	7

The SMI Trust Fund meets its test of actuarial soundness.

Based on the Trustees best estimates (alternative II)

The OASI Trust Fund is expected to be able to pay benefits for about the next 36 years while the DI fund will be exhausted in about 21 years. In view of the lack of actuarial balance in the OASDI program over the next 75 years, the Board believes that the long-range deficits in the OASI and DI programs should be addressed. Accordingly, the Board recommended last year that the 1995 Advisory Council on Social Security conduct an extensive review of Social Security financing issues and develop recommendations for achieving long-range financial stability for the OASDI program. The Council will submit its report later this year.

The HI Trust Fund will be able to pay benefits for only about 7 years and is severely out of actuarial balance over the next 75 years. Because of the magnitude of the projected actuarial deficit in the HI program and the high probability that the HI Trust Fund will be exhausted just after the turn of the century, the Trustees urge the Congress to take additional actions designed to control HI program costs and to address the projected financial imbalance in both the short range and the long range through specific program legislation as part of broad-based health care reform.

The SMI program, though actuarially sound, has experienced rapid growth in costs: program outlays have increased 53 percent in the last 5 years and grew 19 percent faster than the economy as a whole. Because this growth shows little sign of abating, the Trustees urge the Congress to take additional actions designed to more effectively control SMI costs through specific program legislation as part of broad-based health care reform.

A message from the public trustees

This is the fifth set of Trust Fund Reports on which we have reported as Public Trustees. It is also, under the terms of our appointment, our last report, and we use this occasion to summarize our views on some major aspects of the Social Security and Medicare programs. As representatives of the public, our efforts have been to assure the American public of the integrity of the process and the credibility of the information in these reports. We feel privileged and honored to have been able to take part in this important exercise in public accountability, and want to provide our best advice on directions for change of these important programs in the years ahead.

The Need For Action

During the past 5 years there has been a trend of deterioration in the long-range financial condition of the Social Security and Medicare programs and an acceleration in the projected dates of exhaustion in the related trust funds. To some extent, this has been predictable because when doing annual 75-year projections, an additional deficit year in the 2060s is being added with each new projection. But to some extent, the increasingly adverse projections have come from unforeseen events and from the absence of prompt action in response to clear warnings that changes are necessary. These adverse trends can be expected to continue and indicate the possibility of a future retirement crisis as the U.S. population begins to age rapidly. We urge that concerted action be taken promptly to address the critical public policy issues raised by the financing projections for these programs.

Projections As A Guide To Action

We believe it is important for the public and the Congress to understand more about what the projections in the Trust Fund Reports really mean and how they are intended to be used. These projections represent the best estimates the Trustees can make based on the best available information and methodologies. We have, during our period of service, attempted to test assumptions, question methodologies and work with the Offices of the Actuary of SSA and HCFA and others in and out of government to seek improvements in the projections. We have also stimulated thought through a symposium and publication of papers on how methods and assumptions might be improved to better estimate the future income and health care needs of the elderly and disabled. Action should be taken to continue and extend survey and other data development efforts and to improve modeling capability regarding the income and health circumstances of future retirees. Such information is critical to the legislative and regulatory activity that will be required for both public and private income security and health care programs in future years.

However, with even the best data and models, projections ultimately are only estimates and must necessarily reflect the uncertainties of the future. They are useful if understood as a guide to a plausible range of future results and if acted on in a timely and responsible manner. They are not helpful if ignored, or if used improperly, or if distorted. We hope that more policymakers will come to grips with the strengths and limitations of projections such as those in the Trust Fund Reports and how those projections can be used most productively.

Social Security Program

The Old-Age and Survivors Insurance Trust Fund shows a deficit of 1.87 percent of payroll in the long run. It is by far the best financed of the trust funds, and we believe strongly that the OASI program can and should be maintained over the long term. Yet even here reforms should be undertaken sooner rather than later to ease the transition to providing financial stability in the next century. We note the recent work of the Bipartisan Entitlement Commission and the current work of the Advisory Council on Social Security regarding the long-term financing of the OASI program. We hope that this kind of work will continue and that this problem will be addressed in a timely fashion.

The condition of the Disability Insurance Trust Fund is more troublesome. While the Congress acted this past year to restore its short-term financial balance, this necessary action should be viewed as only providing time and opportunity to design and implement substantive reforms that can lead to long-term financial stability. The research undertaken at the request of the Board of Trustees, and particularly of the Public Trustees, shows that there are serious design and administrative problems with the DI program. Changes in our society, the workforce and our economy suggest that adjustments in the program are needed to control long-range program costs. Also, incentives should be changed and the disability decision process improved in the interests of beneficiaries and taxpayers. We hope that this research will be completed promptly, fully presented to Congress and the public, and that the Congress will take action over the next few years to make this program financially stable over the long term.

Medicare Program

The most critical issues, however, relate to the Medicare program. Both the Hospital Insurance Trust Fund and the Supplementary Medical Insurance Trust Fund show alarming financial results. While the financial status of the HI program improved somewhat in 1994, the HI Trust Fund continues to be severely out of financial balance and is projected to be exhausted in about 7 years. The SMI Trust Fund, while in balance on an annual basis, shows a rate of growth of costs which is clearly unsustainable. Moreover, this fund is projected to be 75 percent or more financed by general revenues, so that given the general budget deficit problem, it is a major contributor to the larger fiscal problems of the nation.

The Medicare program is clearly unsustainable in its present form. We had hoped for several years that comprehensive health care reform would include meaningful Medicare reforms. However, with the results of the last Congress, it is now clear that Medicare reform needs to be addressed urgently as a distinct legislative initiative. We also believe strongly that Medicare reform should be included as an integral part of any broader health care reform initiative which may be considered in the future.

There are basic questions with the scale, structure and administration of the Medicare program that need to be addressed. For example, is it appropriate to have a Part A and Part B today, or should this legacy of the political process that enacted Medicare in the mid-1960s be revised to create a unified program? Is it appropriate to combine participants' social insurance tax contributions for Part A and premium payments for approximately one-quarter of Part B with general revenues? If so, what should be the proper combination of beneficiary premiums, taxpayer social insurance contributions, and general revenues? How are each of these kinds of revenue sources to be justified and what rights to benefits and responsibilities to pay benefits are thereby established? How can the program become more cost-effective? How can fraud, abuse and waste be better controlled?

We feel strongly that comprehensive Medicare reforms should be undertaken to make this program financially sound now and over the long term. The idea that reductions in Medicare expenditures should be available for other purposes, including even other health care purposes, is mistaken. The focus should be on making Medicare itself sustainable, making it compatible with OASDI, and making both Social Security and Medicare financially sound in the long term.

We strongly recommend that the crisis presented by the financial condition of the Medicare Trust Funds be urgently addressed on a comprehensive basis, including a review of the program's financing methods, benefit provisions, and delivery mechanisms. Various groups should be consulted and reform plans developed that will not be disruptive to beneficiaries, will be fair to current taxpayers who will in the future become beneficiaries, and will be compatible with government finances overall.

Institutional Considerations

We have as Public Trustees tried over the past 5 years to provide continuity and improve the institutional framework surrounding the Social Security and Medicare programs. We have bridged two Administrations (one Republican and one Democratic), two Advisory Councils (one appointed by a Republican Administration and one by a Democratic Administration), and many changes in the ex officio Trustees. We have consulted with each of the Advisory Councils, as well as the working group of the prior Public Trustees, the Bipartisan Entitlement Commission, the Notch Commission and many other government entities. We have testified before both the House Ways and Means Committee and the Senate Finance Committee and held regular briefings for Congressional staff on the Trust Fund Reports. We know that with the advent of the new Social Security Administration as an independent agency, many of the institutional relationships in these areas will change. We hope that the Public Trustees in the future will continue to make a contribution towards a coherent institutional structure that serves the interests of the public.

Finally, we note that although the statute provides that one of the Public Trustees must be from each of the major political parties, we have operated as independent professionals on a nonpartisan basis. Every statement we have made over 5 years has been joint and consensual, and without partisan content or political dissonance. We believe these programs are too important to be politicized and urge that a highly professional, nonpartisan approach continue to be followed in future reports to the Congress and the public.

STANFORD G. ROSS,
DAVID M. WALKER,
Trustees.

Mr. CRAIG. I yield whatever time there may be to the organizer of the special order.

The PRESIDING OFFICER. The Senator from Tennessee has 3 minutes remaining.

Mr. FRIST. Mr. President, in closing out our special order this morning, our message has been very simple: to strengthen and to simplify.

In our remaining 2 minutes, we will have a closing statement by the Senator from Maine. I yield to him for that purpose.

Mr. COHEN. Mr. President, last April the trustees of the Social Security and Medicare trust funds issued a stark warning that the trust fund that pays Medicare benefits will be bankrupt by 2002, and that ''the Medicare Program is clearly unsustainable in the present form.''

In his speech a few weeks later to the delegates at the White House Conference on Aging, President Clinton echoed the trustees' warning about the pending Medicare crisis, saying that he ''cannot support the status quo, and neither can you.''

The Medicare trustee's report sounds an alarm that we simply cannot afford to ignore. Medicare is on a collision course toward bankruptcy. The longer we wait to change this course or apply the brakes, the more certain we are to crash.

Mr. President, last week, the House minority leader, Mr. GEPHARDT, circulated a letter characterizing the pending Medicare crisis as ''more fiction than fact.'' Apparently, those who are dedicated to waging class warfare are prepared to resort to the tactic of treating fact as fiction. It is not a novel tactic, but ironically, one that is drawn from a novelist's nightmare vision of the future: Repeat a falsehood often enough and the people eventually will accept it as truth.

The truth is that the 1995 trustees' report paints a bleak picture for the future of Medicare. Next year, the trust fund will start paying out more in benefits than it gets in revenues from the payroll tax.

To quote Franklin Delano Roosevelt:

> Any government, like any family, can for a year spend a little more than it earns. But you and I know that a continuance of that habit means the poorhouse.

Right now, Medicare is on a sure path to the poorhouse. By 2002—less than 7 years from now—the Medicare trust fund will be totally bankrupt. By law, it will be unable to pay benefits, leaving 36 million of our most vulnerable Americans—the aged and disabled—without coverage to pay their hospital bills.

Politically, it would be easy to ignore the pending crisis and continue with business as usual. However, as Samuel Johnson once wrote:

> When a man knows he is to be hung in a fortnight, it concentrates his mind wonderfully.

Reforming Medicare is not about providing tax cuts, nor is it about balancing the budget. Even if the Federal budget were in balance, the Medicare trust fund would still be in jeopardy and the same reforms would be necessary to preserve and improve the program.

Let there be no mistake—Medicare needs reforming for Medicare's sake. Let us also be clear that no one is talking about cutting Medicare spending. Under the budget resolution passed last June, Medicare spending will continue to grow at an average rate of 6.4 percent over the next 7 years and will increase to $273.3 billion in 2002. That's $92.2 billion more than the $181.1 billion that will be spent in 1995.

So far most of the focus has been on resolving Medicare's short-term bankruptcy crisis. However, we cannot ignore the fact that Medicare's real problems begin in about 2010, when the baby boomers begin to retire, dramatically increasing the numbers of people eligible for Medicare and reducing the size of the work force.

The demographics of the next century are daunting. Today there are 33 million Americans 65 and over. But the aging of the baby boom generation will swell the number to 70 million by 2030, imposing new burdens and challenges for the Medicare and Social Security systems.

Today, it takes four workers to support a Medicare beneficiary. By the middle of the next century, there will only be two workers available to support each beneficiary, greatly increasing the amount each will have to pay in taxes to support the program. Medicare must therefore undergo significant structural changes if it is to survive to meet the health care needs of future retirees.

The ability to change is key to survival, and the fact is that the Medicare Program has changed very little in the 30 years since its creation.

While private health care systems have evolved over the years, Medicare has remained stagnant. We must find ways to make the program sensitive to the needs of older persons while at the same time making it more cost-effective.

Sixty-three percent of working Americans get their health care through some kind of managed care program. By contrast, only 90 percent of Medicare beneficiaries are enrolled in the kinds of managed care plans that have become a way of life for their children and grandchildren.

Most care continues to be provided on a fee-for-service basis, which offers

no incentives for efficiency and, in fact, encourages higher costs and overutilization of services. As a consequence, Medicare costs are rising in excess of 10 percent a year, while private health spending is growing at less than half that rate.

There continues to be gaps in Medicare coverage. Medicare generally does not pay for preventive care and beneficiaries do not have access to benefits like prescription drugs that are routinely provided through private health plans. Many Medicare beneficiaries would gladly elect to trade their current fee-for-service coverage for a more coordinated system of care that gives them expanded coverage for prescription drugs and other benefits they currently do not enjoy.

Americans in the private health care system generally have some choice about the kind of health plan they are enrolled in. Most Medicare beneficiaries do not. Congress should consider giving Medicare beneficiaries a full range of choice of health care plans, with incentives for beneficiaries to choose cost-efficient coverage.

We should also consider allowing people to stay in their employer's health plan when they turn 65, even after they have retired. Medicare could reimburse employers for the cost of the premiums and perhaps provide a tax break as an additional incentive for them to continue coverage. This would not only allow Medicare beneficiaries to remain in a health plan they are comfortable with, but it would also keep them in a pool with younger, healthier people to lower the cost of their coverage.

And, finally, we must rid Medicare of the fraud and abuse that robs the program of as much as $18 billion a year. Medicare has become a prime target for opportunists who bilk the system by overbilling, unbundling services, and doublebilling. I have introduced legislation for the past 2 years to crack down on fraud and abuse, and it is time to pass these reforms.

There are no easy answers—either substantively or politically—to Medicare's financial problems in either the short or long term. If we are to summon the political will to overcome the current crisis and revitalize Medicare to meet the needs of the future generations, we must abandon the politics of fear and take up the politics of trust.

This should not be a partisan issue. Those who hold a fiduciary duty to oversee the Medicare system say that immediate action is necessary, and the President apparently agrees. Given the sheer magnitude of the financing shortfall, bipartisan cooperation is essential if we are to establish the kind of lasting reforms that will be necessary to keep the promise of Medicare for not just current but future generations.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

EXTENSION OF MORNING BUSINESS

Mr. REID. I ask unanimous consent that the time for morning business be extended so that the order would be that Senator DORGAN will speak 15 minutes, I will speak for 15 minutes, and Senator WELLSTONE will speak for 10 minutes.

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

The Senator from North Dakota is recognized.

MEDICARE

Mr. DORGAN. Mr. President, last week during debate on the defense authorization bill, I came to the floor to point out that someone on the Armed Services Committee had written into the bill a special little deal that no one had asked for. It was $60 million to buy blimps. Yes, blimps. Airbags. Airships. I asked the question, Who wrote this in? Who wants to buy blimps? Who decides that the *Hindenburg* is important for America's defense?

I did not find out who did it, but there were no hearings, no disclosure—they just wrote in $60 million to buy blimps. Now I discover that hot airbags are not limited necessarily to the Defense Department authorization bill.

I have listened this morning to a substantial amount of discussion about Medicare. I will tell you, some of it really surprises me.

Let me talk first about the issue of Medicare going broke. We were treated this morning to a half dozen folks who say: ''Did you know that Medicare is going to go bankrupt in 7 years? We Republicans called the Medicare trustees up to the Capitol for a special meeting because we were so concerned about their report.'' And the President is not concerned, they say. He does not care. ''But we are concerned, so we called the trustees up here to the Capitol and had a visit, because we Republicans care.'' I will bet you that I am safe in saying this is the only meeting of trustees the other side has ever had in this Capitol.

Well, here is a list of the trustees' reports for the last 15 years. Every single year since 1979, save two—in fact, 23 out of 25 years—the boards of trustees have sent a report to this Capitol and this Senate telling us when the Medicare system is going to run out of money.

In 1982, while Ronald Reagan was President, the trustees sent a report up to the Capitol that said in 1987 Medicare is going to be insolvent. In 1986, they sent up a report that said in 1996 it is going to be broke. The list goes on. That is in 23 out of 25 years.

Why have the Republicans invented this as a crisis when 23 out of 25 reports have described the time when Medicare is going to become insolvent? Every time this happens, Congress makes adjustments to make sure that Medicare will not go broke.

Why have the Republicans decided to invent this as a crisis? It is because the Republicans, under the guise of a budget they say will be balanced, also wanted to put up the center tent pole in this giant tent called the Contract With America. What is that center pole? It is a tax cut for their wealthy friends—a $245 billion tax cut, 80 percent of which will go to those taxpayers with incomes over $100,000 a year.

Now, how do you pay for a tax cut? How do you pay for a tax cut if you are up to your neck in debt and have all kinds of budget problems? You take a look at another big part of the Federal budget and say, let us cut that in order to make room for our tax cut. Ergo, they have proposed $270 billion in cuts to Medicare in order to accommodate a similar sized proposal to cut taxes, the bulk of which goes to the wealthiest Americans.

Those are the facts. There is no one in this body who does not want to make sure that Medicare exists for the long term. So to those who came out here this morning with a hot iron and ironing board trying to iron out the President on this issue because, somehow, the Democrats do not believe in Medicare, I say, just look at the record. The first time Medicare was on the floor of the Senate was in August 1960, and 97 percent of the Republicans voted against it. Democrats helped create Medicare, and I am proud of it. When we enacted Medicare, less than half of America's elderly had health insurance coverage. Now 97 percent do. I am proud of that.

Are there some problems with Medicare? Yes, there are. America is graying and getting older. Each month, over 200,000 more Americans become eligible for Medicare because they reach retirement age. That puts a strain on the system. So we have to continue to make adjustments to make Medicare solvent.

For people to come to this floor and suggest that somehow the Democrats are the problem and the Republicans are going to save Medicare, I am sorry, but this is just at odds with the facts. The fact is that Democrats helped create Medicare.

There is an old saying that ''the lion and the lamb might lay down together, but the lamb ain't going to get much sleep.'' I would observe, after what I heard this morning, that the Republicans and Medicare might lay down together as well, but I do not think Medicare is going to get much sleep either. The fact is, we must make Medicare solvent for the long-term, and we will. But we must not ever decide to go to the health care portion of the Federal budget and try to find massive Medicare savings that will result in higher Medicare costs for older Americans and reduced access to health care for senior citizens, in order to accommodate a big tax cut mostly for the wealthy.

Now, I know that those who are out here spinning this morning like a ball of yarn were accusing the other side of

spinning on Medicare. Well, you do not have to spin at all to simply open the budget proposals and find out who gets what. The budget proposals are simple. The budget plan provides for a very significant tax cut, going largely to the most affluent Americans, and it provides for by far the largest cut in Medicare expenditures in the history of this program.

We have had speakers say the cuts in Medicare are simply a cut in the rate of growth. If you have more and more seniors becoming eligible for Medicare, then the size of the program increases. If health care—not only for Medicare recipients but for all Americans—increases in price every year, and it does, then that increases the cost of the program.

Now, if you have those two facts—more elderly being covered by Medicare and higher health care prices—and you say we are not going to pay, we are going to cut way back, what that means is that those senior citizens who rely on Medicare will pay higher prices and get less care. I do not think there is any question about that.

They talk about experts. Most of the experts look at the numbers and say, ''Yes, it is true we will spend more on Medicare, but we will still not meet the needs of older Americans because there is a graying of America'' and because health care costs are going to continue to increase.

The fact is that what the Federal Government will spend is not going to meet the needs and the result will be that the elderly will receive less health care and pay more for it. That is just a fact.

Now, my own view of Medicare is, I suppose, fashioned at least in part by where I grew up. I grew up in a town of 300 people. There are a lot of elderly folks in my hometown. I saw a lot of folks when I was a teenager who reached the end of their lives and did not have anything—no money, no assets—who worried, who lived in desperate fear that they would get ill and would not have the ability to afford health care.

I saw that, as did most other people. It is nice to know that today, at least, most of those people do not live in that kind of fear because Medicare helps them. Medicare helps provide for them.

I had a woman in my home county, whom I told the Senate about some while ago, who showed up at a town meeting, stood up and said, ''I have new knees, a new hip, and I had cataract surgery. I am 75 years old and feel like a million bucks.'' What a remarkable thing. Fifty years ago she would not have had new knees and a new hip, and she would have been in a wheelchair. If she came to the meeting, she would not have been able to see me.

With the breathtaking achievements in medical care, plus the program called Medicare, this woman has a good life. At age 75, she tells us she feels like a million dollars.

I am enormously proud of what we have done. I think what is important as we talk about reform these days is that we not start to take apart the things that make this country good. I am perfectly willing to sit down with anybody in this Chamber and say, ''All right, we will decide to work on this particular issue. We will make sure that Medicare is solvent for the long term.''

We have done that before. We will always do that. We will always make adjustments to make Medicare financially sound. Mr. President, 23 of 25 trustees' reports in the last 25 years have described a date by which insolvency would occur, and we made adjustments and stretched that out.

I am willing to do that. But I am unwilling, under any conditions, to join hands with those who say, ''Let's make room for a big tax cut.'' Yes, we are up to our neck in debt. We want to build Star Wars. Yes, we want to go out and buy blimps, but then make room for a big tax cut. How do we pay for that?

There is an easy way: Take it out of Medicare and Medicaid over here and invent something that you want to foist upon the American people as new—a trustees' report that says Medicare will be insolvent.

If this truly was new, then I suppose I could understand their angst. But the fact is, they have had 25 trustees' reports in 25 years and 23 of those have said Medicare is going to have an insolvent period. Yet they have never had a meeting of the trustees until this year, when they began to spin their ball of yarn about saving Medicare.

If the folks who want to give a tax cut to the rich believe older Americans will swallow the minnow that they are the ones who will save Medicare, after they have proposed big Medicare cuts in order to accommodate their tax cut for the wealthy, well, then, excuse me, but I guess I am somehow naive about the art of spending.

Perhaps they are much better, much more clever, much more artful than I ever believed possible at spinning a tale of complete, total, fiction.

It is time just to strip all of this aside and just strip the budget and all the other questions aside and ask ourselves in the sober light of day, as Americans—not as Democrats or Republicans, but as Americans—what works in this country and what does not work.

What should we save and what should we get rid of? What should we fight for and what should we decide to scrap? If we do that, we will all conclude, it seems to me, not that we will try to follow the string of some constituency out there, but that we will aggressively put our nose to the grindstone here and work to reduce the Federal budget deficit.

We will aggressively decide to ask the American people, yes, to pay the current taxes in order to reduce the Federal budget deficit. Pay the taxes that now exist in the current tax law, and we will aggressively will protect those things that make this country a better country, and make life in this country better for all Americans, especially those Americans who have gone before us in the work force, who have built this country, who survived the Depression, who fought the wars, who beat back the oppression of Hitler's nazism.

To those folks in this country who helped build and make this a great country, we are now saying to them, well, we are sorry, you will have to pay a little more for your health care. We will threaten Medicare because we want to give wealthy people a tax break. There is nothing wrong with being wealthy, but I am saying those priorities are out of whack.

I finish with one more point. I think the opportunity to do well, be successful, and make money is a terrific thing in this country. I wish everybody could achieve those things. But in my hometown, one person decides that he will commit his life to making as much money as he can and does so and is enormously successful as a business person. And there is another couple living on the other end of the street. He decides he will be a minister in a small rural church. Of course he does not get paid very much. So his wife teaches piano lessons to make ends meet, and they reach age 65 or 70. They have worked very hard their entire lives, but they do not have anything. No assets, no pension, no retirement system, no income.

I just ask the question, did they contribute less to their community? Did they contribute less, ministering in a rural church, giving piano lessons, helping children? Did they contribute less than the people who decided to, in every way every day, make as much money as they could?

No, both contributed to this country. That is why the things that make life better to people who contribute in that way, such as the Medicare Program, are important.

That is why we fight for them and why I am proud to say it is my party that created this program. I think it will be our party, by reaching out and joining hands with others, who will make sure this program is around for the long-term in this country's future. I yield the floor.

Mr. REID. Would the Chair inform the Senator when he has 3 minutes remaining.

The PRESIDING OFFICER (Mr. CRAIG). The Senator will be notified.

VIOLENCE AGAINST GOVERNMENT EMPLOYEES

Mr. REID. Mr. President, Guy Pence is a Federal employee and a public servant in the true sense of the word. He is a forest ranger.

Mr. President, I became acquainted with Guy Pence about 3 or 4 years ago at this same time of the year when he took me on a pack trip into a place in Nevada called Table Mountain. It is a Forest Service wilderness area. There

may be places as nice, as beautiful, but no place is any more beautiful than Table Mountain.

It is an area with alpine meadows, beaver dams, eagles floating through the sky, deer, elk, all kinds of wildlife.

Mr. President, I came to Table Mountain as one person and left as another. I became more acquainted with a part of Nevada that I had only seen from the air. I became more acquainted with the problems of a Forest Service ranger, as to what should be done with grazing, what should be done with the infusion of elk into that area, what should be done in regard to mining operations, and the overuse and underuse of public lands. I learned a lot about that part of Nevada.

But I learned as much about Guy Pence and those other rangers who were with us on the street. Guy Pence is truly a fine man in any sense of the word, he is the father of three young girls and a volunteer who has a program where he acquaints the people in the Carson City, NV, area with wildlife and the wild generally.

The reason I mention Guy Pence's name this morning is because last Friday night, in the dark of the night, as Guy Pence was hundreds of miles away in the wilds of Nevada, leading another trip as he led me, a coward, or a number of cowards, in the middle of the night, came to his home and placed a bomb near his home. That bomb—I spoke to Guy Pence—was 10 to 12 feet away from his wife and three children. The bomb blew up, totaled his car, blew out the windows of his house. But for the fact that his wife and children were making pickles they would have all been either dead or injured severely, because less than a minute prior to the explosion, around 10 o'clock at night, the buzzer went off in the kitchen, the mother said the pickles were ready and the children and mother went into the kitchen. Within seconds the explosion took place.

In the dark of the night an unknown person or persons planted a bomb beneath his van as it sat about 10 feet away from his house, away from his wife and his children. I do not know who committed this crime or why it was committed. The facts are still being investigated.

But whether it was related to the controversial job that Guy Pence, forest ranger, has to do, or whether it was unrelated, the timing of this act could not have been more prominent. This bombing—by whomever perpetrated it—comes at a time when our Federal land managers are under assault. Not in name only, but actually under assault. This bombing comes at a time when extremists are destroying the very fabric of our democracy. We have only to look at Oklahoma City to appreciate the threat of this extremism.

The rule of law must apply to everyone. The alternative is anarchy. A red light at a corner is, at best, a useless decoration unless it is obeyed. There are those who think they are above or beyond the law, that they represent a cause so just that it justifies any harm to others. Those who stray from law to violence are people too unsure of their cause to believe they can sway the Nation, the State, or a county, by any means other than force. There is no difference, moral or philosophical, between the Weathermen of the 1960's, the Symbionese Liberation Army of the 1970's, the Pan American bombing terrorists of the 1980's, or the Oklahoma City bombers of the 1990's.

There is no distinction, logical or analytical, between Lee Harvey Oswald, who killed President Kennedy, John Wilkes Booth, who killed President Lincoln, Sirhan Sirhan, who killed Senator Kennedy, Arthur Bremmer who tried to assassinate George Wallace, and whoever planted the bomb in Carson City. All were anarchists. Each was a coward wishing to substitute the power of tooth and claw for the rule of law. They wish to abolish the ability of the Nation to govern its citizens and instead permit the citizenry to settle its own scores on the spot, without regard to right or justice or principle. A coward is someone who has not the decency to stand up for what he believes: The stab in the back, the bullet in the night, the bomb on a doorstep of a woman and children's home—that is the way of a coward. When you combine anarchy and cowardice, you get what happened in Carson City.

I grew up in a small town in southern Nevada, rural by any definition—no telephones, very few homes that had inside plumbing, no television. We were rural to the core. But the place where I was raised, people were friendly to one another. We depended on one another. Neighbors had a sense of community. That was part of our tradition.

But the West that I loved my entire life has been sullied. There is now a pattern of lawlessness that has raised its ugly head in the Western United States. For the sake of debate, let us set aside the case of Guy Pence, even though it is hard for me to do. We do not know whether it will ever be solved or even whether it is connected with the rising tide of anti-Government rhetoric which is placing families like those of Ranger Pence in terrible circumstances.

Let us address, instead, other instances that illustrate what I have called the ugly underbelly of a movement called County Supremacy.

I will be the first to acknowledge that there are a wide variety of views about how we should manage the lands owned by the people of this country, lands available for a multitude of uses: cross-country skiing, skiing, grazing cattle, mining, off-road vehicle adventure, hunting and fishing, camping and hiking.

The pressures in the rapidly growing West are enormous. I understand and appreciate the views of those who suggest that perhaps these lands should be turned over to the Western States. In Nevada, 87 percent of the land is owned by the Federal Government. Some in our State feel that we need more. Some less. But I would also point out that the Federal Government has been flexible in meeting Nevada's needs.

Recently, I participated in a ceremony where we turned over to Boulder City, NV, more than 100,000 acres. Public land is now part of Boulder City. I introduced a bill that eventually gave Mesquite, NV, 4,400 new acres to develop their airport and a golf course. I was city attorney in Henderson, NV, now the third largest city in Nevada, when it got over 100,000 acres of Federal land.

So it is not as if there is not land being turned over to the private sector. But I do not agree with the wholesale turnover of some of the most scenic lands in our country, owned by all Americans. Land in Nevada that is public in nature is owned by people in Idaho, owned by people in Minnesota, owned by people in Nevada. I do not agree that these scenic lands should be turned over wholesale to what inevitably would turn out to be a sweetheart deal for developers, where only the most wealthy could own and lock up streams, valleys, mountains, meadows—the outdoors that we all cherish so much. I do not agree with the ultimate end advocated by the County Supremacist Movement and I am not afraid to say so.

I am not here to suggest that all those with strongly held views in the anti-Federal movement advocate violence. They do not. Over the weekend in Nevada a person who is a member of one of these groups—I believe there were probably others, but I read where there was one person, and I appreciate that—spoke out that she did not believe in violence after the bombing of Guy Pence's home and van.

Any movement must be concerned about the fringe elements within it—in this case, fringe elements who live a paranoid life of conspiracy, who threaten revolution, who threaten violence as a means to achieve their agenda.

Eric Hoffer said,

> When cowardice is made respectable its followers are without number, both from among the weak and the strong. It easily becomes a fashion.

And it has.

Madam Chiang Kai-shek, who recently was here in the United States, said,

> Every clique is a refuge for incompetence. It fosters disruption, disloyalty, it begets corruption and cowardice, and consequently it is a burden upon and a drawback to the progress of the country. Its instincts and actions are those of the pack.

And they are.

In the Western United States, Federal land managers have been threatened and attacked. In California, a Forest Service employee was shot at. In Oregon, a Bureau of Land Management employee was assaulted. In Nevada, the day the bomb severely damaged the office of the Forest Service, the Forest Service supervisor received a call saying he was next.

Two years ago, a Bureau of Land Management building in Reno, NV, was blown apart, the roof blown off, among other things. Gate and fee collection boxes have been booby-trapped with explosives in the West. Agency employees were told by a man that they could have his guns, he just wanted to pull the trigger one more time—at them.

In my county, a group of armed citizens stood by as a Forest Service employee helplessly tried to stop the illegal opening of a road with a bulldozer. A county official later said publicly that if the Forest Service officer had reached for his gun, 50 people would have shot him.

In Garfield County, MT, a group called The Free Men set up their own county government, declared the existing one illegal, and offered a cash bounty for the arrest of legitimate law enforcement officials.

In New Mexico, a Fish and Wildlife employee was told that he would have his head blown off. The manager of the Malheur National Wildlife Refuge in Oregon was threatened with death, and his family was harassed.

In the West, antigovernment activity has spread like a prairie fire. Property rights activists in Nevada, New Mexico, Montana, and Idaho regularly drown out Federal officials who speak at public meetings. Yet these same activists illegally graze cattle on Federal lands.

Worried Government agents such as Tom Dwyer, a U.S. Forest Service official, whose encounter with a property rights leader ignited a court battle, said, ''There are times when I was driving back from being out of town when I wondered if my house would still be there.''

Yes, Mr. President, Guy Pence wonders also.

Mr. President, this is not the America that we believe in. It is as if some sickness has swept our country, as if we are living in a different age, as if we have been transported in a time warp back to the barbarism and violence of previous civilizations like ''Back to the Future,'' I guess.

I am here today to denounce violence and extremism in any form, whether it is clinic violence at an abortion office, or whether it is domestic violence in a home. It does not matter who committed an act against Guy Pence, it is violence, and we have to speak out against it.

Acts like this, and others which have been cited, have been legitimized by anti-Government rhetoric of those in positions of responsibility who should know better.

In my own State, elected officials have rejected the authority of Federal land managers to do their job on public lands—not land owned by the counties or the States, but land owned by all the people, including the urban residents of Reno and Las Vegas.

Mr. President, we must speak out. We must recognize that some Members of this body and in the other Chamber have all but advocated violence against established law and order and sympathize and apologize for gun-threatening supremacists. There is legislation pending in both Houses of Congress that enshrines and advocates some of these principles.

One of the problems in our society today is that people are unwilling to speak out, are unwilling to speak out against violence, are unwilling to speak out against sexual depravity conveyed to our children through the mass media, and are unwilling to speak out against lawlessness, generally.

I am speaking out. I call upon my colleagues in this Chamber, the elected officials of the country and the Western United States, and the peaceful advocates of the county supremacist movement to decry violence. I would challenge the leaders of this movement to write their members, to speak out publicly, to let everyone know that while they may disagree with the policies of the Federal Government that they do not advocate violence.

We must get the message out that, while they may not like certain Federal policies, they do not advocate violence against innocent people whose job it is to enforce it.

Teddy Roosevelt said, ''No man is above the law, and no man is below it.'' He also said, ''Nor do we ask any man's permission when we require him to obey the law.'' We must obey the law.

Mr. President, I also would like to express publicly my appreciation to my friend from Minnesota for allowing me to go out of order.

Mr. WELLSTONE. Mr. President, let me just say to my colleague from Nevada before he leaves that, after having heard his statement, it was really kind of my pleasure to defer to the Senator from Nevada. That was a very, very courageous, and powerful statement.

I would like to join him in condemning this extremism and violence. Murder is never legitimate. Attempted murder is never legitimate. There is no place for this in this country.

I think the Senator's statement is national in significance. I think what he said today on the floor of the Senate is needed to be said. There comes a point in time when silence is betrayal. And the Senator from Nevada clearly is not silent. I thank him for his courage. Mr. President, my understanding is I have 10 minutes.

The PRESIDING OFFICER. The Senator has 9 minutes and 46 seconds.

MEDICARE

Mr. WELLSTONE. Mr. President, first of all let me ask unanimous consent that the editorial today in the Washington Post entitled ''Cutting Medicare'' be printed in the RECORD.

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

CUTTING MEDICARE

A new report suggests the congressional goal of cutting Medicare costs by a quarter of a trillion dollars over the next seven years could be even harder to achieve than previously believed. The theory had been that large savings could be had if only the government would begin to manage Medicare the way the private sector has been managing its health care costs in recent years. The commonly cited evidence was that Medicare costs were rising much more rapidly than the health care costs of private employers, which were showing signs of being brought under control. The principal explanation was that Medicare remained essentially an old-style fee-for-service system while the private sector was turning more and more toward some form of managed care.

But the new study by Urban Institute researchers says that, properly accounted for, Medicare and private sector costs have been rising at pretty much the same speed in recent years. The suggestion is that there aren't large, painless savings available simply by shifting the system by which care is delivered. It's true, the study found, that in the past few years aggregate Medicare costs have been rising faster than the aggregate cost of private insurance. But a major reason has been that Medicare enrollment has been steadily rising—there are more older people in the society—while the number of privately insured has been declining.

If you look, however, at per capita costs for the same kinds of basic health care services, there's been little to choose between Medicare and private-sector growth rates, the study says. In the private sector there have been some one-time-only gains by virtue of shifts to managed care; the private sector is becoming a shrewder buyer of health care. But it isn't clear those gains can be sustained—and Medicare is already a better buyer of health care than the government's reputation might suggest. The government has used its buying power to force down what it pays providers, so that Medicare already pays hospitals less than the cost of treating many Medicare patients. In some respects, the private sector is catching up with cost-cutting steps that Medicare already has taken.

Just about everyone agrees that (a) there's a need to reduce the rate at which Medicare costs are rising, and (b) there's room for significant reform in the program. And, yes, a shift toward managed care can help. But there isn't a magic wand that can be waved to achieve large and lasting cost cuts painlessly. In the long run, if the government is going to pay appreciably less, the program is likely to provide less or the recipients will have to pay more.

Mr. WELLSTONE. Mr. President, what the Urban Institute has come out with really should not surprise anyone who is a student of health care. And what the urban institute has said is that the kind of conventional wisdom in Medicare costs have been rising at a faster rate than private health insurance costs is simply not true once you look at the capital expenditure.

That is, a matter of fact, what is happening with Medicare which is, of course, part of the success of Medicare—that more and more people, thank God, live to be 65, and more and more people, thank God, live to be 80. That is really what you have to look at.

So it is not this sort of promise of shifting everything from fee for service to managed care and, therefore, reducing the costs, which needs to be questioned.

The conclusion of this editorial is that in the long run, if the Government is going to pay appreciably less, the program is likely to provide less, or the recipients will have to pay more.

Mr. President, let me just be clear about this in response to so much of what I heard this morning on the floor of the Senate about Medicare.

The Medicare Program, which passed in 1965, and the Medicaid Program, which passed in 1965, made the United States of America a better country. And this legislation, this public policy, was a response to the real pain of elderly people in our country. Half of the elderly population prior to Medicare had no health insurance. It is that simple. People are no longer working. They do not have their jobs. So they do not have their coverage. In addition, when people are not working their employment earnings drop precipitously.

Today 36 million elderly and disabled Americans, including more than 630,000 Minnesotans, are protected by Medicare.

Mr. President, I only have about 8 minutes. But I just want to kind of respond to some of what I heard said this morning in one, two, three, four fashion.

First, the concern of my colleagues about the Medicare trust fund and the need to finance Medicare would be more credible to me if we were not juxtaposing with the $270 billion in cuts in Medicare the $245 billion of tax cuts for wealthy people. It is a little bit suspicious, especially since the vast majority of the tax cuts—some 80 percent—go to families with incomes of over $100,000 a year.

Mr. President, there is an important change being proposed here. As opposed to Medicare being a universal health insurance program—that is what it has been about for elderly people, senior citizens—now the proposal is to have a fixed amount of cash for each Medicare beneficiary that they can use to purchase coverage in the marketplace. And the difference between the value of that voucher and what happens with medical inflation, that needs to be made up by the recipient.

Mr. President, there is something profoundly wrong with the direction we are going in. First of all, understand that what has made this program so successful—and it has been a huge success—is that it is universal for all citizens 65 years of age and over.

Understand, second of all, that we are not talking about a high income profile. Elderly people pay four times as much out of pocket as those 65 years of age and less. Some 75 percent of the Medicare expenditures go to families or households with incomes of $25,000 a year or less. And I am not even talking about the, roughly speaking, $40,000 a year that have to be paid for nursing home expenditures which is the catastrophic expenses that so many elderly people have to phase in at the end of their lives which wiped out savings.

Mr. President, the other point that my colleagues did not want to make is that while, on the one hand, we have the Medicare per person expenditure inflated to rise under 5 percent per year, the private health insurance expenditures are slated to go up over 7 percent a year. Who makes up the difference? Mr. President, there are some problems with this proposal that are really quite profound. And they ought to be laid out, and I have yet to hear anybody on the other side of the aisle respond adequately.

No. 1, if you are going to cut $270 billion a year, then quite clearly beneficiaries are going to have to pay more, and many cannot afford to pay more. In addition, you are going to have, roughly speaking, 50 percent of those cuts go in the form of less reimbursement for the care givers or for the providers. But, Mr. President, No. 1, many elderly people cannot afford to pay more. And, No. 2, in greater Minnesota or greater Idaho where 70 or 80 percent of the patient mix are elderly people, those hospitals and clinics which have a tough time making a go of it right now will go under. That is the case in Minnesota. That is the case in rural America.

This policy will not work. This is slash and burn.

Third of all, Mr. President, what will happen is it is the same shell game. We have talked about this over and over again. I can assure you that when the providers can transfer the costs—and they can do that in some of the metropolitan areas—they will do so.

So if the doctors or clinics or hospitals get less in reimbursements than the cost of providing care, shifting it to private health insurance, premiums go up for employers, who then in turn drop employees, and we have more employees dropped from coverage—hardly a positive change, hardly a reform for health care.

Mr. President, we do not know how we are going to finance medical education since that right now, much of it, is out of Medicare. What happens to our hospitals, our teaching hospitals?

Mr. President, as a Senator from Minnesota, what happens to my State, which is a State which has already reduced much of the fat in the system, which has weeded out many of the inefficiencies? We are at rock bottom. This slash-and-burn approach will not work for rural Minnesota and it will not work for metropolitan Minnesota.

Mr. President, the fact is we are not talking about reform. If we want to talk about reform, I say to my colleagues, do not have the tax cuts, $245 billion.

Second, why are we spending $7 billion more on the Pentagon budget, but we are going to cut health care for the elderly people?

Third, why are we leaving all the subsidies for the oil companies, the pharmaceutical companies, the tobacco companies, but we are going to cut benefits for Medicare recipients?

And finally, if you want to have cost containment, do it systemwide. Why not get back to health care reform. Why not move forward. This is not an effort to take us into the 21st century. This is an effort to move us back into the 19th century.

Systemwide cost containment? Yes. Universal health care coverage? Yes. Focus on home-based health care so elderly people and people with disabilities can live at home in as near normal circumstance as possible with dignity? Yes. Health care reform but with financing for medical education? Yes.

We can have health care reform, colleagues, but this is slash and burn. And no set of speeches will be able to ignore that reality.

And so, Mr. President, this morning was the beginning of the debate. I look forward to much more of that debate, but I wish to be crystal clear what is at stake here. This is a program which made a huge difference in our country. As a Senator from Minnesota, I am going to fight very hard to maintain the integrity of this program.

I yield the floor.

TRIBUTE TO LEWIS A. ENGMAN

Mr. HATCH. Mr. President, on July 12, I lost a friend.

And the country lost a man who had served with energy and integrity, in both the public and private sectors.

Lewis A. Engman, ''Lew'' to the many friends he leaves from 25 years in Washington, was taken suddenly by stroke.

He left life well before his time. Had he lived longer, I know Lew would have used it fighting for the strong principles that guided all his professional life.

Lew believed in competition and free markets.

An antitrust lawyer and economist by training, Lew saw competition and free markets as the consumer's most efficient and effective protection.

As Chairman of the Federal Trade Commission in the early 1970's, Lew was one of the first Government officials to observe that some Federal regulatory agencies had become servants of the industries they regulated, that they were more adept at propping up prices than protecting the consumer.

As much as anyone, Lew Engman was responsible for setting in motion the current movement against overregulation.

While a prophet of deregulation, Lew never took a doctrinaire, anti-Government stance. He liked to distinguish between regulations that improve competitive markets rather than those which substitute for the market—supporting the former, opposing the latter.

Another principle that guided Lew was his commitment to full disclosure, accuracy, and truthfulness. Information, in Lew's view, made markets function. Without full, dependable price and product information, consumers were defenseless, Lew often said. Lew never wavered—not at the Federal Trade Commission, nor later as

president of two pharmaceutical associations—in his defense of the consumer's right to know.

Lew and I became friends during the negotiations that led to enactment of the Drug Price Competition and Patent Term Restoration Act of 1984, a bill I was proud to author with Representative HENRY WAXMAN.

The 1984 law addressed two seemingly competing needs: The need for brand name pharmaceutical companies to regain the patent life they had lost awaiting FDA approval of their products; and the interests of the fledgling generic drug industry in speeding their products to market as soon as the innovator patent had expired.

We faced this challenge—how to balance the research-based drug industry's desire for patent lives adequate to encourage research against the generic industry's desire to put competing copies on the market as soon as possible—we faced this challenge head-on.

It was a complicated issue, and indeed a challenge. The public wants newer and better drugs, and that necessitates adequate research, which, quite simply, is costly. At the same time, consumers also want less expensive drugs.

Lew represented the research firms. It was not easy—they had varying interests. But his political acumen, and his personal belief in competition, got the job done.

In short, Lew had a fine line to walk, and he walked it with honor and courage.

In the end, Lew's refusal to break his promise to support a compromise, a compromise that had been worked out between the House, Senate, and industry, cost Lew his job. He left it head high, integrity intact.

It would take pages to list all Lew's achievements, from selection by Time magazine in 1974 as one of the country's young men to watch, through a career as a top Washington official. But Lew's was not a life to measure in jobs and titles, but rather by the thread that ran through it all.

It is a comfortable thing for a man to know who he is and what he believes. No one who knew Lew could believe he died anything but comfortable.

I will miss Lew Engman. My heart goes out to his wife, Pat, to whom he was devoted, and to his three boys.

They have lost a loving husband and father.

We all have lost a man of principle and a fine American.

I know that Lew will be missed by all of us.

IN RECOGNITION OF THOSE WHO SERVE

Mr. BYRD. Mr. President, in Chapter 9 of the Book of Ecclesiastes, we find the following portrait in verses 14 and 15: ''There was a little city, and few men within it; and there came a great King against it, and besieged it, and built great bulwarks against it. Now there was found in it a poor wise man, and he by his wisdom delivered the city; yet, no man remembered that same poor man.''

This is a lesson that is often repeated, and, in fact, it is constantly being played and replayed all about us, if we but pause to observe it.

As a former welder in the shipyards on the east and gulf coasts, and as a Senator who has witnessed the christening of great oceangoing vessels, I have attended the splendorous pageantry that accompanies the launching of a ship, as have many of my colleagues. The scene is one in which great crowds gather, bands fill the air with their martial music, the trumpets blare, the banners fly, dignitaries are assembled, orators declaim, the champagne sparkles and flows, and shouts and cheers ring out as the ship slowly glides into the channel. The program ends, ''the tumult and the shouting dies, the Captains and the Kings depart'', and in the pause that lingers in the human contemplation, one may perhaps reflect upon the hours of toil that were spent by the welders, the riveters, the pipefitters, the mechanics, the ironworkers, and the scores of other crafts that went into the building of the ship. The men who operated huge cranes, the carpenters who drove the nails, the workers who pulled the cables and lifted huge burdens and swept the decks—the sweat and labor of thousands of men and women, working with their hands and minds through long days and nights—all these made it possible. Yet, in the glittering pageantry of the launch, who remembered these unsung workers whose work made the dream become a reality?

As a politician, I have attended many banquets, many church suppers, many enjoyable evening repasts, as I am sure all of my colleagues have done. Often, I have reflected upon the words of Ecclesiastes on my way home after such a delightful event. Long after the program has ended, and the echoes of the speaker's voice have faded away, and the handshakes and the goodbyes have been overtaken by the darkness that falls from the sable-vested wings of night, there are those who are still working in the grimy kitchen, cleaning the silverware and the dishes and the pots and the pans, and putting away the linens, mopping the floors and disposing of the garbage so that the kitchen and the meeting hall will be polished and clean and ready for the next church supper. It was an enjoyable feast, the laughter and the pleasant conversations will long be recalled, but who will remember the calloused hands of toil that prepared the delectable dishes, that cooked the food, that washed and dried the dinnerware? Who will remember those men and women who gave up the pleasant hours of rest following the epicurean delights? Who will remember those who stayed and turned out the lights and locked the doors and saw to it that everything was in order before returning to the humble cottage and a bed of hard-earned rest from the difficult chores?

Mr. President, these are the kinds of people who go about daily and do the hard work that makes the world go around. They are unobtrusive, they are unassuming, they quietly do their duty and earn, in the sweat of their brow, their daily bread. The farmer at the plow, the fisherman on the stormy deep, the miner toiling in the bowels of the Earth, the sweating ironworker at the blast furnace, the herdsman on the hills and plains, the lowly private at his station, the helmsman of the ship on the rolling waves, the policeman on his lonely beat, the mother who spends a sleepless night by the side of her fevered child, the housewife who mends and sews and keeps the home fires burning—these are the unsung heroes who make the world go around. They are not often remembered, but too often forgotten.

Many times, Mr. President, in my 43 years of working in this Capitol building, after a long day at the office, upon leaving the Capitol,

I heard the trailing garments of the Night,
sweep through her marble halls,
I saw her sable skirts all fringed with light,
from the celestial walls.

Yet, in our meditations seldom, perhaps, do we reflect upon those who sweat and toil to make these walls and halls beautiful—the charwomen, the janitors, the people who mop and wax and polish the floors of Minton tile. I have seen them in the wee hours of the morning polishing the brass rails that go up and down the marbled stairs. I have seen them dusting the artistic works of the great Brumidi. I have seen them carting the desks, moving the chairs, and carrying the dishes of food as dinners and luncheons are served. They make and keep these elegant surroundings clean and attractive for the tourists and for those of us who work here. Yet, how often do we remember them? How often do we pause to thank them, to give them a pat on the back, and to express words of appreciation for the services they perform? The contributions of these dedicated workers allow the essential work of this body and much of America to proceed. We are in their debt. I take these few moments to salute them here today.

Likewise, we seldom talk to acknowledge and appreciate the essential labor of the excellent staffers who serve us here in the Senate. During the course of my, as I say, nearly 43 years in this building, I have come to appreciate and respect the contributions and dedication that our staff bring to this institution. Behind much of the work that is conducted in committee hearings and on this floor there are many staff people who have toiled for hours and days and weeks to make it all possible. While we, as the elected officials, carry the ultimate responsibility for the legislation and policy that are set by the Senate, the input from our staffs is considerable and valuable.

I have been disturbed by the recent articles in the press which have focused on the reputation of certain Senate staff and of one staff person in particular. It appears that there are those individuals in the political arena who have determined that, in order to promote their particular agendas, it is necessary to excoriate and vilify any person who represents a different point of view. The criticisms leveled have been vicious and unrelenting. Theirs is a take-no-prisoner, scorched-earth attitude, with little concern for the individuals who are wounded as part of this guerilla-style rhetoric.

Mr. President, Sheila Burke has worked for the Senate since 1977. Since joining the staff of Senator DOLE, Sheila has proved to be a superb employee. She has represented the interests of Senator DOLE and those of the Republican Conference in a way that they all can be proud. I have always found Sheila to be fair and even-handed. When I was the leader of my party in the Senate, I had the occasion from time to time to talk with Sheila Burke. I never came to know her well, but I did come to admire her greatly. Her abilities have benefited both sides of the aisle.

The Senate can only operate in an atmosphere of compromise and conciliation. There is no place for the slings and arrows of fortune that have been directed at Mrs. Burke. Frankly, many of her critics seem to be more concerned with the operations of the White House in 1997 than of the Senate of 1995. My feeling is that we ought to be more concerned with the difficult issues that face us here and now. The massive problems facing this nation demand all of our attention. We ought to be working together to address these concerns instead of worrying about who may occupy the position of White House Chief of Staff in some future administration.

Sheila Burke is a most capable individual. She has a family. She is a mother. She has three children. She has a husband who commutes back and forth to Connecticut. Yet, she finds time to be a good mother, a good wife, and to be a good chief of staff of a Senator—in this case, the majority leader. She is a registered nurse. She is a very disciplined, professional woman. That is my perception of Sheila Burke.

She has to be tough. She has to be tough. She represents her boss and she does it well. I have a chief of staff. I have loyal members on my staff, many of whom have been with me for years. I know that a chief of staff has to be dedicated, has to be very capable, and has to represent the viewpoints of the Senator who employs her.

It must be very difficult to do the job and do it well, and especially if one is criticized in the public press for doing that job and doing it well.

I consider Sheila a loyal and trusted employee of the Senate. I think it is time for the cowards who would hide behind the uncalled for criticism of a Senate staffer to direct their venom-enhanced energy toward becoming constructive players of the legislative process. As a staff person, she cannot very well defend herself in the press. It must be pretty hard for her, with the stresses that are upon her as a chief of staff, to bear up under such unfair and unwarranted criticism.

I admire her courage.

Plutarch tells us, of Aristides, who was one of the 10 Athenian generals at the Battle of Marathon in 490 B.C. Aristides was also at the Battle of Salamis in 480, B.C.

And as one of the archons, Aristides conducted himself in such a way and with such a high sense of justice and with such great virtue that he was given the surname, Plutarch tells us, ''the Just,'' ''Aristides the Just.'' Themistocles sought to undermine Aristides' standing with the people, and spread the word that Aristides was assuming to himself the work of the adjudicator and making the decisions himself, and so stirred up the people.

Plutarch tells us that the Ostracism was a process by which those individuals who excited envy in the minds of others might be banished. It was not a punishment for a crime or misdemeanor but just a way of lessening and humiliating, making more humble those who were achievers.

The process worked something like this, according to Plutarch. The citizens throughout Attica came to Athens and they took earthen shells, or pieces of pots and other earthenware, and wrote the name of an individual on those shells—an individual they wished to see banished. They took the shells to the marketplace where there was an enclosure behind a wooden rail, and the magistrates, then, would count the shells. And if there were less than 6,000 shells with names, the Ostracism failed. But if there were 6,000 or more of these shells, then the individual whose name appeared on most of the 6,000 shells would be banished.

So, upon this occasion as Aristides was walking about the marketplace, witnessing the goings on, a certain illiterate rustic approached him, Aristides, and asked Aristides to write on the shell the name ''Aristides.'' Aristides was somewhat surprised and curious, and he asked the individual if Aristides had ever done him, the individual, a wrong?

The rustic replied, ''No, nor do I even know him; but it vexes me to everywhere hear him called the Just.''

I wonder sometimes if this is not what we see all too often, by those who envy the achievers.

The scriptures say, ''Wrath is cruel, and anger is outrageous; but who is able to stand before envy?''

Mr. President, it is the same story with anyone who accomplishes things and in some way establishes a good name for himself. There will always be those who will criticize the achievers among us. The world will always be divided into two classes: those who go ahead and do things, and those who sit on the sidelines and say, ''Why was it not done the other way?''

Alexander the Great bore the censures of his critics with great moderation and used to say, ''There was something noble in hearing himself ill spoken of while he was doing well.''

And Voltaire says somewhere that it is a noble thing to make ingrates.

I think it best to heed Polonius' advice to Laertes, as given to us in Hamlet,

Take each man's censure, but reserve thy judgment
. . . this, above all: to thine ownself be true,
and it must follow, as the night the day,
thou canst not be false to any man.

So, if I may close with a few words of comfort and encouragement to Sheila, they would be these: You have shown that you ''can keep your head when all about you are losing theirs and blaming it on you.'' Continue on this path of duty.

I say to Senators, I think we err if we do not encourage those who achieve. So I want to add my words of encouragement to Sheila Burke.

Continue on the path of duty. Do not be turned aside by the skeptics, the doubters, the cynics. Satisfaction will come in the serenity of a clear conscience and the knowledge that:

Tired of the Senate's barren brawl,
An hour with silence we prefer,
Where statelier rise the woods than all
Yon towers of talk at Westminster.
Let this man prate and that man plot,
On fame or place or title bent:
The votes of veering crowds are not
The things that are more excellent.

Mr. President, I yield the floor.

THE DEFENSE MODERNIZATION ACCOUNT

Mr. GLENN. Mr. President, on Saturday, August 5, 1995, I offered an amendment in the nature of a substitute to section 1003 of S. 1026, the National Defense Authorization Act for fiscal year 1996. My amendment, cosponsored by Senator ROTH and Senator GRASSLEY, was accepted by unanimous consent of the Senate. At this time I would like to make some comments about my amendment. I ask unanimous consent that a copy of the amendment be printed in the RECORD following my remarks, along with some relevant correspondence on this issue between Senator LEVIN and Office of Management and Budget Director Rivlin.

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

(See exhibit 1.)

Mr. GLENN. I would like to say at the outset that I share Senator NUNN's concerns that the military departments—indeed, I would say, all agencies of Government—should have incentives to find savings within the programs under their jurisdiction. I would further agree with the distinguished ranking member of the Armed Services Committee that one of the flaws of our current budget and appropriations process is that, rather than encouraging cost-savings efficiencies, it induces

agencies to spend whatever money is left before their authority expires at the end of a fiscal year. So, in this sense, I support the underlying purpose of the committee in developing innovative methods for providing such incentives, including the defense modernization account DMA.

As a long-time member of both the Armed Services Committee and the Governmental Affairs Committee—which I chaired for 8 years—I know full well, however, the significant problems and difficulties with DOD's financial management and controls systems. DOD has over 260 disparate accounting systems which are not yet integrated. Despite the efforts of John Hamre, the DOD comptroller, we have not yet reached the day when DOD can produce accurate, reliable, and auditable financial statements. In fact, I can tell you it will not even be in this century.

These problems have led to over $20 billion worth of unmatched disbursements, where money has been paid out without proper and sufficient documentation. We do not know what it was used for. Moreover, DOD has been overpaying its contractors by the hundreds of millions of dollars each year, much of that discovered and returned by the contractors themselves, not through DOD followup. I will not bother to put everyone to sleep here by discussing negative unliquidated obligations—NULO's, as they are called.

These financial management problems should make anyone familiar with DOD pause before we give new and additional authorities in this area—however important the goal.

Perhaps the most relevant example to this proposal of DOD financial management problems is the infamous M accounts, or merged surplus accounts. A few years back, in 1991, I was one of the first in Congress to uncover this problem and help close these funds down. In layman's terms, M accounts had all the features of a slush fund, created by pooling together all excess appropriations dollars not spent in a fiscal year and using them for almost whatever purpose they wanted. Whether authorized by law, or not. There was no auditable trail, no accounting controls.

By the time we began our investigations into the M accounts, they had grown to over $50 billion. The legislation which shut these accounts down required that an audit be conducted to determine, if we could, for what purposes this money was spent. After more than 3 years, we still have not figured out where some $5.2 billion has gone. There are no matching records for the disbursements.

There were elements of the defense modernization account that reminded me of M accounts—and reminded others as well. In fact, my distinguished friend from Michigan, Senator LEVIN, was kind enough to share with me an exchange of correspondence he had with the Office of Management and Budget about the problems with this account. And as previously stated, I have asked that this correspondence be made a part of the RECORD.

I am bound and determined that we not repeat the past. Since the committee reported the legislation, I have been working with Senator NUNN and others to improve section 1003. I now believe that we have built in sufficient financial controls and reporting requirements, while maintaining the flexibility, incentives, and intent of the original legislation.

I would like to briefly discuss some of the problems as I perceived them in the committee's language and describe what my amendment does to address those problems.

As proposed, the DMA had significant control and accountability shortcomings. For example, the DMA did not say who is responsible for identifying savings. If savings are achieved it is important to know how so that this knowledge could potentially be applied to other programs. There was no restriction on cross-fiscal year transfers—with the corresponding prospect that the DMA could be funded by transferring expired funds; and there was no limit on the ultimate size or life of the account. Under the original legislation, funds transferred into the DMA would lose their fiscal year and purpose identities, greatly complicating auditing. Programs would have been able to mask accounting and management deficiencies by transferring unobligated balances to the DMA at the end of the fiscal year, and transferring money back when unrecorded and forgotten bills show up. There was also a substantial risk, with no limit on its size or life, that the account could grow to embarrassing proportions.

We addressed these problems and I believe have reached agreement on acceptable changes to strengthen the financial controls. With the agreed changes, the DMA would require a secretarial determination of excess funds and identification of their source for funds transferred into the DMA; it would limit transfers into the DMA to unexpired funds available in the current year.

It would preserve the integrity of the Account Closing Act limitation on the period of availability for expenditure for funds transferred into the account; with this limitation, funds would not lose their fiscal year identity.

It would require notice to the relevant congressional committees of the amount and purpose of transfers from the DMA.

It would prohibit transfers from DMA to cover unliquidated or unrecorded obligations from prior fiscal years or to make unmatched disbursements.

It would limit the use of DMA funds to programs and purposes for which Congress has authorized funds.

It would require a quarterly report on transfers to/from DMA with amount, source and/or purpose.

It would cap the fund at $1 billion; limit the availability of funds in the DMA to the end of the third full fiscal year after transfer.

It would sunset the authority to transfer funds into the account after 8 years; GAO is to audit the account after 5 years and again 6 months prior to sunset. This will give DOD time before consideration of sunset to fix whatever deficiencies are found in first audit. We also provide for the account to be closed consistent with the account closing provisions of title 31. (31 U.S.C. §§1552(a), 1553(a)).

Mr. President I believe that these controls will help ensure that the defense modernization account does not become another M account. I appreciate Senator NUNN's willingness to work with me on this amendment. I also appreciate the work and input of Senator GRASSLEY, Senator ROTH, and their staff.

AMENDMENT NO. 2279

Beginning on page 321, strike out line 15 and all that follows through page 325, line 18, and insert in lieu thereof the following:

''(b) CREDITS TO ACCOUNT.—(1) Under regulations prescribed by the Secretary of Defense, and upon a determination by the Secretary concerned of the availability and source of excess funds as described in subparagraph (A) or (B), the Secretary may transfer to the Defense Modernization Account during any fiscal year—

''(A) any amount of unexpired funds available to the Secretary for procurements that, as a result of economies, efficiencies, and other savings achieved in the procurements, are excess to the funding requirements of the procurements; and

''(B) any amount of unexpired funds available to the Secretary for support of installations and facilities that, as a result of economies, efficiencies, and other savings, are excess to the funding requirements for support of installations and facilities.

''(2) Funds referred to in paragraph (1) may not be transferred to the Defense Modernization Account by a Secretary concerned if—

''(A) the funds are necessary for programs, projects, and activities that, as determined by the Secretary, have a higher priority than the purposes for which the funds would be available if transferred to that account; or

''(B) the balance of funds in the account, after transfer of funds to the account would exceed $1,000,000,000.

''(3) Amounts credited to the Defense Modernization Account shall remain available for transfer until the end of the third fiscal year that follows the fiscal year in which the amounts are credited to the account.

''(4) The period of availability of funds for expenditure provided for in sections 1551 and 1552 of title 31 shall not be extended by transfer into the Defense Modernization Account.

''(c) ATTRIBUTION OF FUNDS.—The funds transferred to the Defense Modernization Account by a military department, Defense Agency, or other element of the Department of Defense shall be available in accordance with subsections (f) and (g) only for that military department, Defense Agency, or element.

''(d) USE OF FUNDS.—Funds available from the Defense Modernization Account pursuant to subsection (f) or (g) may be used only for the following purposes:

''(1) For increasing, subject to subsection (e), the quantity of items and services procured under a procurement program in order to achieve a more efficient production or delivery rate.

''(2) For research, development, test and evaluation and procurement necessary for modernization of an existing system or of a system being procured under an ongoing procurement program.

''(e) LIMITATIONS.—(1) Funds from the Defense Modernization Account may not be used to increase the quantity of an item or services procured under a particular procurement program to the extent that doing so would—

''(A) result in procurement of a total quantity of items or services in excess of—

''(i) a specific limitation provided in law on the quantity of the items or services that may be procured; or

''(ii) the requirement for the items or services as approved by the Joint Requirements Oversight Council and reported to Congress by the Secretary of Defense; or

''(B) result in an obligation or expenditure of funds in excess of a specific limitation provided in law on the amount that may be obligated or expended, respectively, for the procurement program.

''(2) Funds from the Defense Modernization Account may not be used for a purpose or program for which Congress has not authorized appropriations.

''(3) Funds may not be transferred from the Defense Modernization Account in any year for the purpose of—

''(A) making any expenditure for which there is no corresponding obligation; or

''(B) making any expenditure that would satisfy an unliquidated or unrecorded obligation arising in a prior fiscal year.

''(f) TRANSFER OF FUNDS.—(1) Funds in the Defense Modernization Account may be transferred in any fiscal year to appropriations available for use for purposes set forth in subsection (d).

''(2) Before funds in the Defense Modernization Account are transferred under paragraph (1), the Secretary concerned shall transmit to the congressional defense committees a notification of the amount and purpose of the proposed transfer.

''(3) The total amount of the transfers from the Defense Modernization Account may not exceed $500,000,000 in any fiscal year.

''(g) AVAILABILITY OF FUNDS FOR APPROPRIATION.—Funds in the Defense Modernization Account may be appropriated for purposes set forth in subsection (d) to the extent provided in Acts authorizing appropriations for the Department of Defense.

''(h) SECRETARY TO ACT THROUGH COMPTROLLER.—In exercising authority under this section, the Secretary of Defense shall act through the Under Secretary of Defense (Comptroller), who shall be authorized to implement this section through the issuance of any necessary regulations, policies, and procedures after consultation with the General Counsel and Inspector General of the Department of Defense.

''(i) QUARTERLY REPORT.—Not later than 15 days after the end of each calendar quarter, the Secretary of Defense shall submit to the appropriate committees of Congress a report setting forth the amount and source of each credit to the Defense Modernization Account during the quarter and the amount and purpose of each transfer from the account during the quarter.

''(j) DEFINITIONS.—In this section:

''(1) The term 'Secretary concerned' includes the Secretary of Defense.

''(2) The term 'unexpired funds' means funds appropriated for a definite period that remain available for obligation.

''(3) The term 'congressional defense committees' means—

''(A) the Committees on Armed Services and Appropriations of the Senate; and

''(B) the Committees on National Security and Appropriations of the House of Representatives.

''(4) The term 'appropriate committees of Congress' means—

''(A) the congressional defense committees;

''(B) the Committee on Governmental Affairs of the Senate; and

''(C) the Committee on Government Reform and Oversight of the House of Representatives.

''(k) INAPPLICABILITY TO COAST GUARD.—This section does not apply to the Coast Guard when it is not operating as a service in the Navy.''.

(2) The table of sections at the beginning of chapter 131 of such title is amended by adding at the end the following:

''2221. Defense Modernization Account.''.

(b) EFFECTIVE DATE.—Section 2221 of title 10, United States Code (as added by subsection (a)), shall take effect on October 1, 1995, and shall apply only to funds appropriated for fiscal years beginning on or after that date.

(c) EXPIRATION OF AUTHORITY AND ACCOUNT.—(1) The authority under section 2221(b) of title 10, United States Code (as added by subsection (a)), to transfer funds into the Defense Modernization Account shall terminate on October 1, 2003.

(2) Three years after the termination of transfer authority under paragraph (1), the Defense Modernization Account shall be closed and the remaining balance in the account shall be canceled and thereafter shall not be available for any purpose.

(3)(A) The Comptroller General of the United States shall conduct two reviews of the administration of the Defense Modernization Account. In each review, the Comptroller General shall assess the operations and benefits of the account.

(B) Not later than March 1, 2000, the Comptroller General shall—

(i) complete the first review; and

(ii) submit to the appropriate committees of Congress an initial report on the administration and benefits of the Defense Modernization Account.

(C) Not later than March 1, 2003, the Comptroller General shall—

(i) complete the second review; and

(ii) submit to the appropriate committees of Congress a final report on the administration and benefits of the Defense Modernization Account.

(D) Each report shall include any recommended legislation regarding the account that the Comptroller General considers appropriate.

(E) In this paragraph, the term ''appropriate committees of Congress'' has the meaning given such term in section 2221(j)(4) of title 10, United States Code, as added by subsection (a).

U.S. SENATE,
Washington, DC, July 17, 1995.

Hon. ALICE RIVLIN,
Director, Office of Management and Budget, Old Executive Office Building, Washington, DC.

DEAR MS. RIVLIN: I am concerned about the efficacy and wisdom of a new Defense Modernization Account established in Section 1003 of S. 1026, the fiscal year 1996 Defense Authorization bill just reported by the Senate Armed Services Committee. Although I agree with one motive behind this effort, creating an additional incentive for the military services to generate savings from efficient program management, the method this bill establishes strikes me as precedent-setting for other agencies as well.

No other department of government is allowed to keep unobligated balances that would otherwise expire, and then use those funds to procure items or services that Congress has not expressly authorized. And although Section 1003 is crafted to try to avoid a repeat of past abuses of the DOD ''M'' accounts, I believe the protections may be inadequate. The laws Congress has passed establishing new buying practices and requiring more efficient procurement should provide all the incentive needed. If programs can be completed for less money, shouldn't Congress authorize less money, or rescind unobligated balances and return funds to the treasury?

Would you please provide me with the Administration's view on Section 1003, and specifically address whether the Office of Management and Budget supports allowing the Department of Defense the new budgeting authority in S.1026?

As S.1026 could be before the full Senate within a week, I would appreciate a prompt reply.

Thank you.

Sincerely,

CARL LEVIN.

EXECUTIVE OFFICE
OF THE PRESIDENT,
OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, August 3, 1995.

Hon. CARL LEVIN,
U.S. Senate,
Washington, DC.

DEAR SENATOR LEVIN: Thank you for bringing to our attention the establishment of a new Defense Modernization Account (DMA) in section 1003 of S.1026, the fiscal year 1996 Defense Authorization bill. Enclosed is a preliminary technical analysis of this section that was prepared by my staff.

We are in agreement with the major purpose of the proposal, which is to assist in the modernization of our military forces. Funds in the account would be used for increasing procurement quantities, increasing Research, Development, Test and Evaluation (RDT&E) accounts or modernization of an existing system being procured under an ongoing procurement program, all to support overall defense modernization.

We are concerned, however, about the erosion of the appropriations process that this provision would encourage. Although uses of funds in the DMA would ordinarily be approved through a reprogramming, and the Appropriations Committees would be able to block any use of DMA funds they disagreed with, reprogrammings are not subject to the full appropriations process involving both houses of Congress.

Also, the definitions of sources for the account appear broad. The terms ''procurement'' and ''support of installations and facilities'' would allow deposits of a wide array of funds into the DMA to be used for procurement and RDT&E rather than the original purposes for which appropriations were made.

Practical considerations may also limit the use of funds in the DMA. Use of DMA funds would increase outlays, and the DMA would not offer any relief from the scoring required by the Budget Enforcement Act. Further, transfers from source accounts would be constrained by the need to keep sufficient balances to cover such things as contract adjustments.

On balance, we think that section 1003 would provide the Department of Defense some modest additional flexibility in providing for modernization, but the flexibility would be offset by the concerns we have noted above.

Sincerely,

ALICE M. RIVLIN,
Director.

TECHNICAL STAFF ANALYSIS OF SECTION 1003 OF S. 1026

Section 2221(a) would establish a Defense Modernization Account (DMA).

Section 2221(b)(1) would authorize the Secretary of Defense to transfer, without limit, (A) funds available for ''procurement'' that would otherwise expire and (B) funds available for ''support of installations and facilities'' that would otherwise expire.

Since almost all DOD accounts are available for ''procurement'' and the ''support of installations and facilities'', funds could be transferred from many different accounts. For example, all of the O&M, Procurement, RDTE, Housing, and even parts of the Defense Health Program accounts are available to procure goods and services and/or support installations and facilities.

Section 2221(b)(2) specifies that funds may not be transferred to the DMA by the Secretary if the funds are necessary for programs, projects, and activities that, as determined by the Secretary, have a higher priority than the purposes for which the funds would be available if transferred.

Section 2221(b)(3) would permanently reappropriate the amounts transferred to the DMA from fixed period (i.e., annual and multi-year) appropriations to no-year appropriations.

Section 2221(c) would ''attribute'' the amounts transferred to the DMA. Essentially, funds transferred in by a military department, Defense agency, or other element of DOD shall only be available for that department, agency, or element. It is not clear that the term ''element'' is needed. However, if it is retained, it should be clearly defined and in a manner that will not complicate DOD's accounting system.

Section 221(d) would make the funds available for a broad range of activities (1) for increasing the quantity of items and services procured under a procurement program in order to achieve more efficient production or delivery rate or (2) for research, development, test, and evaluation and procurement necessary for modernization of an existing system or of a system being procured under an ongoing procurement program.

Section 2221(e) would prohibit the use of the funds: for a purpose for which Congress denied funds; or in excess of:

—a specific limitation provided in law on either (1) the quantity or the items or services that may be procured or (2) the obligation or expenditure obligated or expended, respectively, for the procurement program; or

—the requirement for the items or services as approved by the Joint Requirements Oversight Council and reported to Congress by the Secretary of Defense.

Section 2221(f)(1) would provide permanent transfer authority up to $500 million each year from the DMA to accounts available for the purposes described in subsection (d). This subsection and subsection (b)(3), when taken together, would establish a process that would function through reprogramming.

Section 221(f)(2) would require the Secretary to notify the Armed Services and Appropriations Committees of any proposed transfers under (f)(1).

Section 2221(g) specifies that funds in the DMA (to include balances over the $500 million transferred under subsection (f)(1)) may be appropriated for purposes of subsection (d) to the extent provided in Acts authorizing appropriations for the Department of Defense. This appears to provide another method to make funds in the DMA available for obligation in addition to reprogramming.

Section 2221(h) would require the Secretary of Defense to exercise his authority under this section through the Undersecretary of Defense (Comptroller). If the intent is to allow the Secretary to delegate this authority it is unnecessary. Sufficient authority already exists for such a delegation.

There is no sunset date for the DMA.

Mr. GRASSLEY. Mr. President, I join Senator GLENN in offering an amendment to Section 1003 of the bill.

Section 1003 establishes a new account at the Department of Defense [DOD].

The new account is called the ''Defense Modernization Account.''

When I was first told about the Defense Modernization Account, I was very concerned.

The alarm bells went off.

Right away, I thought I could see another slush fund like the infamous $50 billion M accounts in the making.

Subsection (B)(3) is what really set me off.

This is what it says:

Amounts credited to the Defense Modernization Account shall remain available until expended.

To me that sounds like a permit to open a laundry operation to break down the integrity of appropriations.

That sounds like another honey pot where unlimited amounts of no-year money could be stashed for a rainy day.

Like the M accounts, I fear this money could be used to cover cost overruns and other unauthorized projects beyond the purview of Congress.

Clearly, this is not the intended purpose of section 1003.

But in my mind, it is a potential problem. Bureaucrats at the Pentagon might abuse the new authority.

I also think section 1003 may be inconsistent with various parts of title 31 of the United States Code and most particularly the M account reform law enacted in November 1990.

I am afraid that section 1003 might be used to undermine strict procedures for closing appropriation accounts that were established by the M account reform law.

That law set up expired accounts.

When the period of availability of an appropriation ends—as fixed by annual appropriation bills, those moneys are placed in an expired account—where they remain for 5 years.

While in the expired accounts, the fiscal year and appropriation account identity must be maintained.

At the end of 5 years, accounts must be closed and all remaining balances are canceled.

It is important to maintain the integrity of appropriation accounts.

And it is important to respect the period of availability set in the appropriations bills.

But my concerns are not incompatible with the purpose of the Defense Modernization Account.

The Defense Modernization Account is supposed to encourage the Defense Department to save money and to use savings to meet critical modernization shortfalls.

The periods of availability in expired accounts plus the availability provided in annual appropriations bills means that procurement moneys—the primary focus of section 1003—are available for 8 years or more.

That's more than enough time to identify savings and reallocate them into top priority modernization programs—with congressional approval.

Senator GLENN has crafted an amendment that addresses all of my concerns.

His amendment brings the Defense Modernization Account into line with current law.

Above all, his amendment protects the integrity of the appropriations accounts and all moneys involved.

I thank Senator GLENN for making such an important contribution to financial management at the Pentagon.

WAS CONGRESS IRRESPONSIBLE? CONSIDER THE ARITHMETIC

Mr. HELMS. Mr. President, it does not take a rocket scientist to be aware that the U.S. Constitution forbids any President to spend even a dime of Federal tax money that has not first been authorized and appropriated by Congress—both the House of Representatives and the U.S. Senate.

So when a politician or an editor or a commentator pops off that Reagan ran up the Federal debt or that Bush ran it up, bear in mind that the Founding Fathers, two centuries before the Reagan and Bush Presidencies, made it very clear that it is the constitutional duty of Congress—a duty Congress cannot escape—to control Federal spending.

Thus, it is the fiscal irresponsibility of Congress that has created the incredible Federal debt which stood at $4,945,941,078,492.53 as of the close of business Friday, August 4. This outrageous debt—which will be passed on to our children and grandchildren—averages out to $18,774.87 for every man, woman, and child in America.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. The Senator has yielded. Morning business is closed.

FAMILY SELF-SUFFICIENCY ACT

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of H.R. 4, the welfare reform bill, which the clerk will report.

The legislative clerk read as follows:

A bill (H.R. 4) to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence.

The Senate resumed consideration of the bill.

Pending:

Dole amendment No. 2280, of a perfecting nature.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

UNANIMOUS-CONSENT AGREEMENT

Mr. PACKWOOD. Mr. President, I have a unanimous-consent request that has been cleared on both sides. I ask unanimous consent that only debate be in order on the welfare bill, H.R. 4, until the hour of 3 o'clock p.m. today.

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

Mr. PACKWOOD. Mr. President, ''The lessons of history, confirmed by the evidence immediately before me, show conclusively that continued dependence upon relief induces a spiritual and moral disintegration, fundamentally destructive to the national fiber. To dole out relief in this way is to administer a narcotic, a subtle destroyer of the human spirit. It is inimical to the dictates of sound policy. It is a violation of the traditions of America.''

So spoke Franklin Roosevelt in his second annual message January 4, 1935, the year that welfare, as we currently refer to it, was passed. As a matter of fact, we are almost 60 years to the day. One more week and we would be there. August 14, 1935, we passed the Social Security Act.

The act had two components. One was Social Security pensions and the other was welfare for widows and orphans. Both of the above, the pensions and the welfare for widows and orphans, were intended to cover really the same group of people at that time, in 1935. But they were covered for different reasons.

Social Security, the pension, was to be yours, of course, if you worked until age 65 and collected a pension for the rest of your life. But support for widows and orphans, enacted in the same bill, was to be yours if the breadwinner died.

This was done in 1935, Mr. President. In most cases in those days, women did not work outside of the home for money. They stayed home, and they raised the children. The breadwinner was normally a man.

So the Social Security Act said, all right, if the man works and he works until he is 65 and he retires, he gets a pension, and with the pension he will still be able to take care of his wife; his children by that time presumably would have been grown and off working on their own. If by chance, however, the breadwinner died before 65, then who was left to support the widow and the children? For that purpose, in the same act as Social Security, we passed what we now call Aid to Families With Dependent Children. We then simply called it welfare. It was presumed that the widow would have no more children unless she remarried, in which case she would not need welfare support any more. And in those days, almost all welfare, that is, as we now call it, AFDC [Aid to Families With Dependent Children], over 90 percent of welfare went to widows and orphans.

It was not until 1939 that what we call survivor coverage was added to Social Security. And we now said if the breadwinner—and this was still presumed to be the man—died prior to age 65, and if the breadwinner had a widow with children, the widow would get 75 percent of the pension benefits that the breadwinner would have gotten had he lived until 65 and in addition got 75 percent for each child that she had up to a capped amount. You could not have 20 children and get 75 percent each, but most people do not have 20 children.

I emphasize again, in 1935 we passed the Social Security Act. It has a pension part and a welfare part. And the two were really separated.

Then in 1939, 4 years later, we added this survivors coverage to Social Security, and an interesting thing happened after we added it. Because by and large the survivors pension to the widow and the children under Social Security was larger than welfare, and gradually from 1939 on, first as more people worked in the system and then as we added by statute more and more people to the system and covered more and more people—I think probably the biggest single coverage expansion coming in 1953 or 1954 under President Eisenhower—by the time we had gotten to 1960, most people were covered by Social Security, and therefore had Social Security survivor benefits for widows and children.

So the original purpose of welfare, to provide for the widows and the orphans, was supplanted by Social Security. And from 1960 onward, maybe 1970 onward, in a rapidly accelerating pace, welfare, Aid to Families With Dependent Children as we now call it, started tilting toward the support of unwed mothers and children who had never had a breadwinner in the house.

This was not a substitute for the deceased husband. For the first time, we began to see the welfare system turn toward a different concept from that upon which it was founded. The concept upon which it was founded was, if the breadwinner dies, there is money for the widow and the child.

As Social Security replaced and supplanted welfare, therefore, I sometimes wonder—I do not really say this with any assuredness—but I sometimes wonder if the bureaucracy that administered the old welfare system thought to itself, ''We will soon be out of a job,'' Social Security having taken over the job, and, ''We need to find some other function.''

It happens in private enterprise all the time. A classic example, of course, would be the March of Dimes. Franklin Roosevelt started the March of Dimes. We eradicated polio, and the need for the March of Dimes could have gone out of existence. If you look at it in the phone book, it is now referred to as the March of Dimes, Birth Defects. The organization—I do not mean this any way critically—needed another cause after our having successfully conquered polio. I do not say this is what happened with the welfare bureaucracy from 1960, and certainly 1970 onward. But instead of welfare now being emergency financial support for an absent, deceased breadwinner, it began to become a lifetime support system for somebody that never had a breadwinner.

Then, unfortunately, it became not just a lifetime support system, but a generational support system of a woman, then a child, and then the child's child, and then the child's child's child, all on welfare. And, therefore, what we could presume at the start with welfare, we could no longer presume from—I will just pick the date—1960 onward.

When we gave money in 1935, 1937, 1938, and on up until Social Security took over the principal function of survivors' benefits, we were presuming, one, the woman would have no more children, or if she got married she may have more children but she would marry a breadwinner and be off welfare, and, two, if it was a widow's pension with a child, the child grew up and the woman had her pension until she died. And society could humanely justify and support that, because we knew that this was not going to be massive in cost. Most breadwinners do not die. And we knew that, as a matter of conscience and humanity, we could afford it.

But as we got into a situation where we were looking at lifetime support or generational support, we had to attempt to shift welfare from emergency support because the breadwinner died to an effort to teach and train people to get off of welfare. We did not intend welfare as a lifetime and generational support system.

So for a quarter of a century, the Federal Government has tinkered and tried to remedy the problem of work. Mr. President, the Federal Government has failed. It has not worked. Welfare, as the Federal Government hoped it would work, would be a trampoline. People would spring back to work. Instead of a trampoline it has become a hammock. And it is not working at all.

Let me ask you, Mr. President, has it failed because we have not spent enough money? This is often the argument. ''All we need is a bit more money and we could take care of the problem.''

Mr. President, I do not know how much ''a bit more'' is, but I do know that we have spent an increasing amount of money on welfare by any measure over the last half century. If we hoped that by spending more we would reduce the welfare caseload and get people off of welfare, we have failed. The Social Security Administration puts out a publication annually on what they define public aid. The Social Security Administration takes the various programs that we might generically call aid to the poor, not just aid to families with dependent children, but all the programs—Medicaid, food

stamps, anything that would go to the poor—and have added up how much we spend. They have done it using what we call constant dollars, current dollars, and per capita dollars. I will define what I mean by these.

''Current dollars'' means what you spend today. It does not necessarily mean a dollar of the same value. Let us say you spend $100 on welfare today, and $100 will buy you a certain basket full of groceries. Let us say you have 100 percent inflation, and in order to buy the same basket of groceries the next year, you would need $200. So we spend $200 on welfare. That is called current dollar spending. Basically, it is just what we spend now and takes no account of inflation. The $200 does not buy you any more than the $100 did before the 100 percent inflation. That is one way to measure things.

If you take all of the programs that Social Security counts as public aid in terms of current dollars, in 1947 we spent $2 billion in this country, including what the States spent—$2 billion. We now spend $180 billion on roughly the same programs. Some programs have dropped by the wayside and others have been added, but on balance it's roughly the same types of programs.

A better test is what we call constant dollars. You assume that the value of the dollar has never changed, there has been no inflation. You adjust the spending backwards so you know what you would have spent based on today's dollars as if there were no inflation for 50 years. On a constant dollar basis, in 1947 we spent $10 billion, not $2 billion but $10 billion. Today it is $180 billion. We have gone in uninflated dollars from $10 billion to $180 billion.

Mr. WELLSTONE. Mr. President, would the Senator yield for a question?

(Mr. THOMAS assumed the chair.)

Mr. PACKWOOD. No, not until I finish, thank you.

Have we fixed the welfare problem? We have not even come close. Maybe the best figure, though, is per capita spending. How much do we spend per person in this country on a constant dollar basis? In 1947, we spent $70 per person in this country; in 1991, which is the last year we have figures for, we spent $713 per person. This assumes the dollar has never been inflated. The $70 has risen to $713, and the welfare problem is getting worse.

Last figure. What percent of our total gross domestic product do we spend on what Social Security calls public aid? In 1947, 0.7 percent of our entire gross domestic product of all the goods and services in this country was spent on public aid. We now spend over 3 percent.

So by any measure of money we have spent on welfare, we have spent it in spades. We have doubled and redoubled and redoubled and redoubled and redoubled the money we have spent on welfare. I would suggest, Mr. President, it has not solved the problem.

Next, has it failed then because of insufficient regulation? I have here in my hand the 1935 section of the Social Security Act for welfare. It is about two and a quarter pages long. That is it. That was the welfare law. There were no regulations. There was a little pamphlet that could not have exceeded 30 pages that sort of explained what this two and a quarter pages of law meant.

You know what we have today? Let me show you this. This is what an Oregon caseworker has to go through to make sure that they are meeting the eligibility standards of a potential recipient. This is not for all of welfare. This is only for welfare eligibility, not the administration of the program once you are on it. This is what we have come to.

Do you wonder why the States are asking us to give them a block grant and saying, ''Let us try it.'' Can you imagine what it is like for a caseworker, who is a decent person who would like to help somebody, who would like to spend the bulk of his or her time working person to person with people who are deprived and genuinely entitled to welfare? That is what this caseworker would like to do. The caseworker does not want to spend time reading these kinds of regulations and filling out forms to make sure that what they are doing comports with the Federal regulations which are equally thick. And that is what we have come to year by year, year by year, year by year.

There was a wonderful example yesterday. It is unrelated to welfare. It involves the Drug Enforcement Administration. This tells you the folly of federal rules.

Portland has a drug-sniffing pig. It is a Vietnamese pot-bellied pig, and it can sniff out drugs better than a dog and it is cheaper than a dog. Here is the picture of Harley. People keep these things for pets.

The Portland police bureau applied to the Drug Enforcement Administration for funds for Harley and the Drug Enforcement Administration said, ''No, only dogs, not pigs.''

The Portland police bureau said, ''But the pig can smell better, the pig is cheaper.''

''No, only dogs.''

We finally got them to admit that the pig was all right. This is the kind of thing that States have to go through to do perfectly normal things.

I realize we are not all used to drug-sniffing pigs, but they work. We ought to let States try it.

Here is the best statement I could find. This is from Duncan Wyse, who is the former executive director of the Oregon Progress Board monitoring welfare. This is his statement. Oregon comes very close to being the best, probably the best State, in terms of trying innovative welfare and Medicaid approaches. It has been like pulling teeth to get the Federal Government to give us waivers and to cooperate. This is what Duncan Wyse says:

> Almost all of the Oregon option undertakings require the use of Federal funds and, in many cases, the waiver of Federal rules and restrictions on how the money is used. We need the Federal Government as a partner. But Federal programs that provide money tend to be so severely prescriptive and riddled with redtape that stifles innovation. In the biggest area of Federal aid—welfare—at least 20 percent of our administrative time and money costs have been spent on Federal paperwork.

Twenty percent is spent on Federal paperwork. When people say, what happens if we give welfare to the State, will the State be able to administer it well and compassionately, to begin with, Oregon can save 20 percent off the top if they do not have to cross every ''t'' and dot every ''i'' of the Federal regulations.

So where are we after 60 years, 60 years this year, of Federal welfare almost divided in two with the dividing line coming maybe 1960, maybe 1970 when it moved from widows and orphans as survivors of the deceased breadwinner to what welfare as we know it now? I thought Senator CAROL MOSELEY-BRAUN from Illinois phrased it best at the Finance Committee markup on May 24, 1995: ''In this $7 trillion economy, we still have 40 million people living in poverty; some 14 million of those people are in the welfare system in the States and 9 million of those people are children.''

Mr. President, that is welfare as we know it. This is the welfare as we know it that President Clinton has said he wants to end. This is welfare as we know it that has been fostered, foisted, and directed by the Federal Government. Do we have any reason to assume after 60 years of toying and tinkering with the system that the Federal Government will do any better if we tweak it here, twist it there and hope that this beast will fly? It is like a hippopotamus, Mr. President. No matter how long you make his ears or how long you screw up its tail, it is not going to fly.

Every now and then, you run across a little pamphlet. I say to Senator MOYNIHAN, this was written 20 years ago, ''To Empower People—The Role of Mediating Structures in Public Policy.'' Jack Kemp would like the title.

I mention Senator MOYNIHAN because almost 20 years ago—he came to the Senate in 1976, so it is not quite 20 years ago—he and I tried to get tuition tax credits for parochial, private school students. I think we would have settled for vouchers if we could get vouchers.

This book—book is the wrong word, pamphlet is better—is only 42 pages long. I do not know the two gentlemen who wrote it, but I was intrigued with their opening page statement:

> Two seemingly contradictory tendencies are evident in current thinking about public policy in America.

Do not forget, this is 1977.

> First, there is a continuing desire for the services provided by the modern welfare state. * * * The second tendency is one of strong animus toward Government bureaucracy and bigness as such. * * * We suggest the modern welfare state is here to stay, indeed that it ought to expand the benefits it

provides—but that alternative mechanisms are possible to provide welfare state services.

There are a number of us who would quarrel with whether or not we want to expand the services or not. What I was intrigued with was the authors' suggestion. They almost bypass States and local governments. What they refer to as the role of mediating structures in public policy they define as neighborhood, family, church and voluntary associations. They go through what could be done if we were willing to attempt to administer our welfare programs through these organizations, and they have any number of quotes. I am not going to quote them all, but there is one I find interesting:

If a policy furthers a legitimate secular purpose, it is a matter of legal indifference whether or not that policy employs religious institutions.

How many of us have been to a Salvation Army workshop or Goodwill workshop, or any of the sheltered workshops where private charities are doing a sensational job beyond anything that we seem to be capable of doing? And yet, in many of these areas, we have run up against the argument, ''Well, it's a religious institution.''

Mr. President, the time has come when institutions should not be prohibited from trying to help us, the Government, solve our welfare problems simply because they have a cross on the wall or a menorah in the hall. That does not disqualify some of the most extraordinary organizations in America from being able to help.

Lastly, and then I will go on to the bill itself, I will quote just very briefly from a speech that I made also in the same year, 1977, to an annual Republican conference in Oregon called the Dorchester Conference, in which I was attempting to delineate major differences between parties. I said I do not find overwhelming differences on foreign policy or on transportation, or on a number of areas, but I said there were two where they were significant differences.

One was in the providing of social services. And, on average—speaking generically because it is not of every Republican or every Democrat, but on average—Democrats would prefer that Government rather than private entities—be that business or religious entities, neighborhood associations, or anything else—deliver those services, whereas Republicans prefer private entities to deliver the services. The other was the feeling that if government had to deliver the services, the Democrats would prefer that the Federal Government did it. Republicans would prefer that State and local government did it. I am not sure that, generically, those two differences—Government versus private sector—and in the private sector, I include all kinds of nonprofit charities, let alone business—and central Government versus State and local government—have changed.

In that March 5, 1977, speech, I said:

In considering this difference, we first must get over our hangup about which government the taxpayers' money belongs to—local, State, or Federal. The money does not belong to any government. It is the taxpayers' money, and government—be it local, State, or Federal—simply holds it in trust for a time after collection and before disbursement. The argument that money collected by the Federal Government is Federal money and, therefore, the Federal Government has not only a right but a duty to say how it is spent is poppycock. But even assuming the Federal Government does have a right to say how it should be spent, there is nothing obtuse about saying that the Federal Government policy on spending money will be: Give it back to the State and local governments with minimal strings. Let them spend it as they like. We don't need dozens of housing, health, urban, and other kinds of programs, let alone 50 to 100 categorical grant education programs. If a local government doesn't know better whether it needs a park block or a fire engine or a day care center or a school librarian, then how can those in Washington, DC, possibly know better?

I want to get to the outline of the bill now, Mr. President. I want to emphasize once more what I just said and what Professors Berger and Neuhaus would say. In essence, we are saying that you cannot run this country well from Washington, DC. It is interesting that we are finding the same philosophy existing in some of the major businesses of this country. They realize they can no longer run their business well from corporate headquarters. Businesses are devolving, giving regional managers more authority than they ever had, giving plants more authority to organize than they ever had. You are seeing this devolution outward from the center in all areas of this country except the Federal Government.

The Federal Government has preempted one of the best sources of raising money and that source is, of course, the income tax. Some States have high income taxes. My State is one that has a high income tax as compared to other States. One of the reasons we have a high income tax is because we have no sales tax in Oregon. All States are pikers in comparison to the amount of money the Federal Government gets from the income tax. It is a progressive source of revenue from everybody, and we collect most of it.

There is nothing wrong with our saying we want to see if we can solve this welfare system. ''We,'' being collectively the States, the local governments, Salvation Army, and the Catholic Church. We want to see if collectively we can solve this problem. We have failed to solve the problem since we first got into this area in 1935, and we have progressively failed in the last quarter of a century. We have geometrically failed.

Is there a possibility—just a scintilla of a possibility—that State and local governments, if we let them experiment and innovate, might come up with solutions that we have been incapable of thinking of, or if we have been able to think of them, for whatever reason we were incapable of administering and achieving? That, in essence, is what the bill before us today attempts to do.

First, I will describe the bill's provisions on what we call welfare, aid to families with dependent children. This bill has a number of sections to it of which this is one.

Mr. WELLSTONE. Will the Senator yield for one question?

Mr. PACKWOOD. Not until I finish. Thank you.

Mr. WELLSTONE. I hope later on we will have time for questions.

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

Mr. PACKWOOD. Mr. President, AFDC or welfare, as most people call it, is a section of this bill. I am going to take it section by section, but I will take this one first.

The bill takes the seven AFDC programs—they are, one, cash assistance; two, administration of the program; three, the so-called JOBS Program; four, emergency assistance; five, child care for the JOBS Program; six, child care for transition to work; seven, child care for at-risk families—we take those seven programs and consolidate them into one program called a block. We say to the States, we will eliminate these programs as we now know them, and we will give you the money instead, and you must spend this money on the needy, not airport tarmacs, or rebuilding piers for their port, but to spend it on the needy as you see fit.

Here you have a battle, a philosophical battle, because we have put some strings on this bill. The ultimate would be to say to the States, here is the money, you spend it on welfare as you want to define it. But because we did not want to be that broad and did not know what they wanted to do, there have been two very tough restrictions put in the bill.

The first one is work. Welfare recipients must go to work. They must go to work no later than after they have been on welfare for 2 years. But the States can make that much shorter if they want. If the State determines that somebody is work ready, then they have to go to work then.

The States have to have 50 percent of their total number of adults who are on welfare in work by the year 2000. Today, we do not even approach that. On occasion, people will give you a percentage that seems quite high, but that is because, under the present law, there are all kinds of exceptions to those who do not have to work at all. So say you had 1,000 people on welfare, but you say 200 do not have to work because they have a child under 3; another 100 do not have to work because they are disabled; and another 100 for another reason. You get down to 500, and then you say of the 500, 250 are working. That is 50 percent. Well, that is 50 percent of 500. It is 25 percent of a thousand. This bill says by the year 2000, 50 percent of what caseworkers would call your adult caseload, your welfare caseload, must be working. Second, we say that

you can only be on welfare for a maximum of 5 years in your lifetime, cumulative period, total. You run out the 5 years, it is zip, finito, gone. Those are the two major strings that we put into this bill.

The States and the Governors, by and large, find this acceptable, but there are some Governors who do not agree with what we have done. Most like what we have done because we have said to the States, this is no longer a Federal entitlement program as we call the words ''entitlement,'' which means we determine who is eligible for welfare.

We are saying to the States, ''Here's the money; you determine who is eligible, but you have to put a certain percentage of those you determine as welfare-eligible to work. That is basically all we are requiring of you.'' They cannot be on welfare for more than 5 years. That is the broad outline of the welfare portion of the bill.

We have a second section called SSI, supplementary security income. I do not find a great deal of dissent with what we have done to SSI. This is another welfare program, often for the elderly, but not always for the elderly. We have said that there will be three categories that will no longer be eligible. SSI is totally a Federal program. No State money and no State administration is involved in this at all. The bill says that you will no longer be eligible if you are disabled because of a drug addiction or an alcoholism addiction. You may be an alcoholic or a drug addict, and you may be eligible for this program for other reasons, but you are no longer going to be eligible solely for drug addiction or alcoholism. Noncitizens will no longer be eligible unless they do work and pay taxes for specified periods of time, and children with modest disabilities will no longer be eligible. I do not find overwhelming argument with the SSI provision of the bill.

The third part of the bill is child support enforcement. Here we have strengthened the Federal role, and the States agree. By ''child support enforcement,'' we are talking about custody orders. The child's parent is ordered to pay $100 a month, $500 a month, $1,000 a month, and the parent moves to another State. The parent may not even disguise their name, but it is almost impossible to enforce child support orders between States. It costs more than it is worth. This particular provision of the bill significantly beefs up the interstate, between-State, enforcement of child support.

Next is food stamps. This part of the bill is somewhat controversial. I have to give great credit to the Agriculture Committee. They came forth with reforms of the program in their committee that were extraordinary in terms of both the reforms and saving money. The bill includes all of their reforms.

We have added a particular wrinkle to food stamps. We have given States the choice of taking a block grant for food stamps. The way food stamps work now is that the Federal Government determines if you are eligible, then you get food stamps and take them to the grocery store for groceries. You give the grocer food stamps, you receive groceries, and the grocer turns the food stamps in to the Federal Government, and we pay the grocer money.

Some States under experimental programs with waivers are doing what is known as cashing out food stamps. In some cases they are doing it statewide, and in some cases only in counties. What they do is take the money that a recipient would otherwise give for food stamps, use it as a subsidy with an employer, and put the person to work. Almost invariably the person has more money from working than they get from the food stamps and welfare. The food stamp money is used as a wage subsidy. You can only do that now if you get a waiver from the Federal Government. This bill would make it easier for States to do this.

As I said, the bill also gives States the option to take a block grant for food stamps. We have put a limitation in it. I would go further and say the States can cash out totally and use the money as they see fit. I recognize there are not the votes to go this far. Instead, this bill allows States to cash out food stamps, but at least 75 percent of the money must be used for food for the poor and the remaining 25 percent can be used for wage-subsidy programs which, if we are trying to get people off of welfare and into work, probably are a better use of the money than anything else that we might suggest.

On the child nutrition programs and the commodity distribution programs, we have included in the bill the Agriculture Committee reforms exactly as they reported them without change. They are good reforms. I think they are relatively noncontroversial reforms.

We have taken from the Labor Committee, Senator KASSEBAUM's committee, her child care and development block grants. She consolidates three Labor Committee child care programs into a single program, and we have put it in this bill with a minor modification. We have also included another bill that the Labor Committee reported which takes 90 different job training and education programs and consolidates them into one block.

Then we have taken suggestions on housing with relatively modest changes in rent subsidy eligibility rules and housing assistance rules. Again, I think there is no controversy. Those provisions came principally from the Banking Committee.

Then we have changed the rules on noncitizens for what are called Federal means-tested programs. Means-tested programs are those that determine eligibility based on how much income and money you have. If your income and resources exceed a certain level, you can not qualify for the program. The bill provides a uniform rule for noncitizens who apply for Federal means-tested programs. I believe there is some controversy about this provision in the bill.

But, Mr. President, I think the overwhelming bulk of the controversy falls in two or three areas of the bill and not most of the latter ones I talked about.

Then lastly, we have called for a reduction of 30 percent in Federal employees who administer the AFDC welfare programs and the work force job training programs.

Mr. President, that is it. It is not very often that we have a genuinely philosophical debate in this Congress. This is a genuinely philosophical debate. Do you prefer that the Federal Government continue to fund and administer the welfare programs in this country and the food stamp programs? If yes, in essence, you are saying you like the way they are working. Or do you say, I am not happy with the way the welfare programs are working, and try as we might, well-intentioned as we may be, the Federal Government has failed to make them work and we would like to let the States experiment?

Mr. President, the problems of the States in this country are difficult. A State that has immense immigration has different problems than a State that does not. A State that has a disproportionately large number of poor has a different problem than a State that does not. One size does not fit all.

This bill, as we debate it, and as we finally vote upon it, is going to be a touchstone showing the difference between the parties and between those who prefer a Federal system, no matter how badly run, to a State system which we cannot guarantee will work but I think we can guarantee it cannot work any worse than it is now working.

Is it worth a try? You bet it is.

Over the next 2, 3, or 4 days, or however long we debate this, keep in mind a few objectives: Federal versus State, and work. Those are the issues that we are talking about.

I thank the Chair.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER (Mr. KYL). The Senator from New York.

Mr. MOYNIHAN. Mr. President, I rise to continue the debate from this side of the aisle, but first to congratulate and, as always, to express appreciation to my colleague and friend, the chairman of the committee, for his thoughtful, persuasive arguments—not all of which have persuaded me; I am sure there are those who will feel the same way—and in particular to thank him for citing this, I will call it a booklet, ''To Empower People, The Role Of Mediating Structures In Public Policy.'' This was the work of Peter L. Berger, who is a professor of sociology at Rutgers, and Richard John Neuhaus, who is the senior editor of World Review. He is a theologian, and a much-respected one.

This is a product of a research group the American Enterprise Institute had started. Nathan Glazer, my colleague

and friend, headed the section on welfare and social services.

Mr. President, once again I am proud and happy to report that this important social analysis was sponsored by the National Endowment for the Humanities. I cannot think of a more trenchant argument for securing its future and that of other such matters.

I thank my friend for having brought it to our attention. It is, curious—what they argue is the extension of the analysis by Professor Putnam of those communities in Italy over the last 700 years that have been successful and those that have not, and the degree to which empowering activities locally, a choral society in Tuscany or a volunteer fire department, characterized——

Mr. PACKWOOD. Or a local soccer team. I am indebted to the Senator for calling to my attention this book by Professor Putnam in which he studied all the provinces of Italy which had identical charters given to them in 1920. Professor Putnam discovered that the provinces governed themselves differently, although the charters were identical. And after extensive research and evaluation, Professor Putnam concluded that local and civic traditions was responsible for most of the differences and the charter did not make much difference at all. And the best example we have of that is the Soviet constitution, which hardly had a peer in the world as a Constitution.

Mr. MOYNIHAN. As a youth in New York City, I had more than one occasion to study the Soviet Constitution and see that this, obviously, had to be the finest society on Earth because it had the best Constitution.

I will try to argue that the outcomes of our efforts with dependent children and families will, in fact, depend less on statute and more upon the local energies and enterprise which either rise to the effort or do not. I will argue that in some cases we see there are dimensions of size that overwhelm individual effort. And I will argue that we did very well in 1988. We are beginning to see results with exactly this theory in mind.

With those facts in mind, on May 18 I introduced the Family Support Act of 1995, a bill ''to enable each State to assist applicants and recipients of Aid to Families with Dependent Children in providing for the economic well-being of their children, to allow States to test new ways to improve the welfare system, and for other purposes.''

The measure was referred to the Finance Committee. It was taken up on May 26, and failed on a 12 to 8 vote, whereupon the committee, by a similar 12 to 8 vote, adopted the predecessor of the Work Opportunity Act of 1995, the bill which Senator DOLE has introduced as a substitute.

But, first, let me describe the thinking behind an earlier, quite significant revision of welfare law, the Family Support Act of 1988, basic legislation which I propose now we build on.

In his State of the Union Address in February 1987, President Reagan pledged his support for what he called ''a new national welfare strategy.'' Democrats and Republicans in Congress saw a window of opportunity to redefine our welfare system, to replace the half-century-old AFDC Program with a program designed for the social realities of the last part of the 20th century.

The Governors led the way. Governor Clinton, chairman of the National Governors Association, and then Gov. MICHAEL CASTLE, of Delaware—now Representative CASTLE—was chairman of the Welfare Prevention Task Force, a bipartisan effort, and they presented the Governors' concerns: improve enforcement of parental child support obligations; permit flexible State-designed employment programs—include remedial education, training and work experience; mandate participation in such programs for parents with children over age 3, and create a ''social contract''—I say once again a social contract—to obligate State agencies to provide opportunities to become self-sufficient while also obligating recipients to take advantage of these opportunities.

The Family Support Act of 1988 sought to turn the existing welfare system on its head. And we used that term conscious of the historical reference. Rather than beginning with a public assistance payment that is supplemented with sporadic child support payments and occasional earned income, it placed the responsibility for supporting children where it belonged: With parents—both parents. And the focus was to be on the long-term dependents—not the divorced woman who needs some help while she puts her life back in order, but the teenage mother who has a child and is at risk of spending most of her life on the dole.

On September 29, 1988, just this side of 7 years ago, the Family Support Act passed the Senate. We had 63 cosponsors and the vote was 96 to 1. It went out the door 96 to 1, a bipartisan judgment the like of which is rarely seen in this body and which, unhappily, evidently has now disappeared.

I was the manager on our side, and I recall the atmosphere, the emotion. At a Rose Garden ceremony that followed were Senators DOLE, BENTSEN, and BROWN, Speaker Foley, Mr. Michel, and Governors Clinton and CASTLE.

President Reagan, on signing the bill, told the assembled company that:

> They and the members of the administration who worked so diligently on this bill will be remembered for accomplishing what many have attempted but no one has achieved in several decades, a meaningful redirection of our welfare system.

It may seem unimaginable to us today. But the Family Support Act of 1988 was not a partisan political measure. Democrats and Republicans alike joined in near unanimity to do what needed doing, a good half a century into the experience of what we have called welfare under the Social Security Act of 1935, a history the chairman has set forth very ably and very accurately.

The Governors had asked for flexibility in designing State programs to help poor parents overcome their dependence on public assistance, and they got it. With the Job Opportunities and Basic Skills Program, JOBS, States were free to offer a variety of education, training and work activities. States were directed to involve the private sector in designing their JOBS Programs and to coordinate with other work-related programs, such as the Job Training Partnership Act.

The Family Support Act brought the statute in line with a new reality. Again, as the chairman has said, the original Social Security Act of 1935, adopted in the midst of the Depression, provided aid to dependent children wherein the Federal Government took over the widows pensions that had been adopted in almost half the States by this point. Those States were under severe economic stress in the Great Depression. The Federal Government assumed the responsibility for children.

In 1939, the mother of the children was included as well. So it became Aid to Families With Dependent Children, and it was expected to be a bridge until widows with their children were entitled to old age and survivors insurance, and, indeed, it was a bridge in the time that survivors insurance matured.

Then something new happened. In 1960's, Samuel H. Preston, in his address to the American Demographic Association in 1964, put it that ''an earthquake shuddered through the American family—an earthquake shuddered through the American family.'' Family structure began to change. Out-of-wedlock births surged.

We now have a ratio of births of children in single-parent families that has reached an estimated 33 percent. By 1992—I have a table here. Can I bring that over?

Mr. President, this will give you some sense of what we are dealing with. These are the ratios in the 20 largest cities in the country: Baltimore, 61 percent; Boston, 48; Chicago, 56; Columbus, 41; the District of Columbia, 70; Indianapolis, 40; Milwaukee, 58; New York, 46; Phoenix, 42; San Antonio, 20.

These are numbers unknown to social conditions of the north, west, east, or southern man or woman. So far as I know it is without precedent in human experience. I have said this before and have been saying it for 15 or 20 years. And no one has ever contradicted this.

Early in the century, an anthropologist named Malinowski, who practiced and worked and lived in London, set forth the universal law of human society, which is that in any society, every society that has ever been known, ever examined, ever studied, ever recorded, all children knew who their male parent was. That was the first law of anthropology. And everyone agreed. Once it was said, it was obvious.

It no longer is, Mr. President. The ratios, Baltimore is 61 percent, Detroit 72

percent. They are without precedent. And the thing to know is that we are not alone in this. Something like the same phenomenon has overtaken the United Kingdom, France, and Canada. We find it difficult to explain what has happened here. But they find it difficult to explain what has happened there. What we cannot do is deny the reality.

We think this increase is largely a matter of demography.

In the 1950's, the child-bearing population was flat or even declined a bit.

Then starting in 1989, the caseload began to rise.

What I am trying to say, Mr. President, is that this obviously has led to increases in the Aid to Families Dependent Children Program of late. In the aftermath of our 1988 legislation, the number of children on the AFDC rolls has gone up again. It went from 3.5 million cases to almost 5 million in 4 years. You can see this right here. Here is where we passed the bill. Then, seemingly, after we passed the bill, things get out of control again.

You have to start this discussion, if it is going to be in any way honest and open, with acknowledging the fact that if anyone had supposed in 1988 the number of AFDC cases would go down—and we never said that, but if anyone thought that might happen—they would have been wrong. Indeed, they went up. We think we know why they went up.

The Congressional Budget Office has established that about 60 percent of the increase is simply the increase in the number of single-parent families. The demography of persons in that population, the number of people coming into the reproduction ages, suddenly bumped up. It will happen. It happens all the time—up, flat, up, and sometimes indeed declining, as was the case in late 1930's or late 1940's.

The thing is, we know very little about this. We know a certain amount about the duration of benefits. More than a quarter of new entrants onto the AFDC rolls remain there less than a year. Almost half are gone in 2 years. Data are elusive. The Federal Government has never collected systematic time series data on this information. And we would do well to remind ourselves of the maxim that you should never really do anything about a problem until you first learn to understand it.

Annual unemployment rates did not appear in the United States until 1948. We used to take the unemployment rate from the census. We took it in April 1930 and April 1940, and there was no Great Depression. We learned sampling and we did it by counting everybody. We learned to sample and get numbers. It was a development in the late 1930's and matured in the early or mid-forties.

We have not done this at all with respect to welfare dependency because we have not seen it, in part, as the problem it has become. By 1948, we knew unemployment was a problem.

I might say last year, in 1994, Congress enacted the Welfare Indicators Act.

It is a measure I had been seeking for many years, an annual report comparable to the Economic Report of the President which deals with unemployment or employment and which has begun long-term analyses of trends, disaggregating large numbers and finding significant subsectors.

The act specifies that with respect to welfare indicators, the following subjects be addressed: indicators of the rate and degree to which families depend on welfare income; predictors of welfare receipt; an assessment of the adequacy of existing data resources; and an annual report of welfare indicators.

For the moment, Donna Pavetti at the Urban Institute has compiled this distribution, one of the few things we seem to have. Note we get it from the Urban Institute, not from the Department of Health and Human Services.

This chart depicts ''Distribution of Total Time on Welfare.''

This is important, Mr. President, because both the bills that the distinguished Republican leader and the chairman of the Committee on Finance have introduced, the bill that our able and distinguished Democratic leader has introduced, have 5-year time limits.

I am sorry to turn this into a statistics exposé, but we are talking about numbers here, and we never learned to do anything about unemployment until we got hold of those numbers. And the numbers are simply that half the AFDC population who enter the system leave it within 24 months. We do not know who they are. There is no account kept. There are no samples taken. But we have a pretty good idea. These are mature women whose marriages have come apart, have been dissolved in some way or other. For them, AFDC is a form of income insurance just as unemployment insurance protects those persons working. They need it for a while, then they need it no longer and they leave.

We knew this much in 1988. We said not to worry about this group. It takes care of itself. You simply have a simple income insurance—as Social Security is income insurance—and let them be.

The Manpower Demonstration Research Corp. had established with great clarity that you can train such folk, you can educate such folk. They do not need the training or the education. They just need to get their affairs together, and they do.

On the other hand, sir, three-quarters of the recipients, adults and children, who at a given point in time are on welfare are on for more than 5 years. The mean duration is 13 years. That means half below 13, half above 13. The mean is 13—12.9 it says here.

So let it be clear. You are putting at risk an enormous population, about which we know very little in terms of what works and which we have only begun to attempt to know. Three-quarters of those who are on the welfare rolls at any one time are going to be there for more than 5 years, and half will be there more than 13 years. That is why this is a social crisis which we had best get hold of or who would want to be sure of the future of this society. And that is why, sir, in this Senator's view, and in the view of the whole Senate, not 7 years ago there was a national response.

The fact is that, as I said, divorce is one source of dependency and separation another. These are the people up here in the first two lines. But there is a much greater cause, and that is nonmarital births. In the State of the Union Message of January 25, 1994, President Clinton included this passage:

> We cannot renew our country when within a decade more than half of our children will be born into families where there is no marriage.

I repeat:

> We cannot renew our country when within a decade more than half of our children will be born into families where there is no marriage.

To my knowledge, no President in our history has raised this issue in a State of the Union Address, nor very possibly in any address. On the following June 14 in Kansas City, the President unveiled a new welfare reform proposal and his address contained this passage.

We also have to face the fact that we have a big welfare problem because the rate of children born out of wedlock where there was not a marriage is going up dramatically. The rate of illegitimacy has literally tripled since this Senator first called it to our attention 30 years ago. At the rate we are going, unless we reverse it, within 10 years more than half our children will be born in homes where there never has been a marriage.

Unless we reverse it, within 10 years more than half our children will be born in homes where there has never been a marriage.

These things happen, Mr. President, in a sometimes sort of random way. In 1993, I happened to see the nonmarital birth ratio for 1991 and said, ''You know, that looks like a straight line going back to 1970 or so.'' And we took it and we plotted the actual ratio. And then we saw what would be the correlation with a straight line, and as I said on ''Face the Nation'' yesterday morning, anyone watching this, if you have a daughter or a son in high school, they will explain correlations to you. Otherwise, you have to take it on faith. Senator WELLSTONE can handle it, I am sure.

The correlation is 0.99. That means it is almost a straight line. The perfect correlation is 1.00. Well 0.99 does not happen in statistics. You reel back. And then you say, ''Do it again; that cannot be.'' But there it is. And the slope is 0.86, which is almost 1 percent a year. We figure now we are almost at

one-third. But we figure—I say we figure because no one else figures, Mr. President, not the Census Bureau or the National Center for Health Statistics.

None of them does this. They have avoided this. And this is where we have gone. That is what avoidance will do for you. The President was citing that 50 percent ratio in a State of the Union Message. He got it in a conversation from me. In the main, Presidents have better sources of data. But that is how we have avoided this issue.

Let me show you something that ought to chill us all. What you are seeing here, sir, is that part of an exponential curve, when it begins to take off, is like a jet plane. Here we go back to 1940. In 1940, we had a ratio—here again we fit a curve, and we have come up with something almost as remarkable as our straight line. I said that correlation was 0.99. This correlation is 0.98. Again, things like that do not happen in statistics. But with this correlation, a slope of just about 0.5 percent per year. You start out a ratio of 4 percent, and like any of these curves you get very slow impact, but then it accumulates. Keynes referred to ''the magic of compound interest.'' You did not have much. Nothing seemed to happen. Then suddenly you are soaring.

This curve right in here, if I showed you a straight line, that is when you start going steadily upward. If you followed this curve you would, in fact, be at 50 percent in the year 2003. Now, that makes me uneasy. It probably would make you, Mr. President, uneasy. But, sir, we are going to be at 40 percent within a decade. We are at 33 percent now.

I will put it this way. If, in 1970, when we had a ratio of 10 percent, someone had come along and said that by 1990, they thought it would be 30 percent, people would have said, ''You are loony. Are you crazy?'' No. Well, we did. And the thought that we will go further and reach 50 percent—I do not want to say 50 percent. I just do not think that is possible. I think something awful will happen in the country before we do. But we will get to 40 percent. We are not that far now. If we go on at the rate we have gone the last 10 years, we will be at 44 percent by the year 2000. It is as simple as that.

I want to acknowledge this work was done by Jack Fowle, a scientist who was on leave from the Environmental Protection Agency. He did this with a great deal of clarity and consistency, as you can see.

Mr. President, we have had this recent increase in the caseloads. In July 1993, the Congressional Budget Office issued a staff memorandum entitled ''Forecasting AFDC Caseloads With an Emphasis on Economic Factors.'' What they found in brief is that the increase that followed from 1989 to the third quarter of 1992 is basically due to the increase in single-parent families. About two-thirds is that, and the remainder is economic. And the economy has an effect. We begin to see that. It particularly has an effect where you would expect, with AFDC-UP, which is aid for two-parent families which began in the 1960's. CBO found that 70 percent of the increase in the two-parent family caseload during the period is explained by the economic downturn.

That is exactly what you would predict. And it is somewhat reassuring. But the caseload of regular AFDC families responds to the change in family structure, and little else.

Now, sir, what did happen even as the caseload was going up? I want to say that in this Senator's view, what happened was exactly what we hoped would happen. The States were told to experiment. The States were told to innovate. The States were encouraged to think up things on their own. And they did. There is a basic fact which is that Aid to Families With Dependent Children, welfare, is not an entitlement to individuals. We have allowed it to be seen as such. A lot of waivers and regulations accumulated at the Federal level, and people thought it could be such. But it is not.

AFDC is an entitlement of States to have the Federal Government match funds States spend on this population. The matching rate varies, but if Wisconsin spends $1, the Federal Government will give $1, and $2 will be spent on the program. But States do not have to have AFDC. As a matter of fact, Wisconsin, at the end of 1997, will not have AFDC at all. Or a State may have AFDC, and what you pay individuals is $1 a month, $1 a day, $100 a month. It is a State option entirely. The notion that it is an entitlement of individuals gets us off into discussions which I do not think are very helpful.

Let me see if I cannot just talk a little bit about the kinds of waivers that the States have requested and have been granted by the Federal Government. The President, I think very properly, makes the point that he has been saying yes. President Bush said yes. There are various Secretaries that are very encouraging. Look at this. Thirty-three States have asked for waivers that increase the earnings disregard. That means you say to a mother, ''The first $30 a month you earn, you do not lose any welfare benefits,'' or the first $50. This is encouraging people to get to work. For if you earn $1 and you lose 50 cents, that does not encourage work, obviously.

To me, a very important thing is that 31 States have asked for an increase in asset accumulation. This is a subject which is painful but necessary. One of the conditions we placed—and it is a Federal condition—one of the conditions we placed upon receipt of AFDC benefits, Federal moneys, in 1935 was that the child be a pauper—not a pleasant word, very much not a pleasant reality. The families can have $1,000 in assets, plus a car worth not more than $1,500. And there are places in the country where you cannot work without a car.

A worker who was laid off when a plant closes is not suddenly a pauper. I mean, there is a good car around. The house is around. There are some savings, some pension—not always, but normally. The welfare department is under these rules. I have a mother in one State that will come to mind—I think she was found to have secreted some $9,000 away in a bank account to help her daughter go to college in Connecticut.

They discovered it. They confiscated the money, and I do not suppose they sent the mother to jail. You cannot save. If you save, you are breaking the rules.

Another 29 States have asked to ease up on eligibility for unemployed parents [UP].

Time requirement. JOBS participation. Deny aid for failure to attend school—some 24 States have been allowed to say, ''If your kid is not in school, you lose something.''

Family cap: 16 States have applied, 11 States have been given the waiver, so that if you have an additional child while on welfare, you receive no additional benefit.

Further down the list we have: Deny aid for child support noncooperation, and teen parent residency requirement. Seven States have applied to do what I think we are going to do this week, which is to say that teenage children must stay with their parents.

Senator CONRAD has a proposal for maternity homes. Senator PACKWOOD has a provision which provides second-chance homes, if you like, for very young women with children who do not themselves have a home that is a promising place to raise a child. I think this is a point we have reached agreement on. There was disagreement for a while, but now we are reaching agreement.

All this innovation and experimentation at the State level which is being carried out under current law is finally starting to show results. Six weeks ago, we received the first numbers from the national evaluation of the Family Support Act being conducted by the Manpower Demonstration Research Corp. Of those placed in a program emphasizing rapid job entry, the number of cases dropped by 11 percentage points, employment rose 8 percentage points and expenditures dropped 22 percentage points.

If you recall, Mr. President, in 1988—1987 when we introduced the bill—we based our bill on the findings of the Manpower Demonstration Research Corp. based in New York, a very professional group trying to estimate what worked, what did not. Mostly nothing worked. Hence, this statement. They said the results they are finding from the Family Support Act programs ''exceeds the savings achieved by experimentally evaluated programs of the last 15 years.''

They have never before seen such results. Spectacular results? No. We did not tell anybody to expect anything

spectacular in the face of this demographic change. But real? Yes.

Moreover, of the two large States whose programs have been evaluated rigorously, California and Florida, earnings are up and caseloads down. In Riverside, CA, there was a 26-percent increase in the share of AFDC recipients working, a 49-percent increase in average earnings, a 15-percent decline in welfare outlays, all of which helped the program return to taxpayers almost $3 for every $1 spent.

Recently, Prof. Lawrence Mead of New York University, now visiting professor at Princeton's Woodrow Wilson Center, who has been a conservative critic of the welfare system, certainly, looked at the growth in the AFDC caseload between 1989 and 1993, the period during which the JOBS Program began to come into play.

He concluded that for every 1 percent of the caseload enrolled in JOBS, caseload growth was 1 percent lower, even when total caseloads were going up. For every percentage point that JOBS participation grew during this period, caseload growth was three-quarters of a point less. Not spectacular, but real and in the right direction, in the directions you had hoped for.

Again to say, States can do what they want in the system. They ask for a waiver, they get it. Just 2 months ago, George Allen, Republican Governor of Virginia, announced such an effort. He called it ''the most sweeping and I think the most compassionate welfare plan anywhere in the Nation.'' It is 2 years and you are out, and President Clinton approved the waiver and said he approved of the program.

In any event, AFDC rolls are now coming down. Over the last year, caseloads have declined by 240,000 cases or 4.7 percent. It breaks out to 4.4 percent for the single-parent families and 9.4 percent in the two-parent families. You see that drop, Mr. President. I will say the old adage, if you turn the rudder on the battleship, it is a long while before you see the bow turn. I cannot prove it, but I do think we have seen this program taking hold.

Now, something we did not know, and we may have stumbled on new information—when we look at the numbers by State, where have these declines taken place? It is very important. It is a pretty rash person who suggests he has learned anything about welfare, but we may have done it.

In this period of decline, May 1994 to 1995, the decline for AFDC–R—which is what we call regular—in California and New York was zero. AFDC–UP was up a little bit. Not important. The two big States with a quarter of the caseload had no effect. There were good programs in Riverside, things like that, but nothing changed.

You go to a group of middle-sized States—Texas, Florida, Pennsylvania, Illinois, and Ohio—AFDC down 6 percent; AFDC–UP, down 20 percent. We are not used to numbers like that. Mr. President, I have been with this 30 years, you do not see numbers like this.

Then you go further down to the many States that have small caseloads—anyway, small numbers. They are down 9 percent for AFDC and 19 percent for the AFDC–UP Program. The real problem here is the regular caseload, as AFDC–UP is, again, a form of unemployment insurance. This is what matters: Zero in the big States, 6 percent in the mid-sized, 9 percent in the small States.

My friend, Dr. Paul Offner, who is with me on the floor today, was head commissioner of welfare in Ohio and who will shortly be the head of the health care financing agency for the District of Columbia, would say you go out to the small towns or cities in Ohio and you would go to the welfare offices and a kind of culture had developed. Yes, they knew who their clients were, the recipients and they knew what you might be able to do and they were doing it and feeling pretty good about themselves.

In New York City, about 23 years ago, the very able and distinguished head of the human resources administration with a million persons on welfare and a quarter million in her employ, put on a wig and an old coat, went around to four welfare offices and said she was applying for welfare and they handed her papers to fill out. She was their commissioner. They never once suggested that she might be interested in taking a job.

The contrast between welfare programs in big cities and elsewhere is something worth keeping a hold of. Last spring, as my friend, the distinguished chairman recalls, the Committee on Finance had a retreat down in Maryland in which we talked about welfare, among other things, and we discussed this question of whether teenage mothers with children should be required to live at home, or should receive welfare benefits at all. There is a movement to stop their benefits, and groups like Catholic Charities say do not do that, that is God's child, too.

One of our Members, a Senator from a Midwestern State, was back home and he was interested in this, so he called the State officials involved and he said, how many such cases do we have in our State? Let him identify it if he chooses. Cases of teenage mothers with children, living on their own? He said, yes, that is what I mean. Well, there is Mary Ann, she lives down there. And there is Sue Mary, and there is Alice, and then there is Florence. The last two just moved in from, like I say, West Virginia. They had four, and they knew them by name. In that State they have four.

The population on welfare in New York City is almost as large as the entire population of one of those States. So you have a problem of scale which I do think we begin to see. I make the point, Mr. President, that we know so little. There has been so little inquiry.

Here I would like to make a final point on nonmarital births. Senator GRAMM, my friend with whom I was debating this matter yesterday, along with a number of other Senators, notably Senator FAIRCLOTH of North Carolina, has raised the issue of the connection between the present welfare system and the extraordinary rise of nonmarital births over the last generation. I said to him yesterday privately that this certainly was an issue. I said it then and I will say it again—the most important thing to know about this subject is how little we know about it. Candid officials within the administration will grant that for much of the 1960's and 1970's and into the 1980's, the subject was taboo. Forces from the traditional left and traditional right, if such terms are meaningful in this context, simply did not want the matter raised.

A mode of denial was obviously in place. In this regard, Mr. President, may I say that the one honorable exception is the annual report entitled ''Kids Count Data Book,'' published by the Annie E. Casey Foundation. It puts the annual laments of the other advocacy groups to shame. The Annie E. Casey Foundation comes out and tells you what they found about this central fact of being a child in the United States. The work is called ''The Kids Count Data Book.'' It is the first time we have had an advocacy group that could speak up and deal with the reality of the problem of single parenthood.

However, if the argument that higher levels in welfare produce higher levels of illegitimacy cannot be proved, neither can it be disproved. Thus, the State of Texas ranks 50 in combined AFDC food stamp payments to welfare families, as of July of last year. At the same time, it has an overall illegitimacy ratio of 17.5 percent, which is half the national average. States with high benefit levels have twice that ratio.

For example, California had 34.3 percent, and New York had 34.8 percent. It would not be fair to say that the burden of proof is on California and New York to demonstrate that higher levels of welfare produce higher levels of illegitimacy. You cannot prove it but you cannot dismiss it.

On the other hand, if Texas, with its low level of welfare support has a low illegitimacy ratio, Mississippi, with equally low payment levels, has the highest illegitimacy ratio. I will read some more.

The lowest ratio, as you might suppose, is Utah, at 15 percent, which is four times the 1940 ratio, but 15 percent. Texas was 17.5; Idaho, 18.3. But now we get to South Carolina, 35.5; Arizona, 36.2; New Mexico, 39.5; Louisiana, 40.2; Mississippi, 42.9.

Mr. President, we have not got a purchase on this issue yet. We know that there is great variation and when there is variation, there are explanations. Some would say it is the weather. Well,

we can check that out. Longitude, altitude, Mormons. But you can begin to find out about these things. Unemployment was a mystery, a baffling mystery until we began to break it down to aggregate, correlate and learn.

I hope that we do that. I make the point, Mr. President, that we are beginning to see the effects of the Family Support Act of 1988. That is why I have sponsored the Family Support Act of 1995. The matter that I have proposed is a serious effort to continue and build on the base that we have now established. I hope that the Senate might understand the enormous value of continuing a bipartisan program, involving various levels of government, national and State, which is in place and appears to be working.

Remember, we did not promise a rose garden. We did not say it would be easy. I think we can find in our descriptions in the debate warnings that it will be worse before it is better. But it begins to seem like it may be taking hold. That is by far the most promising thing I have seen with this subject in 30 years.

I repeat one point. Examining the specific programs, Riverside, CA, and others, 6 weeks ago, the Manpower Demonstration Research Corp. said they are seeing the strongest results they have seen in 15 years. We seem to be getting the hang of working with the problem. We seem to have defined it reasonably well.

I hope we do not give this up, Mr. President. It would be a prelude to bitter political division and, far more importantly in my view, to a bitter experience for millions of dependent children throughout our country.

Mr. President, I am not through with the remarks I had intended to make this morning, but the morning has come and gone. I see the Senator from Texas is on the floor. He has been very patient. He is even smiling. Senator WELLSTONE was up earlier regarding questions on the opening statement.

Given this attractive choice on either side of the aisle, it might be prudent for me to yield the floor, unless the Senator wished to address a question.

Mr. WELLSTONE. Mr. President, I would like to ask a few questions of the Senator from New York, if I could.

Mr. MOYNIHAN. Please.

Mr. WELLSTONE. First of all, Mr. President, I wanted to ask my colleague from New York, in talking about the whole question of birth out of wedlock, is it not true that roughly speaking 80 percent of welfare families, AFDC families have two or fewer children?

Mr. MOYNIHAN. Yes, sir, I believe the number of children—Mr. President, you have to forgive statistics—it is unlikely, but the number of children is 1.9 children. Actually one, two, or three children averaging out to 1.9.

These are not large families.

Mr. WELLSTONE. Mr. President, let me just go on and let me get a response from my colleague from New York.

As I understand the premise that Senator PACKWOOD is proposing—and Senator GRAMM probably has, I argue, a more extreme version—there are two premises here.

One argument is that in most cases it is single parents, women, who do not want to work. That is the first argument. The second argument is welfare causes women to have more babies. It seems to me that is the case, if I had to get to the essence of it, unless you just sort of hate welfare mothers, and I doubt that is what is going on here.

Could I ask my colleague to just very briefly respond to each of these arguments. Let me take the first one. Franklin Delano Roosevelt in 1935 said, ''I hope to be able to substitute work for relief altogether.'' He talked about the importance of work. Then we went to the family assistance program. In 1970, we had the WIN Program by President Ford. We had the Better Jobs and Income Program by President Carter. We have had any number of different programs. We had the Senator's important program in 1988.

I am trying to be empirical about this. Let me take the first argument. Does the Senator believe that, as a matter of fact, welfare prevents women from working? Is it not true that roughly speaking, 70 percent plus of AFDC members go to work within a 2-year period? The problem is that many then come back to welfare because they cannot afford child care. The job does not pay enough to support a family.

Is it true that welfare is the reason that women do not work?

Mr. MOYNIHAN. We certainly have never demonstrated that in any serious way.

Sandy Jencks, at Northwestern University, has done some case histories which argue that welfare is a mode of optimizing income when you both work and get welfare.

I give you my view, which is that this is all falling from nonmarital births to young people.

As we say, about half the people coming on welfare are on for less than 2 years. They are mature people whose marriages are in trouble one way or another. They do not need your advice or help. What a steelworker needs is a monthly check. And then they go away. It is income insurance.

The other group is more problematic. I said three-quarters of the children will be on for more than 5 years—not consecutively but intermittently. The median now, the mean duration is 13 years. Imagine that.

We cannot demonstrate—and one of the reasons we cannot demonstrate, surely, we have not tried to find out. Most of the data I have been presenting here will be found from Manpower, from the Urban Institute, or places like that.

I would not in any way dispute what I believe to be what you imply, that there is no evidence that people are on welfare because they do not wish to work, no.

Mr. WELLSTONE. If I could ask another question, is there any evidence of higher payments—understanding that there is not one State in the country that provides an AFDC benefit up to what we define as poverty, am I correct?

Mr. MOYNIHAN. The Senator is correct.

Mr. WELLSTONE. Understanding that point, is there any evidence that higher payments—that is, any correlation, much less causation, between higher payments and larger welfare families, women having children?

Mr. MOYNIHAN. No, none, zero.

Higher payments are not hard to explain. States with higher per capita income have higher per capita benefits. They just have higher everything, including higher cost of living.

If you adjust for cost of living, New York State has the sixth highest poverty rate in the Nation, but you would not know it from our numbers of dollars.

Mr. WELLSTONE. Just looking at this comparatively for a moment, in other countries that have more generous, if you will, more broadly defined welfare payments, do we see more children born out of wedlock in those countries?

Mr. MOYNIHAN. Sir, I will ask you to let me evade that question because I simply do not know. You can see the ratio of nonmarital births as being much higher in those Nordic countries which have high benefits, but I make this point, that in 1960—the Senator is very generous with his time, but I ask him to hear me—in 1960, in the United Kingdom, the illegitimacy ratio was 5 percent; by 1992, it was 31 percent. In Canada, in 1960, it was 4 percent; in 1992, it was 27 percent. In France, in 1960, it was 6 percent; in 1992 it was 33 percent. So you go from 6, 5, 5, 4, to 33, 31, 30, 27. You see the same change.

If I were to speculate, I would say in France, which began big programs of child support in the late 19th century—they thought they were dying out and they would have no soldiers to fight Germans, Prussians, literally—there was a pronatalist policy. It made it very suspect in Protestant circles in the United States, but the payments to familles nombreuses, the ordinary child allowance—the more children you have, the more you get—they had that in place in 1960 enhanced from 1930.

But they, even so, went from 6 percent to 33 percent.

I do not know how much of this is simply the absence of marriage, formal marriage, in what are nonetheless stable relationships. I do not know. I wish you could go and write a book and tell me.

I can say the Netherlands went from 1 percent to 12—that is 12 times. And the Netherlands had very generous benefits in 1960.

Italy, however went from 2 to 7—not high. Switzerland, 4 to 6.

We were entertaining the hypothesis that the critical variable might be distance from the Vatican. But then we

noticed Japan. Japan was 1 percent in 1960 and 1 percent today.

That was a joke.

The PRESIDING OFFICER (Mr. FRIST). Does the Senator yield? Is the Senator yielding the floor?

Mr. MOYNIHAN. The Senator yields the floor. May I say I understand we will alternate speakers. I hope Senator WELLSTONE might be the next speaker on our side.

The PRESIDING OFFICER. That is the Chair's understanding.

The Senator from Texas.

Mr. GRAMM. Mr. President, let me begin by saying I always find it informative to listen to our distinguished colleague from New York. Nobody in this country, in the last quarter of a century, has had more reasonable things to say about this subject than he has. I feel very strongly about this issue, and I know that he feels just as strongly as I do. And, while we have very great differences on this issue, even among Republicans, I think everybody should know that in my mind, and I think in the mind of any reasonable person, everybody who is debating this issue is sincere. Everybody understands what profound consequences await the Nation in this area. In fact, yesterday, as the distinguished Senator from New York and I discussed this issue, the one thing we agreed on was that a continuation of the current trend means a profound change in our country and the loss of the America we know.

I think, as we start this debate, it is important to begin it with this fact in mind. The Senator from New York and I are far apart as to what the remedies are in dealing with this problem, but we are in total agreement that a failure to deal with this problem means the end of America as we know it. It is from this premise that I want to start the debate today.

In the last 30 years, if you take all the means-tested programs in America—that is programs where money is allocated, directly or indirectly, or is spent on behalf of people who are poor—if you take all those programs and add them up, you find that over the last 30 years, in fighting this war on poverty, as Lyndon Johnson deemed it to be in 1965, the American taxpayer has spent $5.4 trillion on programs aimed at helping poor people.

Mr. President, nobody here, I believe, really knows what $1 trillion, or even $1 billion, is. I have a constituent from Dallas named Ross Perot who knows what $1 billion is. But I readily admit that I have a hard time fathoming what it means. But let me take a couple of cracks at what it means and why it is a very big number.

No. 1, the newest estimate by the Heritage Foundation of the value of every building or plant in America, the whole physical capital of the United States of America, the greatest economy in the history of the world—if you add up the value of every building and improvement, every factory and all the tools of all the workers in America, it is roughly $5 trillion in value. So, one measure of the commitment of the American taxpayer to fight and win the war on poverty, is that in the last 30 years we have spent slightly more than the total value of all the buildings, all the plants, all the equipment and all the tools of all the workers in our country. The net physical wealth of the Nation is roughly equal to what we have expended over the last 30 years in our efforts to try to help people help themselves.

A second figure which I think is equally revealing is that, if you simply look at the burden of the welfare program as it exists today—not how much we spent in the last 30 years but the amount we are spending today—and you distribute that whole burden among all the families in America that file a Federal income tax return, that burden adds up to $3,357 per family filing a Federal income tax return last year.

Most working Americans do not know what $1 billion is, but virtually every working family in America knows what $3,357 a year is, and that is what we are talking about in terms of our annual commitment, as compared to the number of families in America that filed an income tax return last year.

The point I am trying to make here is no one can say the American people have not made a legitimate effort to deal with this problem. In fact no society in history has ever made a similar effort over such an extended period of time. Never in the history of the world has a society taken more away from the people who are pulling the wagon and given more to people riding in the wagon; and, as I will argue later, in doing so has made both groups worse off.

If we look at what have been the fruits of this massive expenditure of money, I do not think anyone would find the results to be anything but disappointing. We have seen, under this program, the illegitimacy rate explode—from 5.3 percent in 1960 to almost a third today. Last year, in our big cities, about one-half of all the children born were born out of wedlock.

And nationwide, almost one out of three children born in America was born out of wedlock. And we might debate what, under the current trend, the illegitimacy rate is going to be at the end of the century. Is it going to be 40 percent? Is it going to be 50? We can debate how that will break down across various identifiable groups in America. But nobody can dispute the fact that under the current system the trend in illegitimacy is up, and no one can argue that we have seen, from this massive and unprecedented expenditure of money, tangible results in terms of people becoming less dependent, nor in terms of people breaking the cycle of poverty. That is not to say that you can spend $5.4 trillion without helping somebody. But when you look at America I think it is very, very difficult, if not impossible, to argue that after spending $5.4 trillion on welfare programs over the last 30 years that America is better off today than it was when we started. I believe.

Mr. WELLSTONE. Will the Senator yield?

Mr. GRAMM. Let me finish my statement and I would be very happy to yield.

I think that, by any definition, people are more dependent on Government today than they were in 1965. We have more people who are poor today than we had when we started. I think if you look at the quality of life in those areas where you have high concentrations of poor people, especially in our inner cities, by any definition of the quality of life, people are worse off today than they were when we started this program.

The first point that I want to make is that this is not the kind of debate—and we have many debates on the floor of the Senate that I think would qualify under this heading—where we are talking about whether to undertake an activity; where there is real debate about whether or not the problem would get better more quickly if we left it alone. This is not a marginal kind of debate. I think there is a consensus—whether you are a moderate Member of the Senate or more conservative—that this is an issue where the future of America is on the line, that our house is literally on fire. And I would argue—and I think the evidence is convincing on this argument—that what we have done in the last 30 years has not only failed to put this fire out, but rather has made it burn even brighter. The time has finally come for a dramatic change in public policy.

In a series of amendments today and for the next few days I, and others, will offer proposals that are aimed at dramatically changing the system.

Some will argue that if we can do anything that is an improvement on the current system, we ought to do it. But I would like to remind my colleagues that we have reformed welfare on numerous occasions. In 1988, we had what was touted as a dramatic change in welfare. The Senator from New York today announced that there may be a glimmer of hope that positive results are being produced and, obviously, I hope that he is correct. But again, let us look back at what the world looked like in 1988 in terms of poverty, and let us look at what it looks like today. I think that when we look at the numbers we cannot help but be discouraged.

Between 1988 and 1993, welfare spending in America has risen by roughly 50 percent. The poverty rate has risen from 13 percent of the population living in poverty in 1988 to 15.1 in 1993. So, in other words, as spending has risen by 50 percent, the percentage of the population living in poverty in America has actually gone up by almost 2 percent. During this 5-year period, from 1988 to

1993, 95,000 new bureaucrats have been added to the welfare system.

So we reformed welfare in 1988. But we clearly did not make any dramatic changes. And while the Senator from New York may see some glimmer of hope, I think his hope is very, very difficult to see in these statistics.

But the point is that these statistics represent a very small part of the cost of the failure of the American welfare system, because there is a human face behind each of these numbers—because not only have we spent record amounts of money, but we have made people more dependent and in the process we have changed behavior.

I was talking to my mother the other day about welfare, something that anyone who wants to be a leader on this issue would be well advised to do. My mother made the point that the problem today with welfare is that young people do not have the same pride that she had when she was growing up. And I argued. ''Well, mother, I am not sure that is right. I am not sure that young people are so different today than they were when you were growing up. But I will tell you one thing that I know is different; the system is different.''

I tried to explain to my mother that if we had back then, when she was young, had two little children, and was working at the mill, if we had then the kind of welfare system we have now, she would have probably taken it. And my mother argued she would not have taken it. She said that she would have starved to death before she would have taken it. I said, ''Well, mother, you would have been better off taking welfare than you would have been working. Everybody you would have known would have been taking it. There would have been no stigma involved, and people would have made fun of you for not taking it.'' To which my mother responded by saying, ''I would not have taken it, and if you ever say I would have taken it, I will go on television and denounce you.''

Maybe my mother would not have taken it. But the point is that a lot of people have. We started out with the idea of helping people. We started out to build a social safety net. But what happened somewhere along the way, during these past 30 years, the social safety net instead became a hammock. We started to change people's behavior, which is not surprising because under the current system, generally, if a welfare mother takes a job she loses her welfare. If she marries somebody who has a job, she loses her welfare. But if she has more children, she gets more welfare.

So not surprisingly in spending this massive amount of money, $5.4 trillion, we have not broken the cycle of poverty. We have not helped people produce independence. But what we clearly have done is changed the way people behave.

The other day, in debating this issue, one of my colleagues said, ''We are not going to solve this problem until we find a way to change how people behave.'' I would argue, Mr. President, that we have found the way to change how people behave. It is our current welfare system. Not only have we made people more dependent, not only have we taken away their initiative and denied them access to the American dream, but we have affected their spirit and their pride in themselves. Because, as people have turned more and more to Government to take care of them, to fix their every mistake, they have turned away from self-reliance, turned away from their family, and turned away from their faith in themselves.

How do we fix it? The Senator from New York says the plain truth is that we do not know. And I think that no one can definitively disagree with that statement. The question is, however, having traveled one road for 30 years—a road that is littered with the wreckage not only of the expenditure of $5.4 trillion but with the lives of people who were caught up in this whole crisis—is it not time for a dramatic change?

Let me try to define the debate, if I may. And I know that any time you try to define your position relative to somebody else's, almost by the very nature of the debate, you are unfair. But let me, at least as I see it, try to define where we are.

We have basically three proposals that are going to be discussed and voted on in the Senate. We have the Dole-Packwood bill, which is an effort to try to institute marginal change.

First of all, it deals with only 13 percent of means tested programs, even if you do not count Medicaid. And even within the areas where it provides block grants, for example, Aid to Families With Dependent Children, despite all the talk of removing strings, in truth the strings are still present. I will just give you an example.

According to the Dole-Packwood bill, if under the block grant of AFDC my State wants to require welfare recipients to wash windows on public buildings, but is currently paying State employees to wash these same windows, then they cannot use welfare workers because it would displace State employees.

Mr. President, clearly, when you are looking at this kind of restriction, you are looking at a focus being put on the interest of someone other than the taxpayer.

Let me run down other problems with the Dole-Packwood bill and how a group of some 24 Senators that I will be working with on this issue will try to deal with them. First of all, the Dole-Packwood bill fails to establish a real mandatory work requirement. There is clearly a consensus in the country on a mandatory work requirement, but right at the final stage of the bill's work requirement—when a decision is made whether or not to actually terminate somebody's welfare if they refuse to work—the Dole bill leaves the decision up to the States. The House, in contrast, has a real pay-for-performance provision that basically says if somebody shows up to work half time, they get half their welfare benefit; if they do not show up, they get none.

I do not believe the District of Columbia will terminate welfare benefits for people who refuse to work and I am not sure what other States will do. I do know that there are some people who say, well, let us just turn this whole thing over to the States.

I, too, want to give the States a massive expansion in independence, but there is an absolute consensus in America that able-bodied men and women riding in the welfare wagon should get out of the wagon and help the rest of us pull.

We will offer an amendment later today, or sometime this week when we have the opportunity, that would put a pay-for-performance provision in the bill. Members of the Senate can vote either for or against having a real pay-for-performance provision which will simply say that whether or not somebody gets AFDC—and our goal will be to expand this provision to food stamps and housing subsidies—depends on their willingness to work. If people refuse to work, we ought to cut off their benefits.

That is how it works in America. That is how it works in the real world, where families and businesses operate every day; if you do not show up for work, you do not get paid. So that is the first change we will institute, and it is a fundamental change. I believe that unless we are willing to have a real mandatory work requirement, not only are we not fulfilling the commitment that Republicans made in the election, I think we are not doing what has to be done in order to deal with this problem.

Let me remind my colleagues that we claimed in 1988 that we had a work requirement, but what happened was, when it finally went into effect, there was an outright exemption for 57 percent of the people receiving welfare. When you finally get down to the bottom line, less than 7 percent of the people ever complied with the work requirement. I want everybody in America who is on welfare to understand that able-bodied men and women are expected to work, and if they do not work, they are going to lose their benefits.

But the most serious problem with the bill before us is that it does not deal with illegitimacy. If there is one underlying problem in American welfare today, if there is one self-perpetuating quality to poverty, it is the explosion of the illegitimacy rate. This is not an easy problem to deal with, and the proposal that I and others will make is not a proposal that is easy to accept. What we are going to propose is that we stop giving people more and more money to have more and more children while on welfare.

A discussion occurred earlier in which someone pointed out that Western Europe has the same illegitimacy problems we have. I would argue that it largely has the same welfare program we have. We have tried for 30 years with a system that provides monetary reward for having more and more children on welfare. I believe the time has come to terminate that monetary reward. I think the time has come to say to people on welfare that we are not going to give you more and more money to have more and more children while on welfare.

This is a tough decision to make, but I believe that without this change, we are not going to fundamentally change the poverty problem in America. I am very proud of the fact that the House made the change, and they made it in two important ways. No. 1, they stopped giving direct cash payment to children who have children. The House bill ends the absurd system which allows a 16-year-old to escape her mother and her family by simply having a child; at which point she qualifies for AFDC, food stamps, and housing subsidies, and can immediately qualify for enough benefits to leave her family. I believe that the current policy basically represents a national policy of suicide. It is one that has to be changed.

We will offer two amendments. One will deal with teenage mothers, and the other will deal with a provision whereby we will deny additional cash payments to people on welfare who have more and more children.

We have had on occasion debate about how many children people on AFDC have, but I think the facts are pretty clear. First, people on AFDC have children at a younger age than do people in the population as a whole. And on average, if you look at the age groups roughly through age 34, the fertility rate among people who are receiving a financial reward for having children is about 25 percent higher than those who are not.

How outrageous is our current policy where we have working families—families that are saving money and delaying having children they want—paying taxes to encourage and even reward other people to have more children while on welfare.

I think clearly this policy has to be changed. The House bill has a bonus for those States that reduce the illegitimacy rate through their programs. It also has a provision—and we will add and strengthen that provision—to see that nothing we do encourages States to promote abortion in order to try to qualify for these bonuses. But I believe, and many people in America believe, that the solution to the poverty problem lies in trying to deal with illegitimacy.

I also believe we need to promote marriage. I believe there are only two things that can prevent or eliminate poverty: work and family. No great civilization has ever risen that was not built on strong families. No great civilization has ever survived the destruction of its families, and I am fearful that America will not be the first.

We need some clear incentives for the formation of strong families. I would like to eliminate the marriage penalty for moderate- and low-income families. Under the current system, if two working people fall in love and get married, they pay a higher tax rate than they would pay if they had stayed single. Clearly that cannot be good public policy. I want, as we promised in the Contract With America, to have a tax credit for families that adopt children, something we desperately want to promote. I would like to have favorable tax treatment for families that take care of parents in their own home.

We are trying to figure out now how to deal with these issues in a bill that is not a revenue bill from the House. And that is something that we are working on. But I think it is fundamentally important that in the last 30 years we have tried everything to deal with welfare except work and family. And I think if we are going to solve this problem, we are going to have to make that change.

I believe that the paternity provision in the Dole bill is a weak provision. It basically requires the unwed mother to cooperate in trying to identify the father, whereas the House language is very, very strong so that except in very extreme circumstances, if the mother does not identify the father, she does not get the benefits. I believe that is a change that has got to be made.

Probably the first amendment that we will offer will have to do with people coming to America to get welfare. I think most Americans are shocked to find that someone can come to America today and qualify for welfare tomorrow. I think we have room in America for people who want to come and work. I am not in favor of tearing down the Statue of Liberty. New Americans are often the best Americans. They bring new vision and new energy. And we have got room in America for people who want to come and work. But people ought to come to America with their sleeves rolled up, not with their hand out. We do not have room in America for people who want to come in here and live off the fruits of someone else's labor.

I want to make it clear that our amendment is going to be prospective. So what we are going to say is, as of the adoption date of this bill, from that day forward, anybody who comes to America comes here understanding that they cannot immediately qualify for welfare. Now, if they come here, and are productive members of society, and if in 5 years they meet the citizenship requirement, once they become citizens, obviously, under the Constitution they have the same rights as anybody else. And that is how it should be. But I do not believe that we ought to continue to provide incentives for people to come to America to look for welfare.

I want to see us block grant more programs. I think it is important that we vote on block grants for food stamps. I would also like to vote on block grants for housing subsidies. I would like to see us give the entire welfare program back to the States and set the States free to come up with a tailored program that will fit their individual needs.

A final major point in the bill which I think just defies logic is that, while we eliminate AFDC as a Federal program and give the money back to the States, the bill will eliminate only 30 percent of the AFDC positions in the Federal bureaucracy. In other words, in AFDC and in those training programs that will be block granted under the Dole bill, 70 percent of the Federal bureaucrats that are currently working for those programs which we are going to be eliminated at the Federal level will stay on the Federal payroll.

I believe that we need to eliminate those Federal bureaucracies when we eliminate the programs. I mean, is the only thing in life that is immortal a Government job or a Government position? It seems to me that it is impossible to justify keeping 70 percent of the bureaucrats that are running a program in place when we are going to eliminate the program.

Now, we are working, we hope, to negotiate a compromise where you might keep 10 percent of the people to help monitor the program. I would prefer to do that through a contract with some private accounting firm. But there is no way that I can be supportive of a bill in which we eliminate a program but we keep 70 percent of the people who were running it.

In short, the Dole bill does not live up to the commitments that Republicans made in the election. It will not solve the problem. It does not have a binding, mandatory work requirement. It does not deal with illegitimacy, and it continues to provide the resources to give people more and more money to have more and more children while on welfare. It continues to invite people to come to America, not with their sleeves rolled up but with their hand out in order to get welfare. And for even the programs it eliminates, it keeps 70 percent of the Federal bureaucrats in place with no other job, it seems to me, other than to interfere with the State's ability to truly reform the program.

The choice we must make, is to dramatically strengthen the Dole bill. With all due respect to my Democratic colleagues—and I have no doubt as to the sincerity of their position—when you get down to the bottom line, their position is basically that we can still make this thing work, that after spending $5.4 trillion if we could just spend more money, if we could just start a new entitlement we can fix the current system. They are going to propose, it is my understanding, that we

start a brandnew entitlement to give child care to welfare recipients. This will be a massive and expensive entitlement. But basically their argument is—not that they are going to make it, but when you get down to the bottom line—is that what is lacking in the welfare system is a greater commitment, that if we simply had more benefits, if we simply had more money, that we could make this whole thing work. I believe the American people passed that view 15 or 20 miles back down the road.

The tragedy, it seems to me, in this debate in the Senate is that the American people are far beyond us in terms of the proposals that they are ready to accept. The American people are ready to dramatically change welfare. The American people understand that our house is on fire, and they are willing to put the fire out. They are willing to make dramatic change.

I have no doubt that if the amendments that I and others will offer could be voted on by the American people, if you took the three bills that in essence we are going to be debating in amendment form, and you reduced them down to an agreed-upon, two-sheet summary of each, and put them on every kitchen table in America, I do not have any doubt about the fact that 80 or 90 percent of the people in America who do the work, pay the taxes and pull the wagon would be in favor of the changes that will be proposed by those of us who believe that the Dole bill is not strong enough.

This is not an issue where cutting a deal in Washington, DC, is going to solve our problems. We need, on this issue, to stand up and fight for a change because the future of America is on the line and we are going to lose our country as we know it if we do not make the necessary changes.

Finally, there are a lot of people who have worked in trying to put together an alternative that reflects the will of the American people. But there are two people that I want to talk about before closing. One is JOHN ASHCROFT, our new colleague from Missouri, a former Governor, who understands the functioning of welfare in the States, who probably has as much practical experience as any Member in the Senate with welfare, who certainly has administered a major welfare program more recently than any other Member of the Senate.

I think his contributions, in terms of wanting to change the system where we have the Treasury allocate the funds to the States and where the Federal Government gets out of the way and where we eliminate the Federal bureaucracy, are vitally important. I intend to follow his leadership on this issue, and I am very hopeful that the amendments he will offer will be adopted.

Finally, our relatively new colleague, LAUCH FAIRCLOTH, has probably been more courageous on this issue than anybody else. It is often easy in party meetings, regardless of which party, when people are trying to talk about supporting a bill to simply nod and hold your tongue.

I think the willingness of LAUCH FAIRCLOTH to stand up and say no, especially on this issue of illegitimacy, has been vitally important. I think it has awakened conservative Republicans to the fact that this is something that is worth fighting for.

I think if we pass a good bill, and I am hopeful we will, and when the dust settles—and I do not know when that is going to be—when we finally enact a bill, that we will have strengthened the bill's provisions on illegitimacy, we will have strengthened its provisions on work, and we will have strengthened its provisions in terms of denying benefits to people who come to America and get welfare. I think in the end, probably none of our colleagues will be due more credit for making that happen than LAUCH FAIRCLOTH.

So we will have a series of amendments. I am hopeful we reduce the number, though I have to confess, as of right now, we have about a dozen. Some of them will be very controversial, such as the illegitimacy reduction amendments. Some of them, I hope, will be accepted. I think we will see a split. Members on both sides of the aisle will vote for and against some of these amendments, but I think we have an opportunity to make history. I think we have an opportunity to write a welfare reform bill that will live up to its name. What we really ought to be debating is not simply reforming welfare but replacing it. I think the amendments that we will be offering represent a major step in that direction.

I want to thank my colleagues who have worked on this effort, and I yield the floor.

Mr. WELLSTONE addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. WELLSTONE. Thank you, Mr. President. I have tried this morning to engage my colleagues and put some questions to them, and I know later on we will have time for debate. They wanted to get through with their statements. So I am going to do the same thing. I think that is unfortunate because, frankly, I think rather than a series of speeches we ought to have a real debate about this.

Mr. President, as I was listening to my colleague from Texas, I heard a lot of apples and oranges, kind of mixed up together. I heard $5.4 trillion, and then I heard a lot about the AFDC Program. One would think we have spent $5.4 trillion since 1965 on Aid to Families With Dependent Children. Hardly the case.

In another point in time, because I am not going to yield my time, I want to put questions to my colleague later on—we will have time for debate—I simply have to say, it will be very interesting to find out what has been lumped together in this $5.4 trillion. I am sure it is financial aid for students and all sorts of different programs that are means tested. Let us not confuse the issue and spend 90 percent of our time on the floor bashing away at AFDC, welfare mothers and their children, and then every once in a while talk about $5.4 trillion, because I am afraid people who are listening to this debate will get the impression that that is what we have spent on the AFDC Program. That is hardly the case.

Mr. GRAMM. Will the Senator yield?

Mr. WELLSTONE. I will not yield for a question now. I tried to get colleagues to yield for a question all morning. I intend now to lay out what I think is a different perspective.

One would think from listening to some of my colleagues that we have seen an explosion in the number of children born out of wedlock within welfare families. That is not the case. As a matter of fact, we see smaller families. We see, over the last several decades, the typical welfare family is a smaller family. The average size now is less than two children: One mother, two children. One would think from listening to my colleagues that what we have is an explosion in the number of children in welfare families. That is not the case—that is not the case.

Mr. President, one would think that the reason for that is that we have seen a dramatic increase in welfare benefits, although the AFDC benefits have been cut in real dollar terms. I heard my colleague from Oregon earlier on—I wanted to put a question to him—talking about increase of benefits. But the AFDC benefit, in real dollar terms, has gone down about 40 percent or so since 1970.

But we only know, I say to my colleague from New York, we only know what we want to know and sometimes we leave out inconvenient facts. Mr. President, one would think, listening to my colleagues, that the reason for the $4 trillion-plus of debt, the reason for the budget deficits, the reason for the crime, the reason for the unemployment, the reason for difficult lives for all too many children in this country is the AFDC Program. This is just preposterous scapegoating. That is what this is all about. Scapegoating: Drive the cheaters off the rolls and the slackers back to work, and we can eliminate the total debt of the country and eliminate all the budget deficits.

Mr. President, who are we talking about? Let me just say at the beginning, when I listened to my colleague from Texas—and I am sorry to speak with some indignation, I will try to keep it to quiet indignation—speaking about the American people and what they are for, the American people do not want us to be reckless with the lives of children. The American people do not want us to be reckless with the lives of children. And, Mr. President, there is a big difference between reform and reformatory.

Let me tell you what reform is. The Senator from New York has been prophetic on this issue forever. I am almost embarrassed to be speaking while he is out on the floor, because I have so much respect for his work over the years. But at the very minimum, if we are going to be talking about welfare reform, we have to be talking about several things. The Senator's bill in 1988 talked about that. There is nothing new here. The Senator talked about the need to have education, talked about the need for job training and to focus on jobs and, as I remember, it had a transition period of time where you did not get cut off from Medicaid.

That is what it is all about. When we are talking about welfare recipients, the 15 million recipients including 5 million families, and we are talking about driving the slackers back to work and cheaters off the roll, 9 million are children under the age of 18, and the rest are overwhelmingly single parents.

Interestingly enough, and I will get to this later on in my comments when we talk about the States and leaving it up to the States, actually all too few States have been willing to have the AFDC–UP Program. Too few States have been willing to have that, if we want to talk about what quite often encourages the breakup of families.

But, Mr. President, I have to say to you today that there is a tremendous amount of scapegoating that is going on here. If you want to have welfare reform as opposed to reformatory, No. 1, what Minnesotans will say is, ''Look, we think it's important, work is important, to be able to have a decent job is dignity.'' That is what all of us desire.

By the way, I might be one of the few Senators who spent 20 years, or thereabout, organizing with welfare mothers. I might know this community better than some people here. Maybe I do not. Maybe that means I do not have any objectivity.

But on the other hand, at least I do not perpetuate a lot of stereotypes. At least I have some examples that I can give based upon some personal experience. Most welfare mothers that I know want nothing more than to get out from under the thumb of the welfare department and work.

My colleague from New York wrote in his book, ''The Politics of the Guaranteed Income.'' To be poor in America is one thing, but to be poor and dependent is all too often to be despised. There is a tremendous amount of stigma. We all want to work.

Mr. President, it is very difficult to work. If you want to have real welfare reform and not reformatory, No. 1, there has to be affordable child care. What are you going to do?

What are you going to do if you have small children and you are going to work? Is there going to be a way you can afford child care? By the way, Mr. President, that is not just an issue for welfare mothers. It is also an issue for many working families in this country. In this Congress, we have cut investment in child care. So at the same time that we say what we need in America is more workfare and less welfare—I say to my colleague that we have heard that for a long time—we are cutting money and we are retreating from an investment in resources in child care.

What are we saying? I thought we valued family. I thought we valued children. We are saying to welfare mothers, you take a job, and if you do not take a job, you are cut off from assistance. But if that mother cannot afford child care, if she loses her Medicaid coverage and the job she gets is $5 an hour, or thereabouts—which is exactly the job opportunity structure that many welfare mothers face—she is worse off.

I say to my colleagues, where in their alleged reform proposal is there any funding for child care? There is no increase in funding for child care. In fact, we are cutting child care assistance. So if we are going to speak for the majority of people in the United States, let us make a distinction on the floor of the Senate right now. People want to see reform, yes. People would like to see less welfare and more workfare, yes. But people do not want to see children punished. They do not want to see legislation in the name of reform which is degrading and punitive. They do not want to see us being reckless with the lives of children.

By the way, just because a child is in a welfare family, just because a child is low income and of a single parent, does not mean that child is a boy or a girl of any less worth or substance than any of the rest of us. These proposals—especially the proposal of the Senator from Texas—is not reform, it is reformatory.

It is based upon a tremendous amount of scapegoating. And you know what, Mr. President, there is not one former welfare mother on the floor of the Senate. Welfare mothers do not have the money to buy ads on CBS, NBC, and ABC to fight some of these cultural stereotypes. I have heard my colleagues come to the floor and give examples.

Are we going to now govern by anecdote? I have examples, too, Mr. President. I say to my colleague from New York, ''There Are No Children Here'' is a wonderful book. The title is troubling. Here is the basis of the title. The basis of the title is that a journalist from the Wall Street Journal is talking to a mother. He has come to know this family who lives in a housing project. He wants to write about the children. The mother says to him, Mr. President, ''Well, if you want to write this book, you can, but there are no children here.'' What she is saying is, given the brutality of their lives, there are no children, there is no innocence; they do not have the chance to be children.

But, Mr. President, for all of these stereotypes about these welfare mothers, my God, we have heard it forever. ''They have Cadillacs.'' You would not think that the maximum benefit in the median State is $366 a month, which is what it is. You would not think in every State the welfare benefits are way below poverty—in the State of Texas, not even 20 percent of poverty. From listening to my colleagues speak, you would think welfare mothers are receiving huge amounts of money, living high on the hog, all of them having tons of children. You would think that the average size of a family was 10. But that is not true. The average size of the family is one mother and less than two children.

Seventy percent of welfare families have one or two children. You would think welfare mothers do not want to work. But I raised the question with my colleague from New York earlier. As a matter of fact, about 75 percent of AFDC mothers go to work. But within 2 years, quite often, they return back to welfare. And then they go to work again. I will tell you exactly what happens, because I know some of the people we are talking about. It does not make me better than anybody else in the Senate, but at least, for God's sake, I am not operating on the basis of vicious stereotypes.

You have a mother and she goes to work and tries to make it, and it is a $5.50 an hour job, or whatever the case is; and then she tries to work out a child care arrangement and is able to do that for a while. But pretty soon she is further behind. So she goes back to welfare. Then she finds another job and she is doing pretty well at that job, but her child gets sick and she has to stay at home, and this time around, she loses that job. And then she seeks employment again. As a matter of fact, that is the pattern, that is what is so dangerous about the 5-year cutoff. That is the pattern. But this does not represent the pathology of welfare mothers. This represents a group of citizens—women—who are trying to work and support their families.

Mr. President, I have not heard one of my colleagues on the other side talk about how it is that in many of our large cities, small children go to school, all too often crossing through gunfire, and get home and graduate from high school, and some go on to college and some have rewarding lives. Do you know who takes them to school? Do you know who takes them home? Do you know who organizes against the drug pushers? All too often, they are welfare mothers.

I have not heard any stories on the floor of the Senate about any of those women. No, no, no. We only want to know what we want to know. Better to have all of the cruel stereotypes; better to do all of the scapegoating. That is the way we are proceeding right now on the floor of the Senate.

This is not reform, this is reformatory. Some of these proposals are very reckless with the lives of children. We should not be so generous with the suffering of other people. It is a great hot-button issue; you can push it and you

can get a lot of support. But I will tell you something, there is a lot of goodness in this country. When people see some of these proposals for what they are, people will be furious and they will object.

I know a woman in Minnesota, a welfare mother. I say to the Senator from New York, do you know why? Actually, she had a middle income and lived in a middle-income family. She was doing fine. She was full of hope. She had children. Everything was going right. There was only one problem: Her husband battered her.

For many women, like it or not, the welfare program, the AFDC Program, is the only alternative to an abusive relationship. That is correct. So she left her husband, and now she has small children and receives aid to families with dependent children. I do not hear any of my colleagues talking about such examples. I know another mother, and she has two small children. You know what, I say to my colleague from New York, it reminds me—boy, I am going to get in trouble politically for saying this—but it reminds me of the book entitled ''Let Us Now Praise Famous Men.'' It should have been ''Men and Women.''

I would not praise all welfare mothers. I can give examples of abuse. But this woman should be famous. She is an AFDC mother. Her husband left her. He is not taking any responsibility for supporting the children. She has two small children that she takes care of. She goes to community college, and she works at a job, as well. She is trying to be independent. She takes good care of those children. She is amazing. I do not know how she does it. She is a welfare mother, folks. She is a welfare mother. I have not seen any of my colleagues out here with her picture. I have not heard any of those stories.

Mr. President, it is time to maybe talk about the basic facts on welfare. Let us not base public policy on the basis of stereotypes.

Mr. President, I remember a study by Gilbert Steiner, an institute study that quoted FDR. He gave a speech and said, ''I hope soon to abolish relief altogether.'' Then he moved forward and talked about the WIN Program. Leonard Goodwin, of Brookings, wrote a piece in 1970. He was doing an analysis and found that what happened was very interesting. A lot of welfare mothers, rather than saying they heard about this work incentive program now, said they could not wait to work. The problem is we only ended up placing 2 percent of them in jobs that put them in a better position than they were in when they had welfare.

Does anybody want to look at the job opportunity structure in America? Do any of my colleagues have children in their twenties? I do. Have you taken a close look at the jobs that are available right now for people? Has anybody looked at that? Then I hear this wonderful argument on the floor of the Senate, and the argument goes as follows: What is going on here is welfare is causing poverty. And you get all these statistics. I think my colleague from Texas does this. You get all these statistics on the rise of poverty in America. That is true. The statistics about the state of children in America should shame all of us. One would think that welfare is the cause of the poverty.

Not a word about the political economy of the country. Not a word about the minimum wage of $4.25. Not a word about increasing minimum wage. Not a word about an expanded job opportunity structure. Not a word about the huge number of people today in our country who work 52 weeks a year, 40 hours a week, only to make poverty wages. Not a word about any of that.

The argument that welfare causes poverty is tantamount to arguing that Social Security causes people to get old.

Come on, colleagues. Get your independent and your dependent variables straight. This is the kind of argument that is easy to make when there are a group of people that you can bash because they are not the big political campaign givers. They do not make the big contributions. They are not the heavy hitters. They are not the players.

But that is still no excuse for bashing people and then basing policy on these myths.

Then we have the Family Allowance Program. Back then, maybe I made a mistake. I think my colleague from New York certainly would say I did. I thought it was equity within inadequacy. But I do not know. At least President Nixon and his chief urban adviser, now Senator MOYNIHAN, I think that they were right. They are trying to say, ''Let's have some kind of income floor. Let's have some real reform.'' That was defeated. Certainly we lost that opportunity.

Then Jimmy Carter came in and he said welfare was a disgrace. He had his Better Jobs and Income Program. Ronald Reagan pulled hundreds of thousands of people off the rolls in the early 1980's. He thought it was encouraging people to get out of work and stay on welfare, and there was abuse there. But it actually did not lead to anything good for children. Not at all.

My colleagues talk about all of this discussion about illegitimacy and family caps. My colleague from New York, correct me if I am wrong, as I look at the New Jersey experience, Rutgers came out with a study recently and what they found was that, frankly, it did not seem to make any difference one way or the other in terms of the cap. The only difference it made was it took some food off the tables.

Am I correct?

Mr. MOYNIHAN. The Senator is correct. The study done at Rutgers University showed that.

Mr. WELLSTONE. This was a study, for the information of my colleagues, a study of the family cap; to have an additional child, there will not be any more assistance.

Initially, there were, as I remember—I am kind of going by memory—there were initially proclamations and claims that, as a matter of fact, this had cut down on the number of welfare children and the number of people who were obtaining welfare.

I think probably what happened, it was underreported. I think probably a lot of mothers just did not report it.

Mr. MOYNIHAN. Will the Senator yield?

Mr. WELLSTONE. I am happy to yield to the Senator.

Mr. MOYNIHAN. Reasonable persons learned there would be no additional money when an additional child was born; they did not report it, and in time these numbers got resolved and there appeared no effect of any kind.

Mr. WELLSTONE. For the record, the best known study of the effects of the family cap was the Rutgers study of the New Jersey plan. Here is the principle investigator for that study who recently reported that during the first year of the program, ''There is not a statistically significant difference between the birth rates in the experimental and control groups. We find a 6.9 percent rate for women subject to the family cap, and a 6.7 rate for those in the control group.''

As a matter of fact, Mr. President, there is not one bit of research that I know of that suggests policywise we are going to be able to do anything to stop out-of-work wedlock births.

Does the Senator know of any research that suggests we can do that?

Mr. MOYNIHAN. I ask unanimous consent to address the Senator directly.

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

Mr. MOYNIHAN. Sir, I do not. I wish I did. I prepared for this debate by canvassing acquaintances around the Nation. Did they know? No, they did not.

Mr. WELLSTONE. Mr. President, we are talking about, we should listen to the foremost expert, not just among people in the Senate but in the country on welfare, Senator MOYNIHAN, if we want to base our policy not on stereotypes, some of them crucial stereotypes, but on whatever evidence there is.

As a matter of fact, I heard the Senator from Texas proclaiming we will do this all in the name of helping children. The only thing that happened was there was less money for food.

Senators, that is the only thing that happens. And we are profamily? And we are going to take food out of the mouths of hungry children?

Senators, if you have some studies that you can bring to the floor of the Senate, if you have some empirical evidence that these proposals will, in fact, make a difference in terms of reducing the rate of out-of-wedlock children, fine. If you have some evidence that a family cap or other harsh proposal will reduce the rate of ''illegitimacy,'' fine.

If you do not have evidence, please understand on the basis of what studies have taken place so far, a family cap is no help whatsoever.

Also, remember, that over 70 percent of welfare mothers have one or two children at the most. But what you will do is you will, by this kind of change, make sure that these families—and, Senators, there is not one State in the lower 48 that has a welfare benefit up to the poverty level income—will have less income to feed their children.

Is that what we are about? Is that what we are claiming to be reform? That is not reform. It is punitive. It is degrading. It is reformatory. It is hot-button-issue politics. That is all it is.

It is not a policy based upon evidence. It is not sound public policy. We are being very reckless with the lives of children in the United States of America.

Mr. President, who receives AFDC? Eight percent of all AFDC families are headed by teens. The vast majority, 81 percent, are young families headed by mothers in their twenties and thirties.

How many people receive AFDC? Nine point five million children. Who are we talking about? These cheaters we want to drive off the rolls and the slackers we want to drive back to work, who are we talking about? Mr. President, 9.5 million of the 14 million AFDC recipients are children.

A little less than 5 million are mothers, and many of them are mothers of small children. And you do not have any additional funding for child care at all. You do not want to raise the minimum wage for working families. You do not want to have additional assistance for child care.

Some of you, I ask the Senator from Oregon, I assume that Medicaid is carried for an additional 2 years? I do not want to give up the floor, but let me say that I assume—I ask unanimous consent to ask the Senator from Oregon whether or not in his proposal there is a transition period of time, 2-year period of time, where a welfare mother is able to keep her Medicaid? Under the unanimous consent, I ask the Senator from Oregon, and I keep my time on the floor.

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

Mr. PACKWOOD. One year.

Mr. MOYNIHAN. The Family Support Act, 1 year.

Mr. WELLSTONE. Mr. President, how many children do AFDC families have? I went over this, but we should be clear. The average family receiving AFDC has two children, about the same as a typical nonwelfare family; 73 percent of the families receiving AFDC in 1992 have only one or two children.

The average number—for my colleague from Texas—the average number of children in an AFDC family has actually dropped 33 percent since 1970. You would think, from what my colleagues are proposing, that we are having this explosion of additional children to welfare mothers. Quite to the contrary. But do not let the facts get in your way, because it is easy to bash these people. It is easy to bash them.

Are AFDC families mostly white or black? I tread on some sensitive ground here. But I have noticed all too often, when my colleagues come out with their pictures, we have African-Americans, usually. So let us be clear about this. Recipient families are about as likely to be white as black. In 1992, 39 percent of the families were non-Hispanic white, 37 percent non-Hispanic black, and 18 percent Hispanic.

Mr. President, are you ready for this? This is an important piece of information. How much do AFDC families receive each month? The maximum cash grant for a mother and two children in a typical State is $366 a month.

Now, my colleague from New York pointed this out earlier when he was talking about entitlements—actually, the State defines the benefit. The Federal Government is willing to make a contribution, but the State defines the benefit. And there is a tremendous variation. Mississippi, which is the least generous State, provides $120 per month. By the way, I am not picking—before my colleagues from Mississippi come out here, let me be clear. I think, and I would be willing to be corrected by the Senator from New York, usually what happens here is it is the per capita wage that sets the level of AFDC benefits. Those States which have lower working wages, those States that are poorer States have lower benefits, by and large.

Mr. MOYNIHAN. Plus food stamps.

Mr. WELLSTONE. Plus food stamps. I am going to talk about food stamps in a moment, I say to my colleague.

AFDC—I will get from my colleague in a moment the 1995 figures. In 1992, the AFDC payment programs cost the Federal and State Governments combined $22 billion; 1 percent of the Federal budget, and the States' share was about 2 percent. One percent of the Federal Government.

Now, the Joint Tax Committee, in talking about corporate welfare, says we have $425 billion a year in tax expenditures. We have a total of welfare for the poor, Federal and State, of $22 billion, or a little more now. One percent of the Federal budget. And now we have an all-out attack.

I am all for reform, by the way. But reform means affordable child care and reform means there has to be a job so a parent can support her or his children. That is what reform is all about.

You would think from the way in which we see this bashing of welfare that we were spending huge amounts of money. Mr. President, that average $366 per month is, roughly speaking, $4,392 per year. I do not know what the Federal poverty line is, it must be $13,000 per family of four?

Mr. MOYNIHAN. Fourteen.

Mr. WELLSTONE. Mr. President, about $14,000 for a family of four. We can get into a long debate about poverty. We will not today. We have a definition of poverty, first defined by Molly Orshanski—who I think regrets some of the ways in which it has been used—but we have a definition of poverty. Our definition of poverty is, we say this is the definition of what a family needs to purchase the minimum amount of needed goods and services. We are talking about children here. Now, when we define poverty, we say this is the income a family needs to purchase the minimum amount of goods and services.

The next piece of evidence is there is not one State in the United States of America with welfare payments and food stamps combined that even equals what we say a family needs to purchase a minimum amount of goods and services. And we are going after these mothers and these children.

Mr. President, from hearing my colleague from Texas speak especially, one would think we have seen this dramatic increase in welfare benefits. The Senator from Texas combined all the programs in this statement earlier. But, again, I do not think we can be talking about all the programs. If you wanted to have a debate about the welfare state broadly defined, let us have that debate. But do not keep mixing apples and oranges and throw out a $5.4 trillion figure here and talk about increases here. With the AFDC program, which is the program we are talking about, benefits have decreased 47 percent since 1970 in real dollar terms.

It is pretty amazing to me. You have an average benefit of $366 a month for a family of three, and then I think the maximum increase of a benefit for another child in a typical State is $72 more. We make $130,000 a year as Senators. Think about this for a moment. Think about what it costs to raise your child. Do you really believe that, with a typical benefit being $377 per month, and you get an additional $72 a month, that that is why women have children? Do you think they are further ahead? Do you think that is a good deal, with what it costs to raise a child?

There is no evidence of that. No evidence supporting that. No evidence for that whatsoever. And if you are honest with yourselves and you think about your own family, you will know that it costs much more than that to raise a child.

We have heard a lot. I will conclude just with a little bit more factual information. This is just an average monthly AFDC benefit per family, in 1992 dollars. From 1970 to 1992, the real value of the AFDC benefit fell 45 percent. If anybody wants to dispute me on the floor of the Senate, do so. Does anybody want to? Good. We have established that fact.

Mr. President, AFDC and food stamp benefits as a percentage of poverty line for a family of three, from 1980 to 1993—AFDC only, average benefit is now 38 percent of poverty line; AFDC and food stamps is 67 percent of poverty line. It was 83 percent in 1980, 74

percent in 1985, 72 percent in 1990. It is now down to 67 percent of poverty. So I guess we have not seen a dramatic increase in benefits. Not even on the average 67 percent of what we say it takes a family to purchase a minimum amount of goods and services; 1 percent of the Federal budget. And this is where we are targeting all of our guns. Right?

Mr. President, here is a chart called ''Percentage Spending for AFDC as a Percentage of Total Federal Outlays, 1970 to 1992.'' In 1970, it was 1.40 percent; 1975, 1.5 percent; and 1992, 0.88 percent. Is it 1 percent now? Is there any dispute about that?

Mr. President, now we are going to talk about just block granting; cut child care, tell people they have to work, no affordable child care, do not even talk about the job opportunity structure, do not try to raise the minimum wage—not just for welfare mothers but for working families, and Medicaid for 1 year. Then what happens after 1 year, given the job opportunity structure, and how do you afford decent child care?

I am going to make a child care point. I am going to make a State point. And then I am going to sit down. But I cannot wait for us to get into some real debate on the floor of this Senate, because if there is any role I can play, it is to make sure that nobody gets away, with just impunity, with coming to the floor with all these stereotypes. Senators can disagree, and that is fine. I am all for that. I just want to make sure when the final policy is enacted it is not based on myths about many of these women who cannot fight back.

By the way, we are talking about women and children in the main. Women and children.

On the child care part—I will not go into child care. We will wait. We will have that debate.

Mr. President, let me just give you a feel for the AFDC benefits in States. I see my colleague from Texas. Texas—but I will not pick on Texas. I will talk about a lot of different States. The maximum monthly AFDC benefits, as of January 1994, was $184. That is for a family of three—$184. That is 19 percent of the poverty level.

Mr. President, the decline in the monthly benefits for a family of three, after adjusting for inflation, in the State of Texas was 67 percent, a decline.

In Alabama, it was $164. That is 17 percent of the Federal poverty line.

In Maryland—I am going through this at random—$366, 38 percent of the poverty line.

Minnesota, $533, 54 percent of the poverty line.

New York, $577, 60 percent of the poverty line.

This is just welfare benefits. This is AFDC, not the food stamp part.

New Jersey, $424, 44 percent of the poverty line.

Vermont, $638, 67 percent of the poverty line.

Arkansas, $204, 21 percent of the poverty line;

Mississippi, $120 per month, 13 percent of the poverty line.

Mr. President, let us just finish up this way. Quite to the contrary, people are not living ''high off the hog.'' Quite to the contrary, people are trying to obtain work. Quite to the contrary, most welfare mothers and most policy analysts I know are for reform. But you have affordable child care, and I think the biggest job we have is job opportunity, to be able to get the job, to be able to support yourself. Look at the jobs available.

Let me say this to my colleague from New York. With regard to this whole notion of ''get off your duff and get a job'' mentality, a recent study on the availability of jobs in the fast food restaurants found that for each job, there were 14 applicants. As the study's authors put it, ''In short, it is simply not the case that anyone who wants even a low-wage job can get one.'' This is the study ''The Job Ghetto.'' This was in the American Prospect, summer of 1995.

Mr. MOYNIHAN. Mr. President, if I may say, the Senator is correct. That was the article.

Mr. WELLSTONE. Mr. President, I will conclude with the following poem that was just given to me. It comes from Julia Dinsmore, a welfare mother in my State of Minnesota.

My name is not ''those people.''

We always call them ''those people,'' and we had a Member on the floor of the House refer to animals— ''wolves and alligators,'' a shameful debate.

My name is not ''those people.'' I am a loving woman, a mother in pain, giving birth to the future where my babies have the same chance as anyone. My name is not ''inadequate.'' I did not make my husband leave us. He chose to and chooses not to pay child support. While society turns its head, my children pay the price. My name is not ''problem'' and ''case to be managed.'' The social service system can never replace the compassionate concern of loving grandparents, uncles, fathers, cousins, community. Oh, the people who need to be but are not present to bring children forward to their full potential. My name is not ''lazy, dependent welfare mother.'' If the unwaged working parent's home making, community building was factored into the gross national product, my work would have untold value.

By the way, Mr. President, this is really counterintuitive where this debate is going, and I do think it is very important to have jobs with decent wages. I want to remind my colleagues that being at home and taking care of children, whether you are a woman or a man, is important, vitally important, productive work.

My name is not ''ignorant, dumb and uneducated.'' I live with an income of $621 with $169 in food stamps. Rent is $585.''

This is from Minnesota. Our benefits are much higher than most.

That leaves $36 a month to live on. I am such a genius at surviving that I could balance the State budget in an hour. Never mind that there is a lack of living-wage jobs. Never mind that it is impossible to be the sole emotional, social, and economic support to a family. Never mind that single mothers can work another job outside the home and lose their children to the gangs, drugs, stealing, prostitution, social workers, kidnapping, street predators. Forget about putting money into our schools. Just build more prisons. My name is not ''lay down and die quietly.'' My love is powerful and my urge to keep my children alive will never stop. All children need homes and people who love them. All children need safety and the chance of being the people they were born to be. The wind will stop before I let my children become a statistic. Before you give in to the urge to blame me, the blame that lets us go blind and unknowing into isolation that disconnects us, take another look. Do not go away, for I am not a problem but the solution. And my name is not ''those people.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. PACKWOOD. Mr. President, I want to make sure the Senator from Minnesota does not misconstrue. In the play ''Man for All Seasons'' where Thomas Moore is being tried—and I will paraphrase the best I can recall—for he would not assent to the king's divorce, he never said anything about it. He just did not assent to it. But he would not sign on it. And in the trial they accused him of opposing the divorce. He said, ''No. I said nothing about the divorce.'' And the prosecutor said something about the law and presumptions, and Moore says, in that case, it is not to presume that silence assumes assent. He said nothing.

I do not want my silence—in response to his papers when he is holding them up saying ''anybody here disagrees''—to be assent. He said nothing.

I do not want my silence—in response to his papers when he is holding them up saying ''anybody here disagrees''—to be assent. At the appropriate time, I will respond to those. But I do not want to leave you with the impression that I agree with everything or barely anything that he said.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, for the first time in 30 years or more, I believe the Senate is beginning a broad range of debate over a system of welfare, not a single program such as AFDC or Medicaid or any of half a dozen or more others, but a system of welfare.

During that period of at least 30 years, the debate over particular aspects or programs that are a part of that system has always been on what additional program, what additional help the Government can provide to deal with what was a serious problem of family breakdown, of dependent single parents, of illegitimacy and occasionally homelessness. During the course of those three decades, AFDC, supplemental Social Security income, subsidized child care, job training, Medicaid, and other programs have all been debated as a part of the solution to our Nation's social pathologies. And, in most cases, these programs have either been brought into existence or

have been expanded in an attempt to alleviate social conditions. But each one of those additions, each one of those increases, has been accompanied by not by a decrease in welfare dependency—both in terms of families and illegitimacy, but an increase in those terrible social challenges.

So it is appropriate that we debate this issue at this time. I must say that simply the fact that increases in the challenges and pathologies which have accompanied increases in programs does not create an irrefutable inference of cause and effect. But it certainly does state the proposition that at the very least, these increases, these new programs, these new requirements have not alleviated the conditions at which they were aimed at the time of their creation or increase.

Each liberal attempt at reform which was offered as a way out, or as a partial solution to the way out, has proved at the very least not to have provided that way. So what we have today is a system elaborate in its complexity, requiring a huge Federal bureaucracy to establish and to enforce rules related to welfare here in Washington, DC, mirrored by huge State bureaucracies designed to administer and to enforce those rules and, of course, in the case of each State, to add to them.

The total, the net result is a set of programs and of benefits that clearly provides at a certain level a disincentive to entry-level work, and as a consequence or as an accompaniment, the social pathologies continue and grow.

And so we are now presented with roughly three alternative proposals for reform. Maybe there is a fourth. In listening to the extended statement by the Senator from Minnesota, the clear implication is that we simply need to do more in the way of programs to provide a greater degree of income and comfort and benefits for those on welfare. But I do not believe that implied solution—and I put the word ''solution'' in quotation marks—finds much support either in the American people or even on that side of the aisle in this debate.

The proposal which seems to have the most support over there is essentially more of the same thing masquerading under a set of work requirements and limitations on the time during which an individual can draw AFDC benefits. But these apply to only a modest handful of the total beneficiaries.

The second alternative presented eloquently by the senior Senator from Texas an hour or so ago was to substitute for the detailed liberal requirements somewhat less detailed but nonetheless significant ideological requirements from the conservative side of the spectrum on the ground that rules which limit benefits going to teenage unwed mothers and single parents will reduce the rate of illegitimacy.

The third alternative is the alternative proposed by the majority leader, building on the proposal from the Finance Committee and from its distinguished chairman, the Senator from Oregon. While it includes significant work requirements and significant limitations on the amount of money and time an individual can draw these various welfare benefits, its philosophy is that far more experimentation should be permitted on the part of individual States; that we should not have one centralized system but allow 50 different systems for dealing with welfare.

I imagine that the goals of each of these proposals are to try to see to it that there is less dependency, to provide fewer incentives for illegitimacy and single-parent families, to provide relatively greater incentives for work, provide more effective requirements of support on the part of the absent parent—almost always the father—and to terminate or limit the misuse of the SSI disability policies.

I think with respect to some of these, particularly absent parent responsibility and SSI, there may not be too great a difference among these various proposals. It seems to me, as one of the sponsors of the third proposal, that identified by the Senator from Oregon and the majority leader, that it has at least the virtue of modesty—modesty, that is, in the sense of our saying that we are not certain what program, what reforms will work to reach the goals that I and others have outlined. We can be, I think, reasonably confident, maybe overwhelmingly confident, that what we have now has not worked, and we can be reasonably confident that not only has it not worked but it has actually exacerbated the very situation, the very set of conditions it was designed to alleviate in the first place. Of that we can have a fair degree of confidence.

I submit that I do not have a great deal of confidence in attempting to outline a system that I know will work. The Senator from Minnesota seems to be very confident without much evidence that all we need to do is more of what we have been doing in increasing amounts for the last 30 years. I submit that he will find relatively little agreement with that position.

If it is the case that none of us, not only U.S. Senators but all of the panoply of professionals and so-called experts and academics in this field, cannot be certain of how we can deal successfully with these social pathologies, then this third alternative, the Dole-Packwood alternative, is clearly the way in which to go because it is clear that if we pass this proposal, 50 States will engage in 50 different experiments.

It is doubtful that any two States will pursue the quest for a better welfare system in exactly the same way. There is a fear that some will not engage in a maintenance of effort. That may indeed happen. But if there are failures, we will learn from those failures and have a clearer idea of what works and what doesn't work.

It is true that some States will incur severe penalties, at least when we compare it with the present system, for illegitimacy and for teenage births, and we will determine whether or not that works as against more liberal States that retain something like the present system.

It may be, Mr. President, in 5 years or 6 years or 10 years of such experimentation, we will have learned that certain State welfare systems work—that is, if the conditions they are designed to alleviate are, in fact, alleviated. Others will not have worked—they will have increased the amount of dependency. Others, finally, will have had no impact at all. And it may be that we here in this body, or our successors here in this body, will, with that experimentation, be able to have a greater degree of confidence in how we should design a national system.

But, Mr. President, we cannot claim that confidence here today. We only know that what we have done cumulatively over the last 30 years has been a disastrous failure, not only for the public Treasury, but even more so for the American social condition.

So, Mr. President, let us take the great advantage that a Federal system like ours offers to us, the ability to have different solutions in different parts of our country, the ability to use the 50 States as a laboratory for experiment, the ability under those circumstances to determine what may help us to solve this tremendous social problem and meet this social crisis, and what may not.

And it is for that reason, Mr. President, that while the history of the last 30 years has shown us that the liberal prescription for welfare has been an almost unmitigated disaster, so perhaps may be the conservative prescription for welfare. Let us exercise our voices and our votes with a degree of modesty, a degree of uncertainty, a degree of the point of view that we are not quite certain what the answer is, and in doing so, accept the amendment that is before us at this point, allow for experimentation and innovation and see how, through our Federal system, we can learn what will work to solve the problem of welfare.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Thank you, Mr. President.

Mr. President, I think from the debate that we have heard so far on this issue, that we see clearly the fundamental differences about what welfare should be and how we make it what we want it to be. We are taking up a reform of historic magnitude. We have laid the framework for a revolution in the way our country goes about giving help to those who have been told for too long that they are incapable of helping themselves.

Over the past 30 years, our welfare system has become an agent of despair

for those who are trapped in its coils. And if we know one thing about our current welfare system, it is that we are not getting our money's worth. There are two constituencies that we must serve in this reform—the taxpayer and the welfare recipient. Neither the taxpayers, who foot the bill, nor the beneficiaries themselves are getting fair treatment under the present welfare program. You do not help anyone by encouraging self-destructive behavior.

The original intent of welfare was something very different from what we have in place today. In the 1930's Americans wanted to open our hands and our hearts to the most desperate victims of the Great Depression, indigent widows and their children. Then beginning in 1965, our War on Poverty attempted to nudge those on the bottom rung of the ladder in the direction of middle-class security. But we have failed miserably.

The percentage of Americans living in poverty has risen steadily at the same time that our welfare apparatus has grown. What we have created instead is a self-perpetuating monster that sustains the most distressing ills of our society—illegitimacy, the disintegration of the family, weakening of the work ethic, and crippling dependency. Indirectly, it feeds ever-rising levels of functional illiteracy, violence, and juvenile crime.

The American people are demanding to know why, after an expenditure of $5 trillion, there are more people living in poverty today than ever before in our country. A partial explanation is the growth of the welfare delivery sector of the Government and the private sector hangers-on. It is in their interest to make sure that more and more money is spent on poverty programs without regard to whether we are reducing the number of people living in poverty.

The American people also wonder, after spending $5 trillion, that anyone could think a continuation of the present system with more money could be even a step in the direction of solving this problem. The fact is, those who administer these programs and those who advocate them have no incentive to encourage welfare beneficiaries to move forward with their lives. Dependency is presented as acceptable and inevitable. Individual responsibility and all it implies is discounted. This is neither beneficial nor benign.

We have lured those in need down a dead-end street. The welfare reform measures we are considering today would short circuit the bureaucracy which the Federal Government has created and hand most of the responsibility over to the States. This will free each State to experiment with new strategies for welfare, new approaches to giving beneficiaries incentives to work and contribute to the American economy.

This State involvement with the welfare apparatus is a pivotal element of our reform plans. Unless the Federal Government steps aside and lets the States go forward, we will lose the innovation that the States have put into the system. That is where the creativity has been. And in many instances this has happened in part because the States, unlike Congress, are required by their constitutions to come up with a balanced budget every year. Because they are closer to the people and can respond to changing conditions more quickly than the Federal Government, the States have been able to come up with effective, innovative programs in their reform efforts.

Nearly 30 States have requested waivers from the Federal Government to enact reforms. Wisconsin Gov. Tommy Thompson says the welfare rolls in his State have dropped 19 percent while the national rate has increased to 32 percent. Here are some of his innovative programs: learnfare, which requires welfare teenagers to stay in school; marriagefare, which creates incentives to marry and have no additional children while still on welfare; and workfare, which ends cash assistance after 2 years and requires work in return for other benefits.

Because of forward-looking programs like these, the States have earned the reputation for being laboratories for innovation. Passage of the bill we have under consideration today will encourage the States to achieve reform quickly and give them the freedom to continue their experimentation. It is time for the Federal Government to step aside and let the States run with the ball. Mr. President, the American people are entitled to know that we mean business here today. The Republican welfare reform bill we are debating will:

End welfare as a way of life by limiting the amount and time of assistance that can be made available.

It will require able-bodied recipients to work, not enrolled in an endless series of job training programs, but begin to work, showing up every day like the rest of us do, no later than 2 years after the assistance begins.

Reinforce families and cultivate personal responsibility. States will be able to deny cash payments to teenage mothers but instead require single teens to stay in school and live with adult supervision, preferably their parents or grandparents. Applicants for benefits will be required to cooperate in establishing the paternity of their children. Deadbeat parents will be confronted with the painful consequences of their irresponsibility.

That is how our bill will affect welfare beneficiaries. But it has other ramifications as well. No State will lose its present Federal allotment, and growth States will have an increase each year to help with growing needs. I am going to talk about this later in the debate when there will be an amendment on allocation of Federal dollars. I have worked very hard on a formula that I think is fair, fair to the States that are not growing, fair to the States that are growing, and fair to the States that get more in the beginning and fair to the States that get more in the end. It is a good formula. It takes into account each specific State's unique problems.

The Federal welfare bureaucracy will be reduced by 30 percent. Federal welfare spending will drop by more than $65 billion below current projected levels over the next 7 years. We must not lose sight of the goalpost. We are actually going to reduce the cost of welfare in this country for the first time in a long, long time.

This bill will empower the States as never before. What is more, moving the responsibility for these programs to the States will give taxpayers more direct say in the targeting of welfare assistance.

Last, and perhaps most important, Mr. President, I, like most Americans, believe that no one should have an unrestricted right to live off the toil of others. The crucial element in this welfare legislation is its work provisions. Under this bill, work means work as most Americans understand it. It means participants will have to go to work every day and, yes, maybe do things they do not particularly like to do. We have all had that experience in life.

The decisions of welfare beneficiaries, like ours, will have consequences. A welfare recipient whose assistance is reduced for failing to work will no longer be able to turn around and get a handout from another source in the form of food stamps or housing assistance increases. States will be able to require welfare applicants to look for a job before they ever get a welfare check. That will be their option.

This bill requires 25 percent of each State's welfare caseload to be working by 1996 and 50 percent to be working by the year 2000. The States can exceed these requirements if they choose, and we hope they will. The bill imposes a 5-year lifetime limit on welfare benefits.

Mr. President, when we have enacted this legislation, we will be able to look the American people in the eye and tell them that we have made a difference, that we are trying to make things better for both constituencies: The taxpayers who are footing the bill and the welfare recipients who we want to give a hand up to. We want the welfare beneficiaries to have the dignity that comes with making a contribution, with giving an honest day's labor for the money they receive. They will be better off and their children will be better off if we can make individual responsibility a part of this country once again.

If everyone would work together on a bipartisan basis, we can have a bipartisan victory, a victory for the recipients who will know the pride of earning a living, paying their own way in society, and a victory for the taxpayers who are working people who are trying to meet their own family responsibilities.

Mr. President, that is what this bill is all about. I hope that at the end of this week, we will be able to go back home and tell the American people that we have made a giant step forward for both the recipients of welfare and the taxpayers who have carried a heavy load and know it has not worked.

Thank you, Mr. President, and I yield the floor.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I am pleased—very pleased—-that we are finally debating a very important issue: The issue of welfare reform. I am happy for two reasons.

No. 1, I think if there is any issue I heard over a long, long period of time the constituents have asked us to do something about, it is the issue of welfare reform, and also from the standpoint of those who are on welfare, to give them a better opportunity and a better environment to move from welfare to work and to move from Government dependency to being independent.

We all know that the President needs credit for highlighting this issue. I suppose maybe every President has had welfare reform to some extent in his platform. But this President in 1992 made it a very important issue, because he said, ''We are going to end welfare as we know it.'' Probably it is his ability to use words, to use them well that brought attention to this issue that maybe other Presidents before were intending to bring as an issue and could not. There was also the necessity of a Democratic President to highlight it, because you remember in that 1992 campaign, he was going to run as a new Democrat, not the typical tax-and-spend Democrat. We were going to have a whole new Democratic Party approach to Government.

So the President was elected, and I suppose the American people found out he was not a new Democrat, more the typical type of Democrat. Maybe that is why it took another election in 1994 to show the President's inaction and to question whether or not he was really serious about dramatic change of welfare.

The people demonstrated in 1994 that they wanted change, and they have not seen it from the Democratic President and the Democratic Congress on the issue of welfare reform.

So the American people have now placed their confidence in our party and given us an opportunity, as well as a responsibility, to change the system, to end welfare as we know it, as the President said he wanted to change it.

So we have taken the people's challenge expressed in the last election, and we Republicans bring this bill to the floor.

As our good friend, Senator MOYNIHAN, discussed this morning, in 1988, we passed welfare reform with 96 votes, one person opposing.

Unfortunately, I believe that it failed our hopes and expectations. I know there are a lot of people in this body who would disagree with that point, and I would be happy to speak at great lengths as to why I feel it has not met our hopes and expectations. In doing that, I do not in any way express resentment toward those who feel it has been very successful. It is probably a difference of opinion of what was supposed to be accomplished by that bill.

But one of the ways I measure it is that we have more people on welfare today than we did then. I do feel that one positive thing that did come out of the 1988 Family Support Act was the movement toward more experimentation at the State level, which I think the Republican bill today is a fulfillment of the ultimate goal that has been expressed here for a decade.

Under the 1988 bill, the States took the initiative to try new ideas in welfare reform. It was 20 years since the States had that sort of an encouragement, or if they had the encouragement, a willingness to do it. In spite of the need to come, as they must, hat in hand on bended knee, for permission from the Federal Government, the States still tried new ideas. That spirited example of the States is what spurred some of us toward giving States maximum flexibility in addressing the crisis in our current welfare system, as we do through the Dole-Packwood legislation.

Last year, Senator KOHL of Wisconsin and I introduced a bill to give States a block grant for the AFDC JOBS Program and for the AFDC Food Stamp program. We introduced that bill back then because we believed the States had shown the initiative to reform the current welfare system. Leaders in States like Iowa, Wisconsin, Michigan, and some might be surprised that Eastern seaboard States like New Jersey and Massachusetts, where generally you think there is a more liberal political philosophy, all of these States were coming up with the best ideas to change the system and to move people from welfare to work. I think the State of Iowa has demonstrated the great benefits of a system designed with the citizens in mind.

Two years ago, my State legislature proposed a bill to totally revamp the welfare system. State leaders, after it was passed, came to the Federal level, HHS, to receive the waiver necessary to implement their ideas. Yes, the State of Iowa wanted to very dramatically reform welfare, move people from welfare to work, and save the taxpayers money.

They could not do that on their own. They could only do that within the Federal law, and then they had to come, as I said, on bended knee to the officials at HHS to get permission to do what I think everybody recognizes is working so very well, not only in the State of Iowa, but in several other States.

To the President's credit, he has granted these waivers more expeditiously in late months than in early months, and he has granted waivers to several States—I do not know whether every State, but I think well over 20 States have requested waivers.

But why, when dealing with a subject like welfare reform, should States that want to move people from welfare to work and, hopefully, in the process, save the taxpayers money, have to get the permission of some lowly bureaucrat at HHS? We even had to make some modifications to satisfy the Federal bureaucracy. It took several months to get the waiver approved. But my State of Iowa began the implementation of its program in October 1993. In the last 2 years, the number of AFDC-employed recipients has increased from 18 percent of all welfare recipients to 34 percent—I believe now the highest of any of the States—as a percentage of welfare recipients who are working.

I think this dramatic increase shows the ingenuity of people at the State level. Specifically, in my State—but not to any greater degree than other States—you hear about them trying to do these things, to move people from welfare to work. I think it also shows the importance, though, of providing much greater flexibility for State leaders, so more of this reform of welfare can be accomplished where people seem to be willing to accomplish it. Because, you see, we passed legislation in 1988, but here it is, 7 years later, and we are just now talking about welfare reform. In the meantime, there are 3.2 million people on welfare.

It was the creative approach of State leaders like Governor Branstad and Director of Human Services Chuck Palmer that allowed for such a dramatic increase in the number of people working. It was not here in Washington. We did not get any encouragement out of Washington. It was almost like fighting the bureaucracy to do this very modest reform. They had to negotiate changes in our claim to get the permission to do that.

Now, that is micromangement from the Federal level. It is the type of micromangement that this Republican bill will eliminate, so that the people of our 50 States, through their own State legislatures, can prescribe their own welfare system if they want to meet their own unique ways and needs, moving people from welfare to work, moving people from dependency to independence.

I think it is impossible, Mr. President, with a country that is geographically as vast as our country, a population that is so heterogeneous, for us to pour one mold in Washington, DC, and say you have to take care of your welfare people in New York City the same way you do in Des Moines, IA. No, because of the differences of our people, because of the geographical vastness of it, I think it dictates that we not try to do this from Washington, DC, not only from the standpoint of saving the taxpayers' money, but also

from the point of building on the ingenuity of our local people, closer to the grassroots.

So the whole idea behind the proposal that I spoke about just recently of Senator KOHL and mine, which we introduced last year, and also, I think, the bill before us—although, quite frankly, the bill goes much further than anything that was anticipated by any political party in either House a year ago—that says something, that the people at the grassroots are making changes faster than we are willing to make them.

The bill before us, as well as the one Senator KOHL and I introduced last year, is to block grant these programs to the States so that the States can change the system in ways that fit the culture of that individual State.

In the leadership bill, we remove the need for permission from the Feds before States can experiment to help the people of their State.

It is amazing to me when I hear that if we give authority back to the States that children will be left starving in the streets. Somehow, many have brought into this debate the idea that we, at the Federal level, know best and that we are the only ones who can fix a social problem.

Frankly, I think it is very arrogant to assume that only Federal leaders are compassionate toward the needs of those less fortunate in our society. It is a way of saying that we in the Congress have more compassion toward the needs of the people than our State legislators do. I say that for each of our 50 State legislators that I do not think that that is an accurate assumption.

Clearly, it is not the basis for this legislation, because this legislation gives so much flexibility. If there is going to be compassion, and there will be, it will be demonstrated at the State legislatures. I can say that there is compassion—probably more so—in the State plan of the State of Iowa than anything we have had on the books for the last 40 years in Iowa.

Clearly, as I have pointed out, States have already demonstrated their ability to creatively manage welfare programs. Unfortunately, in 40 years of Federal control, all we have seen is the ongoing destruction of the historic and traditional American family under the programs that we have had at the Federal level.

If we as Republicans and Democrats agree on anything, it is that the current system must be changed. It must be changed dramatically.

Now, in this body of 100 people, 46 Democrats and 54 Republicans, there still may be a legitimate debate about whether the welfare state is worthy of our time and consideration and an instrument for delivering public policy. There is no disagreement that the welfare system within the welfare state is broken and needs to be fixed.

The statement of the President of the United States in both State of the Union Messages and in his own campaign rhetoric as a Democratic leader demonstrates that better than anything a Republican can demonstrate.

The way, then, to make the necessary change is to give the authority back to the ones who have been coming up with the most innovative ideas in recent years, the ones who have demonstrated that they are worthy of our trust—the people at the State and local level. I believe that States will live up to that trust. They will meet the needs of the less fortunate in ways that are compassionate and as caring as anything we can do, and yet require and enable people toward independence.

This is the American way. It says that we, as a society, now more so under the State legislatures than under the Federal Congress, if you have a need, we are going to extend a helping hand if you need it. We will help you over a period of trial and tribulation in your life. We are not going to help you forever if you have the capability of helping yourself.

We hope that when you move from welfare to work, when you have been helped over the hump, that you then will be in a position to give back to the community by helping others as they have helped you.

I think the leadership bill meets three of four chief goals that I want to accomplish in legislation: To provide for a system that meets the short-terms needs of low-income members as they prepare for independence; next, to provide for much greater State flexibility; next, to prevent the incidence of out-of-wedlock births; finally, to save the taxpayers some of their hard-earned money.

The leadership bill provides for a block grant for the AFDC Program to the States so they can meet the needs of low-income Americans in the most community-oriented, cost-efficient manner. That is good. It also gives the States greater flexibility in designing their programs to meet the needs of their individual citizens. It also saves the taxpayers some of their hard-earned money.

The one goal that I had that still needs some work is the issue of reducing out-of-wedlock births. The House bill set a clear goal for the States of reducing the number of out-of-wedlock births. In my judgment, however, the House bill goes too far in telling the States how they had to reach this goal.

I do not support exchanging liberal prescriptiveness for conservative prescriptiveness. It is just as wrong to have conservative micromanagement in the future as we have had 40 years of liberal micromanagement of welfare programs.

The whole idea behind the leadership bill is to set clear goals for the States and to give the States the flexibility to reach the goals in ways that work best for those States. I support that approach in getting more people to work. I also support the approach of reducing out-of-wedlock births. I will promote efforts to strengthen this portion of the bill without mandating prescriptive approaches.

Mr. President, the real difference here is not between those who want strings attached or do not want strings attached in this welfare block grant, as some of the media has wanted to concentrate on a few minor differences between Republicans; the real difference here is between a philosophy that has dominated welfare reform debate for the last 40 years, and a new approach.

The old approach is micromanagement from Washington, DC, versus State flexibility. That real difference of liberal micromanagement came from Federal control that came through the welfare system being an entitlement program. There are still a lot of people, particularly on the other side of the aisle—the more liberal Democrats—who do not want to give up that Federal control and that Federal entitlement. It is that side versus those who want to give control to the States.

It is interesting to me that many Members will oppose this bill because they say it will hurt children. Yet they fail to admit that the current welfare system hurts children, as well. The research shows that children born into families receiving welfare are three times more likely to be on welfare when they reach adulthood. How, then, is the current system good for children? If we truly care about these children, we will reform the current detrimental welfare system.

What about the children, then, who are not on welfare? We have equal responsibility for all children. What about them? Are we concerned about these children?

With our current budget debt of almost $4.9 trillion, each man, woman, and child owes $18,000 toward that debt. A newborn babe right this minute owes $18,000. If we do not reverse the deficit crisis, our children will pay 80 percent of their lifetime earnings in taxes.

What do we do about these children? Are we concerned about them? It is appropriate for us to be concerned for the children of low-income members. Frankly, I think we should be concerned for all the children of America. That means that we have to reduce the deficit while we change the welfare system to free those currently trapped in governmental dependence.

If we take steps to move people from welfare to work, if we give more flexibility to the States, and if we reduce illegitimacy, we will, in the long run, save the taxpayers money. This will be the natural result of positive changes to the current system.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, the distinguished leader is on the floor. I know he wants to speak. I will not delay him but 90 seconds, perhaps, to thank the Senator from Iowa for his remarks about the energetic new program that has been developed in Iowa,

which was done in the context and under the rules of the Family Support Act. It is exactly what we looked for. Federal money is involved. They had to get a waiver. It took a few months. They got it. What more, I do not know, could be asked of a level of government that is participating in the financing.

I wish we did not have to have this rhetoric of liberal micromanaging. The AFDC Program has been in place for 55 years. During those 55 years, we have had a Democratic Presidency for 27; a Republican Presidency for 28. It is about even.

The Aid to Families with Dependent Children Program—the programs are set by the States, not by the Federal Government. You can have a large and generous program, you can have no program. Wisconsin, at the end of 1997, will have no program. That is its right.

Finally—I do not want to keep the majority leader waiting—a certain touch of reality here. We have heard all day long about this suffocating, all-embracing, ever-expanding Federal bureaucracy that runs the welfare programs. Mr. President, I have here a letter from Mary Jo Bane, the Assistant Secretary for Children and Families. It reports that in the 55 years of the AFDC Program, the monster Federal bureaucracy here in Washington running that program has reached 92 persons—92 persons—the JOBS Program, 26 persons. In the regions, AFDC is 144 persons; JOBS, 65 persons.

In the entire Nation there are 327 Federal employees dealing with what we generically call welfare; 327. That is not a staggering number. There are 327 elevator operators in the U.S. Capitol and we have automatic elevators—or some such number. It is being said of the majority leader's bill that he only cuts this bloated bureaucracy back 30 percent. If you cut it back 30 percent, Heaven help us, that might mean 100 people. If we cut it in half, that could mean 150.

I do not know what we need do, but we surely need not begin a serious debate like this with such little respect for data, which data is not difficult to obtain.

I have also heard at some length this morning about how little we know about so much of this problem. The Senator from Washington made that point with great clarity, I thought. But we do know how many people are working on AFDC in Washington and the Department of Health and Human Services. The number is 92. They are dealing with 15 million people. I leave it there.

Mr. President, I ask unanimous consent that this letter from the Honorable Mary Jo Bane be printed in the RECORD.

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

DEPARTMENT OF HEALTH & HUMAN SERVICES, ADMINISTRATION FOR CHILDREN AND FAMILIES,

Washington, DC, August 7, 1995.

Hon. DANIEL PATRICK MOYNIHAN,
U.S. Senate,
Washington, DC.

DEAR SENATOR MOYNIHAN: As you requested, the following table shows the number of staff, expressed as full-time equivalents (FTEs), who work with the AFDC and JOBS programs in the Administration for Children and Families (ACF).

Program	Central Office	Regions	Total
AFDC	92	144	236
JOBS	26	65	91
Total	118	209	327

This table includes employees in the Office of Family Assistance here in Washington, D.C. and in the ten Regional Offices.

Thank you for your attention. If you need additional information, please let me know.

Sincerely,

MARY JO BANE,
Assistant Secretary for Children and Families.

Mr. MOYNIHAN. The majority leader is present. I yield the floor.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I know there are a number of people who desire to speak. I will not take but a few moments.

I had a chance to speak briefly on Friday, and I have listened to both Senators MOYNIHAN and PACKWOOD and others today. It is my hope that in the end we will end up with welfare reform, or whatever we want to call it. We call ours—the word ''work'' is in ours—Work Opportunity Act of 1995. On the other side, the Democratic bill, the first word is ''work.'' So that is where the emphasis is. That is where 62 percent of the American people say they have the deepest interest—they want to find work for the people.

I felt the same way back in 1988. I offered, with Senator Armstrong, at the time a workfare amendment. It was the first time we had one. There was an effort to table the amendment. The vote was 49 to 41. It failed, and the first workfare amendment was adopted in 1988. It also dealt with participation rates.

Some people opposed work, and it has not worked that well since, I might add. But at least there was an effort made. It turned out to be bipartisan effort after the initial skirmish. Now everybody is focused on work 8 years later. Maybe we should have been focused on it before. I offered, along with Senator Long, in 1979, a block grant on AFDC—in 1979.

So, some of us have had these ideas for a long time. But I hope in the end we have a bill that will have enough support to get out of the Chamber and, hopefully, support on both sides of the aisle. We have had bipartisan support. The vote was 96 to 2?

Mr. MOYNIHAN. Ninety-six to one.

Mr. DOLE. It was 96 to 1, with three absent.

This is, really, the first day of debate. I have listened to most of it carefully. I think there is probably enough debate to last for another 2 or 3 hours, and I hope we can continue the debate. But before that, I do want to modify my amendment.

I send the modification to the desk. I do not need consent to do this, it is simply a modification. I will explain what the modification does.

The PRESIDING OFFICER. The Senator has a right to modify his amendment. It is so modified.

The modification of the amendment (No. 2280) is as follows:

On page 32, line 19, strike ''and''.

On page 33, line 3, strike the end period, and insert ''; and''.

On page 33, between lines 3 and 4, insert the following:

''(F) vocational educational training (not to exceed 12 months with respect to any individual).

On page 33, strike lines 9 through 10, and insert the following:

''(1) reduce the amount of assistance otherwise payable to the family pro rata (or more, at the option of the State) with respect to any period during a month in which the adult so refuses; or''.

Mr. DOLE. Mr. President, let me explain what the modification does. It modifies the bill to include the House provision regarding sanctions on those who refuse to work. While our amendment does require the States to sanction, it leaves it up to the States as to the actual reduction, and some suggest this leaves in doubt our commitment to work. There is not any doubt about our commitment to work. I have had one since 1988. But to clarify it, we say at a minimum, the States must reduce the benefits by at least the amount not worked.

We have also heard from a number of Governors with reference to the second modification, and I talked this morning with Gov. Mike Leavitt, of Utah, who says we were shortsighted in this in excluding vocational education in the list of those activities permitted under our definition of work. That concern has been expressed by a number of my colleagues.

Our view was, some people get in these vocational education programs and they never do work. They are in it for a year, 2 years, 3 years. So we tried to strike a balance because of the interest of many of the Governors and many of our colleagues, by permitting vocational education for up to 1 year. We do not expect it to be a career. But I do believe that some of the Governors believe they have very good vocational education programs in place and they would like to keep them.

Mr. MOYNIHAN. That makes sense.

Mr. DOLE. It made sense to me, so we have made that change.

I heard my friend from Texas refer to this bill as ''the Dole bill.'' This is the leadership bill. This is a bill sponsored by every Republican Member of the leadership and 28 other Republicans, and we hope to have more. We hope to have 54, and we hope to have some Democrats.

And I believe there is some opportunity here because I am getting hit by

the White House on the one side and my friend from Texas on the other. The White House says that ''the Dole bill,'' which is the leadership bill, is unacceptable. And that is pretty much what the Senator from Texas, Senator GRAMM, said: It is unacceptable; only his is acceptable, which I have not seen.

So maybe if that is the case, there is some room for adjustment here.

I read here from a press release from conservative Governor Branstad of Iowa who said that conservative micromanagement is just as bad as liberal micromanagement. So the Governors are concerned, and we have 30 Republican Governors. We are very fortunate to have 30 Republican Governors. I am very proud of it. They represent States that have 70 percent of the population in those States, 70 percent. Every Governor supports the leadership effort, the Republican leadership effort. Every State, every Governor, including the Governor of Texas, including the Governor of New Hampshire, including the Governor Iowa, including the Governor of Arizona, to name a few early primary States.

So this is an important matter that we are debating. I hope we can resolve it this week. This is not about Presidential politics. It is about welfare, about work, about opportunity, and about changing a failed system. And I want to mention what this debate is not about.

I do not think this debate is about which party cares the most for those in need. It is not about which party has the biggest heart, because every Senator knows there are some Americans who need help.

I do not care what bill we pass. Some Americans are going to need help, and they ought to have it. Every Member knows, and you probably know of someone in your hometown or neighborhood right here, who is struggling every day to keep their head above water. Some of us know it because we have watched our parents and our grandparents and others go through it—to do everything they possibly could to make ends meet. And I will bet half of the Members—maybe not half—I will bet a fourth of the Members in this body are in that category; not now, but when they were growing up.

So it is not about which party has the most compassion. It is not about which party wants to do the most to hurt someone who finds themselves in a condition where they have to have help. It is not about that either.

In my view, I think we are all pretty much in agreement around here that the system has failed.

I remember being in North Carolina with the Senator from North Carolina—now a Senator, but he then was a candidate—that was his total, No. 1 issue in his campaign: welfare reform. And he has not changed his commitment. He has not changed it, and it should not change. And I know other of my colleagues who have done the same.

We all know the system has failed. It has failed American taxpayers, and it has failed the Americans who we tried to serve. I think we made every good effort, and maybe we have not given the 1988 bill enough time to work. But there are a lot of people out there with no hope. That is what this debate is all about: How do we change the system? It is not how many people we dump on the street and how many children we left to go to bed hungry, or how much more we spend.

I carry around in my pocket a copy of the 10th amendment. It is only 28 words in length. It simply says:

> The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to States respectively, or to the people.

That is what this debate is all about, as far as I am concerned—giving power back to the Governors and to the State legislatures, Democrats or Republicans, in either case—on the theory that they are closer to the people.

There are some who think we can fix the system by just tinkering around the edges here and apply a Band-Aid here and a Band-Aid there. It is not going to work. And I think that is a prescription offered, frankly, by the distinguished Democratic leader, Senator DASCHLE. The American people want to go forward, far beyond fine tuning.

So I am proud to be joined by at least 32 of my colleagues, and I hope more, in the process, and by every one of our Republican Governors in supporting, along with Senator PACKWOOD, S. 1120.

We have been criticized because we could not get a tough bill in the Finance Committee. You have to count votes when you have tough bills around here. I have learned from experience. The bottom line is, how many votes do you have? It is not how many speeches do you make or how many times you criticize somebody else; it is, how many votes do you have?

This is a legislative body. I cannot stand up and say, ''This is going to pass.''

I happen to believe that S. 1120 will change the very principles and values on which the system is based. It is going to change that attitude that ''Washington knows best.''

So what we are trying to do in our approach—certainly it can be changed, it can be improved, it can be strengthened by what the words may be, and some people may interpret those words differently and have a different idea about what improvement or strengthening or whatever might be. But we are going to combine AFDC, child programs under AFDC, and job training programs under AFDC into one block grant, and the States are free to spend the money as they see fit.

I, for one, advocate food stamps as a block grant. I said that publicly in the Senate Agriculture Committee. We did not have the votes. I think it is a great idea. It would also go a long way in solving some of our formula problems in this bill, and there will be some debate on it. It may not have the votes, but we will find out.

As a result of the work of the Senate Labor Committee and my colleague, Senator KASSEBAUM, we will consolidate and put into another single program 88 job training and training-related educational programs, including the Job Training Partnership Act and the Carl Perkins Vocational Training and Education Program.

For some reason, returning power to the States makes President Clinton nervous. And he has been a Governor. Maybe he learned from other Governors who are nervous because they do not believe the Governors or the States can handle it. I hope that is not the case. But he said giving our States control will incite a ''race to the bottom.'' I do not know which States he has in mind. I hope not Kansas or Missouri or any other State represented here.

I have asked the President in Burlington, VT, and would question him today, which States—rhetorically, because he was not there at the time—which States will participate in such a race? Not my State, not New York State, not Arkansas.

And I want to thank the Senator from Arkansas, Senator BUMPERS. He voted for Work Fair in 1988, one of a number of Democrats who joined us.

Which Governor does he think does not care about the people in need? I do not know of any, Democrat or Republican.

And which State legislatures cannot be trusted with the welfare of their people? I do not know of any. Maybe there are some out there. Maybe they would take this money and spend it for bridges and highways. That is not going to happen. It cannot happen.

So I would also say that in our bill, the leadership bill, the Work Opportunity Act of 1995, that we want to reduce the very disturbing number of children born out of wedlock just as much as everybody else, and there are no magic solutions out there that this Senator knows about. We do not believe the best way is to do it through more Federal control.

Our bill recognizes that States are better able than the Federal Government to determine what programs will best reduce illegitimacy.

S. 1120 recognizes the importance of the family. It recognizes that families that stay together are far less likely to be on welfare than those that do not.

Mr. KENNEDY. Will the Senator be willing to yield?

Mr. DOLE. I want to finish my statement. This is the first statement I have made except a brief introductory statement.

Mr. KENNEDY. I thank the Senator.

Mr. DOLE. But I would ask unanimous consent that we continue debate on the bill without amendments until 5:30.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE. Mr. President, it takes the commonsense approach of requiring that single teenaged parents receiving welfare must stay in school and live under adult supervision. I know this is a breaking point with some of my colleagues on this side. I am not certain about that side.

In S. 1120, we give the States authority to deny benefits to teenage mothers and to place family caps. Again, I believe the Governors can make that choice. Many will make that choice. Others, for reasons that they feel are justified, and maybe better than ours, just want to do it at the Federal level. They want to mandate that you have to do it. We want it so the Governors can do it without asking Federal approval. Give them a little flexibility, give them a little freedom.

S. 1120 also requires that welfare applicants cooperate with paternity establishment of their children and requires the States to achieve a 90 percent success rate. Now, if some mother out there identifies the father and the search is begun, they cannot find the father, should we go so far as to say she cannot have any benefits even though she cooperated? I do not think so. Others would deny benefits until the father is apparently located.

One of the reasons the present system has failed is it provides no time limit for receiving welfare. And it offers in effect motivation for recipients to leave the welfare rolls for a payroll. We have long fought to put work back in. As I said, in 1988, with the former Senator from Colorado, Bill Armstrong, we made a number of modifications to the Family Security Act which many of my colleagues and then the chairman, Senator MOYNIHAN, accepted because he was just as genuinely sincere as we were in trying to make changes.

So there was a feeling back then by the American people and by the Members of Congress in both parties that work was important.

We also introduced at that time what we now know as participation standards that required States to make certain a percentage of their population was actually engaged in work.

S. 1120 goes further. With no exceptions, every adult recipient must start working and stay working. In our bill, work means work—no year-long job searches, no graduate degrees, no moving from one training program to another. And as I said, in the modification I just made, you cannot stay in vocational education forever either. There is a 1-year limit. I assume some Governors would find this to work because that would satisfy their concerns.

And then there is the question about whether we have strong work requirements in S. 1120. The bottom line is that S. 1120 contains the same provisions that are in the House bill with respect to the number of hours that must be worked, and it actually contains tougher participation requirements because States must sanction beneficiaries who refuse to work. And we have made a modification in that area, too. But I would just say that the general thrust is hopefully we can work out any differences on this side. As I have said, let us have a jump ball. We will throw it up in the air, and whoever gets the tip wins, and we are all still in the game. We do not say, well, if I lost, I am out of the game. Some will win and some will fail.

According to the Congressional Budget Office—and I think Senator PACKWOOD mentioned this—we will save in S. 1120 over the next 7 years—and these are estimates, CBO estimates which could be off either way—$70 billion. That is a lot of money. The House saves—they do not have a 7-year figure; they have a 5-year figure—$65 billion. So I would assume they save much more in 7 years, at least according to assumptions.

The point I wish to make today is this is the first day of the real debate. I would like to complete action on this bill this week. I do not see why we cannot. We will only have one or two distractions. We are still trying to work out an agreement on the DOD authorization bill. I think as we speak Senators are meeting to see if they can modify a couple of things that might permit us to complete action on that. If not, that will not be taken up.

But we will have 5 long days here, and maybe—I said Saturday we would not have a Saturday session, but if it meant completing action on this bill Saturday, obviously that would be different. I am not trying to threaten anybody. I say we ought to finish this before we leave. I am not saying if we just stall it until Friday we are out of here. That is not what I am saying. We ought to finish it before we leave, and that can be interpreted differently by different Members.

I hope we do not become overly partisan in the debate. As I said at the outset, it is not about compassion. It is not about generosity. It is about a system for some reason that is not working, despite all the good efforts by many and some in this Chamber now. I think it is our duty to fix it.

It is our duty to fix it. We ought to get it fixed this week. We ought to get it fixed before we leave here for what may be left of the August recess, so we will be in a position to go to conference with the House.

I must say, in the White House release that I referred to earlier, one thing that was encouraging, Mr. McCurry, the White House spokesman, made it very clear that they were not threatening a veto. ''A long way from a veto'' and ''wants to cooperate with Capitol Hill.'' Their biggest objection is that ''It does not require States to offer child care opportunities for welfare recipients going to work.''

That is the big objection the White House has apparently at least today with the so-called leadership bill, the Work Opportunity Act of 1995. And I might say there are some on this side who have the same concern.

That is what it is all about. How do you get enough people together with different views to pass it? You cannot pass it with 23 votes. You cannot pass it with 33 votes. You cannot pass it with 43 votes. We might have to have 60 votes, though I am told, at least by inference, there will be no effort to filibuster or cloture will not be necessary on this bill, because I believe everybody wants us to come up with some change.

If that is the case, it is out there somewhere. There are 51 or 61 or 71 votes out there somewhere. And that is what this debate is all about. It is not about the toughest. It is not about the easiest. It is about substantial, meaningful change because the system has failed.

I hope as we continue the debate we will have a coming together of ideas. The leadership does not suggest S. 1120 is perfect. I might say there are one or two provisions that divide the people on this side of the aisle like cash payments to teenage mothers. That is opposed by the Catholic bishops and by the Catholic Charities and the National Right to Life Organization but supported by the Christian Coalition, and you have the same lineup on family caps; also opposed by the 30 Republican Governors.

So it is not a question of—I mean I assume those groups are viewed as conservative groups. In this particular instance, they do not agree with one another, just as we do not agree with one another on some of these provisions. Hopefully we can work those out, plus others that are of particular concern to my friends like Senator FAIRCLOTH and others on this side of the aisle.

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

Mr. SANTORUM addressed the Chair.

Mr. KENNEDY. Will the Senator yield?

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. KENNEDY. Will the Senator yield for a brief question?

Mr. DOLE. Speech or a question?

Mr. KENNEDY. Question.

Mr. DOLE. Sure.

Mr. KENNEDY. We will have the chance to debate the different features of the Senator's proposal, but I wanted to have the Senator's response to one of the primary areas of concern, and that is in the area of day care for children. As the Senator is familiar, the Finance Committee put approximately $1 billion of the child care program, day care program into the AFDC, and the budget has reduced the approximately $1 billion in the child care program, made 30 percent of it to be available to the States. So that means that there is only about a third of the total funding for the child care program.

Today there are 400,000 children under AFDC that receive any kind of child care. We have 10 million children

and 4 million adults under AFDC. If half of the adults are going to have to go to work and their children are going to have to go to day care, it means there will be 4 million more slots that are going to be necessary for day care programs, as there will be 2 million of the AFDC parents that will go to work.

I am just wondering and asking the Senator where the funding is under the Dole proposal for the child care proposal, whether he is willing to try to find ways—perhaps it is already there. The Senator might be able to respond to the question or at least try to designate ways that issue could be addressed.

Mr. DOLE. Let me just respond this way to the Senator from Massachusetts. I said just a few moments ago—I do not think the Senator was on the floor—that was an area of concern today raised by the White House, the same general area. As I said, it is a concern raised by a number of my colleagues on this side of the aisle.

We had our first meeting on Friday. And Senator KASSEBAUM, the chairman of the committee, who did a lot of work in that area, was present. So I can say to the Senator in all candor, it is something that we are looking at. We know there is a problem, and we are looking at it because under the present provision of S. 1120, it would be block granted to the States. But there is a great deal of concern expressed. I can only say that we are going to sit down, I think, again either tonight or tomorrow morning, to try to address that on this side.

We will be happy to discuss it with the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I just say that I appreciate that, because as the Senator has pointed out, the initial block grant program was worked out on a bipartisan basis with Senator DODD, Senator HATCH, Senator KASSEBAUM, and others, and in the Finance Committee, Senator MOYNIHAN and others. The Republicans worked out the $1 billion program. The concern that many of us had is that the $1 billion program, which was used for the 400,000 day care slots for children, has gone into the AFDC. That figure, of course, is capped at the 1994 level.

The other block grant program, a third of that is no longer going to be necessarily designated for child care, which only leaves about $600 million. That is to go not to welfare parents, but to low-income working families. So this is an area of considerable concern.

We will look forward to try to work with the majority leader because it is an area of great concern.

I thank the Senator.

Mr. DOLE. I thank the Senator.

Mr. SANTORUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Parliamentary inquiry.

I thought we were going to alternate one side to the other side.

The PRESIDING OFFICER. That is not the Chair's understanding.

Mr. MOYNIHAN addressed the Chair.

The PRESIDING OFFICER. There is no order for that.

Mr. MOYNIHAN. There is no order, but that has been our agreeable practice throughout the day. There was an informal agreement, and the chairman of the Finance Committee would so attest.

The PRESIDING OFFICER. Is there any advice from the chairman of the Finance Committee?

Mr. PACKWOOD. Yes.

The PRESIDING OFFICER. I was not informed of the rule.

Mr. PACKWOOD. The Chair is correct. There is no rule.

Senator MOYNIHAN and I agreed we would try to go back and forth. I must say, in fairness, we have had four or five speakers on our side. The Democrats had none on theirs. Just to the extent we are on the floor, we are going back and forth on the floor informally. If no one is on the floor, we will recognize who is there to speak.

The PRESIDING OFFICER. I was not aware.

The Senator from Iowa.

Mr. HARKIN. I thank the President and the chairman of the committee and the ranking member.

Mr. President, it is about time, at long last we are debating welfare reform on the floor of the U.S. Senate. This is a debate welcomed by this Senator, and I know by others on this side of the aisle and on the other side of the aisle. It has been a long time coming.

Reform of the welfare system is a serious issue. It is my hope that we will have a serious, thorough, and thoughtful debate, a debate that rises above partisanship, a debate that says let us not make politics as usual, business as usual, especially with this issue. The American people want us to work together to make welfare work for America.

Of course, there is disagreement about how to achieve that goal. But there is also a lot of common ground. All of us agree that today's system is broken. It discourages work, it rewards dependence, it cripples opportunity, and it wastes tax dollars. I have said many times, Mr. President, that the present welfare system is unfair. It is unfair to the people who are on it and it is unfair to the taxpayers.

But for too long, that is just about as far as it has gotten. Politics as usual has crowded out good ideas and practical solutions. And what has been the result?

Families on welfare have been stuck in the dependence trap and taxpayers have been stuck with the bill. So how do we escape it? Well, the key to real reform is to start with the basic questions—not what makes the best sound bite, not what pushes the most hot buttons, but what makes common sense and what works.

My work on welfare reform over the last several years has led me to five fundamental conclusions about how to not just reform welfare, but how to once and for all say really farewell to welfare as we know it. And I would like to go through those five conclusions.

Conclusion No. 1. Welfare reform must be built on a foundation of responsibility. We must stop looking at welfare as a Government giveaway program. Instead, it should be a contract demanding mutual responsibility between the Government and the individual receiving the benefits. The contract should outline the steps a recipient will take to become self-sufficient and a date certain by which they will be off of welfare. Responsibility should start on day one with continued benefits conditioned on compliance with the contract's requirements and, I might add, continued benefits conditioned on the compliance with the contract's requirements by both sides, by both the State and the recipient.

Conclusion No. 2. The goal is self-sufficiency. We have to have a shift in our thinking about welfare, that somehow it is going to be welfare to work, or welfare to a job. I think we have to now begin thinking about welfare to self-sufficiency. Self-sufficiency is a term different from a job. Maybe in the past, we could have the luxury of training someone for a job, giving that person a job, and maybe they could have it for 20 or 30 or 40 years. We know right now that the average worker in America changes jobs, I think, seven times during his or her lifetime. For those at the lower income of the economic scale, it is probably twice that many times.

So I believe that we have to stop thinking about just getting someone a job. We have to prepare people to be self-sufficient. And that encompasses a whole different concept than just training someone for a job.

We do not want just to get families off of welfare and a job, we want to keep them off permanently. That means providing incentives that encourage work and savings, but it also means not just issuing empty promises about child care, but building up people's skills, assisting with child care, education, job training and other basic skills that welfare recipients need to find and keep good jobs. I mean, it could be everything from how to interview, how to keep a budget, how to shop, how to dress, language skills, how to communicate. All of these things need to be built into this concept of being self-sufficient.

So the bottom line in welfare reform is not in short-term budget savings. But the bottom line is the number of families who are able to climb up that ladder of opportunity and escape for good, knowing that they have the necessary skills and fundamentals so that, if they do lose a job, they can go out in the marketplace and find another one.

Mr. President, I also, just as an aside here, want to say that in Iowa—I will refer to this periodically throughout my remarks, and I know the majority

leader said something about hoping that we could have a good bipartisan program of welfare reform. That is possible. We did it in Iowa. I might just add as a preface to some of the other things I am going to say, we passed a welfare reform bill in Iowa 2 years ago. It has been in effect for 1½ years. It got the support of, as I have always liked to say, Pat Robertson conservative Republicans and Jesse Jackson liberal Democrats. Only one person in the Iowa House voted against it. It was signed into law by a conservative Republican, Governor Branstad. We were able to work in a bipartisan fashion. But the way we did it, I think, was the right way, rather than just throwing a bill out and having an ideological debate about welfare.

Back in the 1980's, the legislature, again working in a bipartisan fashion in Iowa, established some pilot programs around the State to find out what would work. They were demonstration programs to see what would and would not work. This went on for a few years. As a result of these programs, the legislature took up the bill 2 years ago and passed a welfare reform bill based upon those demonstration programs. And it has been in existence for a year and a half, and I will talk more about that in a few minutes.

Iowa's Governor, Terry Branstad, said last December, ''There has been much recognition that welfare reform requires an up-front investment with long-term results.'' Even Governor Thompson of Wisconsin echoed the same words when he said, ''Welfare reform requires cash investments up front. But that investment eventually turns into savings.''

Conclusion No. 3 is that one size does not fit all. An inflexible 2-year time limit on welfare benefits, as I have said before, is too permissive. If put in place, a 2-year maximum becomes a 2-year minimum. Time limits should be based on individual family circumstances, not some cookie-cutter approach. The plain fact is that many require far less than 2 years on welfare to achieve self-sufficiency. States also should not be strapped with a welfare Federal straitjacket. We should cut Federal redtape and leave the States with the option of choosing the policies best for them. After all, what works in Brooklyn, NY, may not work very well in Brooklyn, IA.

But we also should not abandon the basic national framework that assures protection for children and demands responsibility from all recipients. Without that, we risk trading in one large failed dependency-inducing system for 50 smaller varieties of the same thing. I will repeat that. If we do not keep our basic national framework that assures protection for children and demands responsibility from recipients, if we are going to turn this back to the States, we are going to have 50 varieties, basically, of what we have right now.

Conclusion No. 4. The private sector must be a full partner in fixing welfare, not in the end but in the beginning. Too often, we have put people through welfare programs, training programs, and then at the end we say, ''OK, go out to the private sector and get a job.'' I believe that what we have done in Iowa has shown that to be absolutely the wrong approach. The private sector must be pulled in up at the beginning when a person is on welfare and when they have signed the contract and they begin that process for self-sufficiency. There must be ways for the private sector to be involved right from the beginning.

Also, instead of creating costly and inefficient Government make-work jobs, the focus ought to be moving people into permanent jobs in the private sector and not some dead-end, make-work job in the beginning.

Mentoring programs by the private sector must be encouraged. They work great in Iowa. And microenterprise development—and I will have more to say about that in a few minutes—must be enhanced and promoted. Businesses should be encouraged with whatever we have to encourage them to do so, to get in on the ground floor of welfare reform and work with clients in the beginning.

I mentioned microenterprise development. Look at the work of the Institute for Social and Economic Development in Iowa. It has been helping low-income individuals start their own businesses. While most small businesses fail within the first year in America, most businesses established with the assistance of ISED, since this program started in 1988—and this is a program where with a very little amount of money, welfare recipients who have the ability and desire to establish their own businesses through microenterprises are given intensive training periods in accounting, bookkeeping, buying and selling; setting up a business. This lasts for about 3 months, and they are then given low-interest loans, very low-interest loans, to help start that small business.

Guess what has happened? While most small businesses fail in the first year, this program has had a 72 percent success rate. Think about that. Since 1988, for every 100 businesses started under this program, 72 percent are still surviving today, providing former welfare clients with a business of their own and providing them with self-sufficiency. That is better than SBA can ever hope for—72 percent. And yet, under the bill we have in front of us—I will say more about this later—that funding is taken away for microenterprise development. That is one of the most successful things we have seen.

I had an example here of some of the people who were involved in this program. Jo Sires, owner-operator of Again and Again Consignment, buys clothes from garage or yard sales. Some of it she gets on consignment and resells. She has owned and operated that business for 5 years. She started in June of 1990. She was laid off from Rath Packing Company due to plant closure. She had been on and off AFDC for 4 years. She is a divorced mother with three children. She started working with the Institute of Social and Economic Development in July 1989. She opened her store in 1990. Right now, she has pursued her business and has relocated her store after the first year to a place with twice as much floor space. Her sales range from $3,000 to $6,000 per month. Here is a person who was on welfare, AFDC, for almost 4 years. Now she is totally self-sufficient.

I have a lot more cases here of people that have started their own small businesses and how they have gone on to operate those businesses with their families and become successes. We ought to encourage more of this and not pull the rug out from underneath them. We have a success rate of 72 percent, and that is something to crow about.

Conclusion No. 5. Bipartisanship is essential. Neither political party has a corner on the market of good ideas. We can learn from each other and come together on a plan that includes the best ideas of both. I was proud last year to have joined with Senator KIT BOND of Missouri to introduce the first bipartisan welfare reform legislation last year. It encompassed much of what we did in Iowa and much of what Missouri had done also. As I said, no party has a corner on the market of good ideas.

Mr. President, I have worked to develop an approach that is rooted in these five core principles. The centerpiece is the family investment agreement, which requires all families on welfare to enter into an individualized contract with the State. Under the plan, each family will sit down with a case manager and chart a course to self-sufficiency. Basically, it means taking people who are on welfare now, putting them through the family investment program, having them sit down with a case manager and getting an assessment, a thorough assessment of that individual—background, capabilities, test scores, whether they have disabilities, what their family is like, how many children, do they have disabilities in the family, do they need transportation, and where they live.

You need a good profile of people so that you can come up with a contract that individualizes the approach, as I said earlier. One of my conclusions is that one size does not fit all. We have proven that in Iowa. When you individualize a contract, when you have a case manager, when you do a good profile of an individual and of her or his situation, then you can draw up a contract that is realistic and that provides that person with a pathway up and out of welfare and into self-sufficiency.

Flexibility is critical in welfare reform. We should be inflexible when it comes to one bottom line: We must demand results.

Under the legislation that Senator BOND and I introduced, 90 percent of the recipients would be required to sign agreements and find work. This plan may sound unrealistic.

The fact is those ideas are based on reform that has actually worked. Under Iowa's revolutionary bipartisan welfare reform plan, which adopted the family investment agreement 1½ years ago, the number of welfare recipients holding jobs has grown by 93 percent.

Mr. President, here is a chart that illustrates what has happened in Iowa, through June 1995, starting in September 1993. Actually, I said a year and a half, and you might say, well, you have been on the program almost 2 years. Most things did not go into effect until January of 1994. We took this as the starting point of that fiscal year and the beginning of the next fiscal year.

At that time, we had 6,553 families on welfare in Iowa who were working. We now have 12,351. That is an increase of 93 percent. That has happened in Iowa. People might say, well, you have low rates of unemployment, and maybe the economy has gotten better. Maybe there are things to account for that.

Mr. President, because we had to go to the Department of Health and Human Services to get a waiver for our program, they demanded we set up the control group. There are people in Iowa who are not under this program, they are operating under the old program. So we are able to see whether or not they have been able to do the same thing as this group.

Guess what? Under the old group, looking at this chart, right in the beginning we had 18 percent of our families working who were on welfare. That is now up to 34.8 percent. In the control group, it is still operating under the old system. They are still down at 18 percent working. Under the new system, we have almost doubled it—93 percent increase. You cannot say it is just because the economy has gotten better or low unemployment, because we have the control group there under the old system. We are able to compare. We know under the new system we have almost doubled the number of people on welfare who work.

I am proud to say that right now Iowa leads the Nation, we have a higher number of our people on welfare who work than any State in the country. Iowa leads the Nation in moving recipients from welfare to work. The costs to taxpayers are steadily going down and welfare caseloads are declining.

Since the program began on October 1, 1993, the number of Iowa welfare recipients who are working and earning a paycheck, as I said, has almost doubled. Since more welfare recipients are working and earning income, the average size of the welfare grant has declined from $373 down to $336.

Mr. President, here is a chart showing what has happened to our average grant, $373, now down to $336. Again, keep in mind, we have almost doubled the number of people on welfare who work and we have cut the average size of the grant from $373 to $336.

Now look at what has happened to our caseload. The number of families on welfare has declined. Now, Mr. President, I said earlier, to echo Governor Branstad and even Governor Thompson, sometimes it takes investment up front to get long-term investments. We knew in Iowa—Republicans and Democrats alike—that when we made the changes the number of people on welfare would blip up in the beginning, but we had confidence that because of what we had seen on some of the pilot programs in Iowa earlier, we knew after the initial blip up they would start to come down. That is exactly what has happened. This chart proves it.

We started out our caseload with 36,404. Immediately, up until May of last year, it boomed up. Once we worked through the system, we got these people because of the transportation, and things like that, it leveled off, and since that point in time, it has dramatically come down, and we are down now to 34,806. This is what we have to keep in mind.

Sometimes an investment up front will yield long-term investments. We are so concerned around here about cutting this, we want to see what will happen in the first year. Cut everybody down the first year. What will happen is it will boom up later on because people simply will not have the wherewithal, the training, to be self-sufficient.

That is what we have done in Iowa. We took the long view. We said maybe in the first few months it may cost a little bit more. We may get a few more people on welfare. But we know what will happen, and what happens statewide is what happened in every pilot program that we had before that.

So it is working. I urge my colleagues, keep in mind the long term, not just the short term, but the long term. We know what has happened in Iowa.

Lastly, what has happened on the macro scale to the State of Iowa with this program? Total cash payments have declined by 20 percent from $13.8 million per month to $11.7 million per month. Two million a month, $24 million a year—that is not bad for the State of Iowa.

Here, this chart shows it. The blue line is fiscal year 1992. The green line is fiscal year 1993. The yellow line is fiscal year 1994, total expenditures on welfare grants in Iowa. Here is what happened after we instituted our welfare reform program—the red line. It has been coming down constantly. Compared to just here in 1994, we are down to about $2 million a month.

Let me sum it up. What have we done in Iowa? We doubled the number of people on welfare working. We cut the number of total caseloads on welfare. We have cut the cash grant to families. We have cut the total expenditures that the State of Iowa has to come up with. It is working.

I have said many times, we in Iowa did it right. We are sort of the Rodney Dangerfield of welfare reform. We did it right, but ''We don't get no respect.'' We have done it right in Iowa. As I said, it got the vote of conservative Republicans and liberal Democrats, and they put it through.

It has worked. It has worked well. Taxpayers have saved money, welfare recipients have gotten jobs, fewer families are on the welfare roll. I call that a triple play.

I had some editorials I was going to read. Mr. President, I will have printed an editorial about the mentoring projects in Iowa, where we bring in private businesses to mentor people who are working on welfare, and how good a program that is. I ask unanimous consent that be printed in the RECORD.

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

MENTOR PROJECT A GOOD IDEA

The Iowa Invests Mentors Project aims to pair people who have made it with those who want to.

The basic idea is to help people on welfare by providing guidance from those who have learned how to survive in the methods and skills of job hunting and job retention.

The program is not designed to provide a cheerleader, but someone who can give practical, real-life advice.

But there is more to the program. Participants are required to sign a contract agreeing to obtain training and get jobs with phased-out assistance payments.

This is an Iowa program that grew out of a 1988 pilot program, giving state jobs to former Polk County Aid to Families with Dependent Children recipients.

In 1993, the project expanded into the Family Investment Program-Promise Jobs, an outgrowth of a bill passed by the Iowa Legislature in response to Iowa Commission on the Status of Women requests.

This is the kind of program which critics of the welfare system have been demanding for years.

Now it has arrived. But, ironically, there has been little response from the community.

According to program managers, there are as many as 2,000 eligible people in the eight-county southwest Iowa area, yet no more than 25 to 30 volunteers are expected by the most optimistic organizers.

We might be forgiven for suspecting that opponents of welfare are not putting their time and money where their mouth is.

We are sure that in our area there are many who could give substantial guidance to those seeking self-sufficiency.

For women who have faced the humiliating need for public assistance, often after being abandoned by a spouse, this first step is critical toward establishing self-esteem and a secure economic future.

We think they deserve our support.

For those unable to mentor, there will be the opportunity to offer pledges to those who will be ''rocking'' in a rocking chair marathon Saturday at WalMart, 3201 Manawa Center Drive, from 10 a.m. to 6 p.m.

It is of no use to complain about state-sponsored welfare and then refuse to participate in programs that provide grassroot support for those among us who need our help to establish themselves.

Mr. HARKIN. A good editorial from the Cedar Rapids Gazette entitled, ''Take Good Ideas and Run With

Them.'' I might point out this was in last year in December.

As the reins of power in Congress are passed to new hands over the next month, the incoming Republican majority should not only take note of the voter unrest that made this change possible, but other circumstances outside the Washington beltway.

For instance, TOM HARKIN, heretofore a well-positioned Democratic member of the United States Senate, and Terry Branstad, the Republican poised to set a longevity record for Iowa governors, find themselves on the same wavelength about a traditionally dicey issue—welfare. Both have had good things to say about efforts in Iowa to reform welfare programs. Both regard the Iowa experiment as a potential model for Federal welfare overhaul.

Anyway, it went through what happened in Iowa and concluded by saying:

That's how government is supposed to work, of course. Forget the partisan sideshow and concentrate on making good public policy out of good ideas regardless of their origins.

Mr. President, I ask unanimous consent this be printed in the RECORD, also.

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

TAKE GOOD IDEAS AND RUN WITH THEM

As the reins of power in Congress are passed to new hands over the next month, the incoming Republican majority should not only take note of the voter unrest that made this change possible, but other circumstances outside the Washington beltway.

For instance, Tom Harkin, heretofore a well-positioned Democratic member of the United States Senate, and Terry Bradstad, the Republican poised to set a longevity record for Iowa governors, find themselves on the same wavelength about a traditionally dicey issue—welfare.

Both have had good things to say about efforts in Iowa to reform welfare programs. Both regard the Iowa experiment as a potential model for federal welfare overhaul.

Iowa has instituted a plan in which recipients of public assistance must agree to gradually re-enter the work force, thereby easing themselves off welfare. Some don't like this imposition of deadlines, complaining that life doesn't necessarily mesh with such mandates. True, but absence of specific targets merely encourage the status quo.

Other gaps probably exist, too. But though the Iowa plan isn't perfect, the system it replaces has long since become inefficient. And in the relatively short time the new program has been in place, results have been encouraging. Greater numbers of assistance recipients are able to share in their own support through earnings.

Never will society be entirely free of an obligation to help the less fortunate who cannot help themselves. But neither should it be burdened with supporting those who will not contribute to their own well-being.

What Iowa policymakers crafted for this state shows promise, and under Harkin's guidance, could become a pattern for federal welfare reform. He's losing chairmanship of a key Senate committee, by virtue of being relegated to minority status, but Harkin is shrewd enough about the ways of Congress to know how to get a good idea considered. He and Sen. Kit Bond, a Missouri Republican, will reintroduce legislation next year on welfare reform.

That's how government is supposed to work, of course. Forget the partisan sideshow and concentrate on making good public policy out of good ideas regardless of their origins.

Mr. HARKIN. Mr. President, this is an editorial more recently, on May 11, from the Des Moines Register, which is titled ''A Welfare Winner—Iowa's Family Investment Plan Could be a National Model.''

With a solid year's worth of experience behind it, Iowa's innovative new welfare program looks like a winner. If the numbers hold up over time, the state's Department of Human Services will have succeeded where the nation and practically every state have either feared to tread or have tried and fallen short.

As Senator Tom Harkin has pointed out, the Iowa idea could be a model for the Nation. But rather than looking at Iowa, congressional GOP leadership is focusing on block grants to states, with no guarantee that they won't use Federal tax money to perpetuate formulas for failure that have characterized welfare from its inception.

Mr. President, I ask unanimous consent this editorial be printed in the RECORD.

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

[From the Des Moines Register, May 11, 1995]

A WELFARE WINNER—IOWA'S FAMILY INVESTMENT PLAN COULD BE A NATIONAL MODEL

With a solid year's worth of experience behind it, Iowa's innovative new welfare program looks like a winner. If the numbers hold up over time, the state's Department of Human Services will have succeeded where the nation and practically every state have either feared to tread or have tried and fallen short.

As Senator Tom Harkin has pointed out, the Iowa idea cold be a model for the nation. But rather than looking at Iowa, congressional GOP leadership is focusing on block grants to states, with no guarantee that they won't use federal tax money to perpetuate formulas for failure that have characterized welfare from its inception.

There remains a very long path toward a complete weaning of Iowa's poor from the dole. It will never be complete; a core of hard cases is inevitable. And the Iowa reform plan, known as the Family Investment Plan, has yet to make a serious dent in Medicaid, the welfare health program that costs seven times as much in Iowa as do the cash grants to the poor to pay for necessities. (Besides serving young, needy families, much of the Medicaid expense goes to the elderly poor in nursing homes.)

But the welfare that hits the public's hot buttons—Aid to Families with Dependent Children—involves cash grants given to women who have babies instead of jobs. In that area, Iowa is making progress by substituting the Family Investment Plan.

The March 1995 welfare caseload in Iowa is down 9 percent from March 1994.

The cost of welfare grants for the month of March '95 is 12 percent lower than for the same month a year ago.

Before Iowa began phasing in the Family Investment Plan program in October 1993, fewer than one Iowa welfare family in five had any earnings from a job. By March '94, the number was roughly one in four. By March '95, it was one in three.

''Getting that first job is the big step,'' said Ann Wiebers of Iowa's DHS.

To make getting that job more attractive, the state allows welfare recipients to keep more earnings than they did under AFDC. Welfare grants decline as earnings increase, but they don't fall as fast as under the old AFDC formula. That means giving more bucks to beginning wage-earners—but the investment pays off for taxpayers.

The new Family Investment Plan includes penalties as well as rewards. Those who refuse to sign a contract to get a job or get training, or sign a contract but refuse to abide by it, can lose their cash grant.

For the first three months, non-cooperators continue to get full benefits; for the next three, benefits for adults in the family go. After that, it's over, and as of April 1, the DHS had canceled grants to 1,112 families. They continue to get health care, and food-stamp allotments actually increase. Iowa public-health officials visit families to make sure the children are getting along.

The program is not yet fully implemented. The Family Investment Plan has replaced AFDC in 90 counties, and has taken much of the caseload in the other nine.

The only valid rationale for having maintained 50 separate state welfare programs through the years is to enable states to improvise and innovate. Iowa has sought reform through increased incentives, and it works. But as Harkin told a Senate Finance Committee hearing, ''No one seems to be paying any attention.''

They should be. And the lack of attention makes one wonder if congressional leadership is less concerned with successful reform than with who gets the credit.

Mr. HARKIN. Mr. President, I ask unanimous consent, at the end of my statement, at the end of my time, a series of other editorials in support of the Iowa program be printed in the RECORD.

The PRESIDING OFFICER (Mr. SANTORUM). Without objection, it is so ordered.

(See Exhibit 1.)

Mr. HARKIN. Mr. President, let me comment a little bit about the bill we have before us. I guess it is called the Dole-Packwood bill, S. 1120.

I think, basically, this bill strikes out. As I have said, the Iowa program is a triple play. This bill strikes out. It fails the test of moving people from welfare to self-sufficiency. Again, do not take my word for it. The Congressional Budget Office estimates that 44 of the 50 States will not meet the work requirements as outlined in the bill.

We need a welfare system that empowers people and promotes independence. Today's system fails to do it and, I believe, so does the bill before us. The Dole-Packwood bill merely changes the means of delivering welfare programs but will not affect the end. Families will remain trapped in a cycle of dependency and poverty. The pending legislation replaces this one failed dependency-inducing system we have with 50 varieties of the same. It boxes up the problem and ships it off to the States. It will not ensure reform. Nor will the pending legislation provide opportunity, real opportunity for welfare recipients, the real opportunities to become self-sufficient. That should be our goal. If you do not have an education and skills, you will not get a job. If you do not have transportation, you cannot get to a job. And if you do not have child care, you cannot keep a job.

That is the reality for most families on welfare: No one to take care of the

kids, no way to get to work, no skills, no education. And, to them, the bill before us, the Dole-Packwood bill, says ''No way out. No luck. No exit.'' That is not welfare reform, that is welfare fraud.

What we did in Iowa—I might add, some of the things that increased the caseload, that made this caseload up in the beginning, is we let people keep more of their earnings. We raised the ceiling for automobiles. Under Federal law, a welfare recipient getting AFDC cannot have a car valued at more than $1,500. What do you get for $1,500? You get a car that breaks down all the time. So the welfare client, they have a car worth $1,000 or $1,200, it breaks down, they cannot get to work, they lose their job, and go right back on welfare.

We in Iowa raised that to $3,000. Now people on welfare can have a little better car and be assured they can get to work.

If you think that is liberal you ought to try Utah. Utah raised the value of the car, I believe, if I am not mistaken, to $7,000 or $8,000. You can have a car valued at that much and still get AFDC, still qualify for AFDC.

So these up-front investments are necessary to move people out of welfare and achieve real, long-term savings. I am afraid the Dole-Packwood bill is nothing more than just shifting the costs onto the State and local taxpayers.

In talking with people in Iowa in town meetings, especially with boards of supervisors, they know what is going to happen. It is going to fall in their lap. This is just going to be a shift down to general relief. Since people will be at the county level, they know these people, then it is going to mean an increase in property taxes. The Dole-Packwood bill, I think, if nothing else, means that. It is going to increase property taxes for people in this country at the local level and it is not going to provide for any pathway to self-sufficiency.

Again, to repeat, the goal of reform should be self-sufficiency, so people can get off of welfare and stay off of welfare. The Dole-Packwood bill will not do this and it should be rejected. But we should work together to try to change, to modify, to make sure that we have legislation that I believe is more in keeping with what we did in Iowa. The bill that Senator DASCHLE has come up with, I think, takes a different approach—realistic, forward-looking, profamily, and prokids. The Work First proposal requires a contract between welfare recipients and the State similar to that in the Iowa Family Investment Plan.

Now the Dole-Packwood bill also has a contract in it, but it does not say what the contract has to do. The bill over here, the Work First proposal, does set that out. The Work First plan also offers the Iowa plan as one of three models that States may adopt in their effort to reform the current system and move recipients from the welfare rolls to the job rolls. In other words, under the Daschle bill, the Work First bill, if a State wants to adopt the Iowa plan, it can do so and not be burdened with any Federal regulations, Federal rules. They do not have to come under the other purviews of the welfare bill.

As I say, it is one of three: That; the Oregon plan; and I believe the Riverside, CA, plan.

So this may be someplace where both sides can work together and that is to make sure at least the contract is one that is realistic, that is binding, that holds the recipient to be responsible from day one, but also holds the State responsible. What we have done in Iowa, under the contract, once that initial assessment is done and a contract is worked out, the recipient signs it and the State signs it. The State has to live up to its side of the bargain, too; in other words, to provide child care, transportation, we provide education, tuition—that type of thing. Whatever is the best for that person, to get that person through the program and into self-sufficiency.

As I said, we found in most cases it does not take 2 years. I think, if you have 2 years, as I said before, the maximum becomes the minimum. But every contract, every contract in Iowa, has a time limit. And every contract should have a time limit—whatever time it requires to get that person through and into self-sufficiency.

There are always going to be the hard cases. The 18-year-old girl who has two children and has no high school education. One of her kids is severely disabled. She may have a disability herself. And she may have no family support anywhere. To think that that person may get through in 2 years is foolish. It may take 4 years. It may take 5 years. Those are the hard cases. But the vast majority of cases will take less than 2 years. That is why I say it has to be individualized and not ''one cookie-cutter plan fits all.''

So instead of simply slashing welfare and dumping all the responsibility and all the bills onto the States and local taxpayers, I believe the Work First plan represents real reform and real change.

Like the Iowa plan, the Work First plan demands responsibility from day one, not after 2 years. And it ends the ''something for nothing'' system of today with one that truly turns welfare into work. The Work First plan is built on the concepts of accountability, responsibility, opportunity, and common sense. It will liberate families from the welfare trap and it will strengthen families and help today's welfare recipients finally walk off this dead end of dependence and on the road to self-sufficiency.

Mr. President, I close by urging all my colleagues to please take a close look at the Iowa plan, what the Iowa plan has done, the success it has had. I hope we can work together in a bipartisan fashion. We have two bills out here now. I am sure amendments will be offered and debated. They should be.

What we are talking about here is nothing less than perhaps the most profound change in social policy that we have had in 20, 30, 40 years, perhaps—maybe more. We should not take it lightly. We should not rush to judgment. But we should not be stampeded into making changes that are not based upon sound data and experience that we have had.

We should not be making decisions just based upon anecdotal stories or ideology or what feels good or what makes a sound bite or what scores the most political points. This is a very serious debate long overdue. It should be thoughtful and thorough. Amendments ought to be offered. I have some that I will offer maybe to both—I do not know—that will incorporate a lot of what the Iowa plan does because I think it does make common sense. There are some other provisions that other people have worked on that, quite frankly, I like, some that are on the other side of the aisle.

So I am hopeful that we will do this in a thoughtful and thorough manner. I do not know if we can get it done this week or not. I do not intend to filibuster it. I have never heard anybody talk about a filibuster. But I do believe it ought to be thorough and thoughtful and take whatever time is necessary. If it takes more than a week, maybe it ought to take more than a week. I do not know. I hope we have our debates and have our amendments, and vote them up or down. Hopefully, we can come up with a welfare reform program that truly is revolutionary. I do not think that this Congress could do any better for the American people than adopting what we have done in Iowa to move families off of welfare.

I thank the Chair.

EXHIBIT 1

[From the Burlington Hawk-Eye (Iowa), Feb. 8, 1995]

WELFARE REFORM SHOWS PROMISE

(FIP program: More welfare recipients getting jobs under new rules designed to get people off the public dole)

(By Roger Munns)

DES MOINES.—Welfare recipients in a test group who still get benefits under Iowa's old law are much less likely to have jobs than the majority who get benefits under a reform law, according to state officials.

Only 18 percent of a test group of families who get Aid to Families with Dependent Children have members with part-time jobs.

ADC was replaced last year with the Family Investment Program in which recipients must sign a contract detailing how and when they'll get off the dole.

The 18 percent compares to 33 percent of FIP recipients who have jobs.

''To me, this says that the families under the old policy are continuing to behave in the way they always did,'' said Deb Bingaman, welfare reform waiver coordinator for the state. ''That percentage isn't increasing.''

When Iowa switched to the new law last year, some recipients were deliberately selected, at random, to be part of a control

group that still receives AFDC. There are 2,158 families in the test group, all from nine counties: Polk, Black Hawk, Clinton, Des Moines, Jackson, Jones, Linn, Pottawattamie and Woodbury.

Of those families, only 390 had a member with a part-time job in January. That's the same percentage of AFDC recipients who had jobs before the reforms went into effect.

By comparison, almost exactly a third—33.4 percent—of the vast majority of cases who are getting benefits under the new law have outside income. In December 37,925 Iowa families were getting FIP grants, and of those, 12,667 had family members who had jobs.

Bingaman said state officials are encouraged by the numbers, since more and more welfare recipients are getting work experience that will help them become self sufficient.

The key reason for the disparity is that the new law has an incentive for work. Recipients get to keep higher amounts of outside income before benefits start to decline.

''This encourages people to become involved,'' said John Kneeland, director of welfare services in the Ottumwa region. ''The old system sort of gave things to you with one hand and took them away with the other.''

Charles Bruner, director of the Institute for Social and Economic Development in Des Moines, said there hasn't been enough evaluation to determine the success of the new law. But he said the early numbers are encouraging.

''I think Iowa is pretty much a model. It's one of the best efforts to create a ladder out of poverty, and it's showing positive results,'' said Bruner.

''More people are working and more are on welfare, but average grants are less, and it's not costing us any more than the old system. So overall, it looks good.''

In addition to the outside income allowances, there are other differences between the old and new laws. Recipients are allowed higher assets without being disqualified, it's easier for two-parent households to qualify, and recipients must sign agreements on how they'll become self sufficient.

Those who don't play by the rules have benefits cut off.

When the program began, the caseload shot up dramatically, up to a peak of more than 40,600 last April, and has been dropping since. Last December, there were 37,925 families receiving welfare.

The average grant was $344.64 in December, and it, too, is declining as people earn more money in their jobs, Bingaman said. By comparison, the average AFDC grant in September 1993 was $373.75. FIP recipients also receive food stamps and medical care.

Bingaman said there is no data on the test AFDC group other than the percentage of those with jobs. The state has hired a Washington, D.C., group to conduct research on the test group.

Bruner said one factor that might skew the results is Iowa's robust economy.

''Obviously, welfare reform is going to be far better in areas where there's a lot of demand for workers. We're looking at this in a climate of a fairly healthy economy,'' he said.

Bingaman concurred, but said the robust economy didn't increase the percentage of those in the test group with jobs.

[From the Cedar Rapids Gazette, Apr. 17, 1994]

THIS ONE'S DIFFERENT

Iowa Senator Tom Harkin is teaming up with conservative Missouri Republican Sen. Christopher Bond to introduce a ''Welfare to Self-Sufficiency Act'' that would limit benefits more than the welfare proposal espoused by President Clinton.

Clinton's plan would stop paying benefits after two years. But the Bond-Harkin plan would provide full benefits for three months, reduce them for three months and then stop them.

And listen to Harkin's rationale for such a short term: It requires welfare recipients to take responsibility for themselves and their families ''from day one, not year two.'' Harkin said he is concerned ''that a two-year limit on the welfare rolls will actually become a two-year minimum. If people aren't encouraged, or in some cases required, to help themselves, many simply won't.''

Key to the plan is a contract between the government and participants that outlines the steps recipients would take to resume self-sufficiency. The plan also allows families to keep more of their earned income and to save money, according to Associated Press. The plan is based on reform already in Iowa and Missouri.

Of course, such plans depend a lot on employers creating jobs that people in these circumstances are able to fill. Also, this plan, introduced last Monday, joins a growing list of welfare reform efforts. But it could stand out both for its conservative provisions and its sponsorship by the liberal Tom Harkin.

That last point alone could make a difference. It's like that line, ''Only Nixon could go to China.''''

[From the Waterloo Courier (Iowa), Oct. 17, 1994]

WELFARE SYSTEM FINALLY WORKS

Iowa taxpayers who have long demanded accountability from welfare recipients started getting it.

Under reform legislation enacted last year, welfare recipients must sign Family Investment Agreements that detail how and when they will become self-sufficient. . . .

Failure to sign pulls the plus on public assistance. . . .

But the triumph of the program is not necessarily in who will not benefit. Instead, praise and support should go to the vast majority or recipients who are cooperating, and the people making the program work.

The Family Investment Program is a shining example of responsible, responsive government.

The law's passage last year made it clear that there are limits to the public's patience and obligation for individuals. . . .

It sends an irrefutable message that Iowans will help those people in need who show the desire and responsibility to help themselves. And, especially important, the new policy tells that small group of freeloaders who are unwilling to better themselves that they are—finally and deservedly—on their own.

[From the Ottumwa Courier (Iowa), Oct. 3, 1994]

PROGRAM HELPS IOWANS GET OFF WELFARE

Iowans don't mind lending a hand now and then.

Unfortunately, our state welfare system has become more than a helping hand to many families. It has become a way of life, a culture, an expectation, a cycle of dependence that has been passed from one generation to the next.

The state decided to do something about that cycle last year, and the results are beginning to take hold. About 250 families have been cut off from welfare benefits because they refused to take part in a new program that forces families to take specific steps to wean themselves from welfare.

Many taxpayers believe it is long overdue. Some welfare recipients believe it is unfair—particularly to children.

At the beginning of this year, most Iowa families that receive Aid to Families with Dependent Children were forced to sign contracts called Family Investment Agreements.

The agreement spells out steps that families must take to leave welfare and enter the workforce. In return, families will be able to keep more of their earnings and accumulate more assets without hurting welfare payments. To assist, the state is spreading a safety net that includes such support as child care, job training, education and health insurance.

For years, critics have argued that one of the main flaws in the welfare system—not just in Iowa, but nationwide—is that it provides too many incentives to stay on welfare, and makes it too difficult to get off of it.

The Iowa program is designed to provide incentives to leave welfare.

In addition, the new program provides welfare recipients plenty of opportunities to enroll. They receive written notice before payments are trimmed, then cut off. And people who lose benefits may apply again in six months.

But the philosophy seems simple enough: Take steps to find work and the state will help you. But if you won't do anything to help yourself, why should the state be expected to take care of everything?

It only seems fair.

[From the Omaha World-Herald, May 5, 1995]

WELFARE CONTRACT A WORTHWHILE IDEA

The idea that welfare should involve form of social contract continues to deserve attention.

Sen. Tom Harkin, D-Iowa, has introduced a bill in the Senate that reflects ideas from a welfare reform plan enacted by Governor Branstad and the Iowa Legislature. One idea is that welfare isn't run automatic entitlement. A recipient must sign a contract with state government. The contract spells out the services the government will provide, and it contains specific steps to be taken by the recipient to become self-reliant.

A similar provision has been included in the welfare reform program under consideration in Nebraska. Jerry Oligmueller of the State Department of Social Services said that recipients would sign a ''self-sufficiency contract'' charting a two-year course to self-sufficiency.

Emphasis on personal responsibility, he said, is part of the state's effort to recognize and encourage a change in attitudes about welfare.

The idea of changing society's thinking about welfare is all to the good. In the case of people who have no physical or mental ailments, welfare should not be an open-ended arrangement. It's not fair for the government to take money from tax-paying citizens to provide for the permanent support of an able-bodied person. State and federal officials who are trying to re-establish welfare as a temporary, rehabilitative program are doing the right thing.

[From the Waterloo Courier (Iowa), Oct. 3, 1994]

CHANGES IN WELFARE RULES FULFILL WILL OF THE PEOPLE

Iowa taxpayers who have long demanded accountability from welfare recipients started getting it on Saturday.

Under reform legislation enacted last year, welfare recipients must sing Family Investment Agreements that detail how and when they will become self sufficient. The agreements can include education, training, community service and other options.

Failure to sign pulls the plug on public assistance.

Benefits stop this month for the first 286 families who failed to take steps toward self sufficiency as required by the state's welfare reform law enacted last year. Not surprisingly, some have reconsidered and now want to get into the Family Investment Program, as welfare is now known.

But a state official said benefits for those people would not be restored until they actually signed a contract with the state. That could take at least a month, according to Gloria Conrad, bureau chief for the Family Investment Program division.

Those who made no effort to sign the self-improvement contract by Friday will have their benefits shut off for a minimum of six months.

Benefits are being stopped only for people who were in the first wave of recipients contacted six months ago and who have refused to participate in the reform law.

The cutoffs will not come as a surprise to any of the affected recipients. Those who failed to respond were given numerous changes—including in-person visits by state Human Services workers whenever possible—to change their minds.

''There aren't really very many who have simply ignored the program,'' said John Newland, a welfare administrator of a 10-county area based in Ottumwa. ''But we have had some people who have simply said no, they won't choose to do any of this stuff. The feeling, I guess, was that we were intruding on their own business, that we didn't have the right to tell them what to do. That's their decision to make''

Those people have to right to feel that way if they wish, but they don't have a right to expect taxpayers to continue carrying them.

But the triumph of the story is not necessarily in who will not benefit. Instead, praise and support should go to the vast majority of recipients who are cooperating, and the people making the program work.

About a third of the state's welfare cases have gone through the system and most—more than 12,000—have signed the agreements.

To encourage recipients to take jobs, they are now allowed to earn higher wages and still get partial benefits. For the same reason, the average monthly grant is now lower than a year ago—$348 in August compared with $373 in September 1993.

The Family Investment Program is a shining example of responsible, responsive government.

The law's passage last year made it clear that there are limits to the public's patience and obligation for individuals.

Its implementation reflects the fact that the General Assembly and the governor are capable of hearing—and delivering—on the values and policies desired by the ''silent majority'' that pays the bills.

It sends an irrefutable message that Iowans will help those people in need who show the desire and responsibility to help themselves. And, especially important, the new policy tells that small group of freeloaders who are unwilling to better themselves for the common good that they are—finally and deservedly—on their own.

Mr. PACKWOOD. Mr. President, could I make a request that those on the Republican side who wish to make opening statements offer them so we can get them in order.

I thank the Chair.

Mr. DEWINE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Mr. President, we have begun today in the U.S. Senate a historic debate. My colleague and friend from Iowa has just said it is a debate that is, frankly, long overdue. It is a debate about an issue that deeply troubles the American people. As I have traveled in my home State of Ohio over the last few years, I have not been able to find anyone who thinks that our current welfare system works very well or that it cannot be improved. I have talked to people on welfare. I have talked to people who have been on welfare who are now working in the private sector. I have talked to other taxpayers. No one, Mr. President, thinks our current system works.

This is truly a monumental task that we have begun today. The tragic fact is that there are too many people in this country who are literally trapped in a cycle of welfare dependency.

Mr. President, America simply cannot afford to continue in this direction. It is fundamentally, morally wrong that a sizable portion of Americans, a sizable number of Americans, should be excluded from what most of us consider the American mainstream.

Mr. President, let me state what I do not mean by ''mainstream.'' I am not talking about a narrowly defined lifestyle or conventional set of values on controversial issues. That is not what I am talking about. What I am talking about is the bare essentials of participation in American life, holding down a job, being responsible for your own children, and living in the reasonable expectation of physical safety for you and your loved ones.

Mr. President, I strongly support the current welfare reform effort that is being undertaken, for one simple reason. I believe it has the potential to help rescue a whole generation of Americans. It will give them the bare essentials of American life, a chance at the American dream.

If we are to succeed, I believe we must tackle the welfare system in a truly fundamental and comprehensive way. As we know, Americans on welfare today may get, in addition to AFDC, cash payments and a whole host of other benefits—housing, food stamps, job training, education, child care, and other services. These are things that, as we discuss the issue, most of us just lump together and refer to as ''welfare.''

Mr. President, some would have us focus our welfare reform efforts just on AFDC or just on a few of these programs. I think to limit reform just to that would be a mistake because it really does not go far enough. It would not go far enough to solve the problem. To solve the problem that we face, we need to tackle the welfare system in its totality.

The welfare reform approach I am supporting would block grant as much as is prudently possible of the Federal welfare responsibility back to the States. I believe that we should end the decades-long practice of dictating welfare policy from the Federal level. Why? Because, if you look at the welfare debate today, one key fact becomes astoundingly clear. We just do not know the answers. We know what does not work. We have seen that for over 30 years. But we really do not know what works nor what will change things.

We have heard on the floor, and we just heard from our colleague from Iowa examples of what his State is doing. We have heard examples of what other States are doing. And many of these, I think, are great ideas. But we have not been about these changes long enough that we in Congress should feel confident enough that we should turn to a State and say, ''This is the one way to reform welfare. This is how you have to do it. This is what we know works.'' Because the truth is, Mr. President, we do not know for sure what will work. We have had 30 years of experience in knowing what does not work.

We as a nation are only just beginning to come to grips with the collapse of this decades-old experiment with welfare. Most people concede that this experiment has failed, but we have not developed a new consensus on what kind of system should take its place.

Mr. President, as a Senator who has served in State and local elective office for a number of years, let me say that I do not—I repeat, I do not—believe that it is bad. I do not think it is bad that we do not yet have a consensus, because the lack of a new consensus gives the States a great opportunity to experiment; an opportunity to experiment, though, Mr. President, only if we allow them to do that.

Mr. President, welfare today is an area which we know does not work. Our current policy does not work and has not worked for decades. But what we do not know is what works. We do not have the answers on how to get people off welfare onto work and into the American mainstream with a chance at the American dream.

Some States, as we have discussed, have experimented on welfare, but we do not have enough history on these experiments to totally judge their success. As we used to say when I was a county prosecutor and we were waiting for a jury to come back with the verdict, the jury is still out. We just do not have the experience level to give us enough confidence to impose on the States mandates. To impose these programs on all States, to impose Federal uniformity of programs we are not sure of would be, I think, a serious mistake and would not be true and meaningful welfare reform. It is not the way to change the direction of this country.

That is why, Mr. President, this is exactly the kind of problem that ought to be turned back to the States. By focusing on federally written programs and forcing State welfare policy to conform to a mold shaped in Washington, DC, Congress in the past has seriously weakened the ability of States to adapt, to experiment, to find out what

really works to solve their own problems in their own way and maybe to point out useful directions for other States.

It is very important to note that in the kind of block grants I support, we stop telling the States step by step how to do welfare. We want to tell the States, this is what we should do; here is the purpose you can spend the money on; but we in Washington will no longer dictate the means you can use to achieve that purpose.

In some of the block grant proposals that are before us, there is even some additional flexibility. States can take up to 30 percent of the block grant and use it for any welfare purpose at all, still serving people but giving the States that needed flexibility.

Make no mistake about it: Welfare needs are different from State to State. They are even different from county to county. The needs of my Adams County, OH, and Cuyahoga County, OH, are fundamentally different. They both have needs; they both have people on welfare; but they are fundamentally different counties with different problems.

Some counties may need more child care, some may need more child welfare service. I favor an approach that gives Governors the flexibility to solve problems. I think that would be a huge step forward.

Let me summarize it this way. I think our goal should be not to fund programs. Rather, our goal should be to solve problems, to get people off welfare and into the work force. That should be the goal in any welfare reform bill that this Senate adopts.

As we move forward in this debate, we must be careful not to succumb to the desire to tell States how to meet the goals in these block grants. We must be vigilant and avoid a refederalization of welfare through the back door. We cannot on the one hand say the States have this flexibility and then on the other hand tell the States what to do. We cannot on the one hand say that a problem in the past has been that Washington has mandated too much, and now that the complexion of the Senate and the Congress has changed, we who happen now to be in the majority party know best and we should write the dictates and mandates from Washington. That, in my opinion, would be a mistake.

I find some of these mandates that have been discussed to be quite troubling. We are just beginning to unburden the States from a Federal system that for too long has prevented States from making changes, trying new approaches. It would be a serious mistake to move from that system to a system in which we force States to implement various reform measures prescribed by the Congress.

Let me give you a couple of examples. I think we all agree that when a large portion of the children in society do not have two parents, society is going to be a lot worse off. We agree that America would be a better place if there were fewer out-of-wedlock births. When two-thirds of the children in some of our major cities—two-thirds, Mr. President—are born outside of marriage, we are ensuring permanent poverty and hopelessness for a very large group of young Americans. The result will be extremely dangerous not only to those children but to American society.

According to the Congressional Budget Office, half of all teenage unwed mothers are on public assistance within 1 year of having their first child and within 5 years, 77 percent are on public assistance—77 percent. Children who do not have fathers around are five times more likely to be poor than children who do. Those are the facts. They are 10 times more likely to be extremely poor, to live in the kind of grinding poverty from which it is very hard to ever escape.

Do we have a Federal cure for illegitimacy? Are we in this Chamber certain enough about whatever that cure might be that we are prepared to mandate it and to say every State has to impose it?

Let me tell you, I know one Senator who is not so sure of what that answer is.

In this context, let us talk for a moment about the proposed family cap. In New Jersey, they have experimented with denying additional welfare benefits to mothers who have more children on welfare. An initial study released late in 1994, which has been referred to on this floor, seemed to indicate the New Jersey family cap had caused a serious decline in the birth rate to welfare mothers, somewhere between 19 and 29 percent.

So the family cap is a great idea, right? Well, hold on a minute. We have another study, and this study has been referenced in the Chamber today as well. This study, based on a more complete sample, was conducted by Rutgers University. This study indicated that the denial of benefits made very little difference in the births, very little difference in behavior of welfare mothers. It found the drop in the birth rate was roughly the same among a control group, women who were exempt from the family cap law, as it was among those who were subject to the cap.

There is also some indication that the New Jersey cap might have led to an increase in the number of abortions. This Senator is deeply concerned about that, as I know a number of Senators are. I think it is a concern that we should not just dismiss.

Clearly, we do not yet know what works in this area. Therefore, now is not the time to impose Federal uniformity based on guesswork. We are in the middle of a controversy that is far from resolved, and what we need more than anything else is facts. State experimentation will help us find these facts.

Mr. President, are we certain enough about the wisdom of the family cap at this time, at this place to write it into Federal law? Are we certain enough to make every single State live by it? I know one Senator who is not.

Let me turn to another issue, and that is the work requirement. If there is one thing that will change welfare more than anything else, it is getting people to work. The statistics are overwhelming, that if an individual can get a job and hold that job for any reasonable period of time, the odds are that person then becomes a part of the mainstream. Part of them has the opportunity for the American dream. And that person may not have that same job in a year, year and a half, but if they get the first job and are able to hold it, it makes a fundamental difference.

So there is more we can do. Debate has already indicated Senators on both sides clearly agree about the necessity of work. We all agree that work should be a condition for receiving public assistance. But I believe—I want to put out one cautionary comment at this time as we begin this debate—it is important we make the work requirement achievable by the States. The work requirement will have to be tough, but it will also have to be believable and achievable. In short, a strong work requirement has to work.

Mr. President, I think one way that we can encourage work, the most effective way, is through the block grant proposal that is in front of us. By doing this, States will clearly have a direct incentive to get people off welfare and to allow them to become workers. This pressure will make a difference. Mr. President, tough choices on how to divide up a no longer unlimited stream of Federal dollars will cause the States to become innovative, to become bold, to experiment, and, I think, ultimately to learn from the experience of other States as well. And that will make a difference.

Mr. President, when you are a government with limited welfare dollars, and you are trying to reduce your welfare caseload, you are going to start looking at the people who are able-bodied and refuse to work. And by necessity, States will have to have a strong work requirement.

I think the spending cap will also help us reduce the tide of out-of-wedlock births as well. Mr. President, fiscal pressure caused by the spending cap is going to do a great deal to focus people's attention on this tremendous problem of illegitimacy. As I mentioned before, the Federal Government does not know how to make people act responsibly, but we do know this, a State with limited resources and a serious poverty problem will have to make the wisest possible use of its limited resources.

What is the best way, Mr. President, to balance our two goals, the goal of the need to help children who are born out of wedlock, help them, and the need at the same time to discourage people from having children born out of

wedlock? I am not sure any of us really know. But I believe that capping the block grant proposal with a tough, yet achievable, work requirement will set the States on the road toward finding out.

Let me talk about a positive Federal role, Mr. President. There are some areas in which the Federal Government can play a very helpful role. And I would like to talk about one such area right now.

We are all angry, as the public is, about the men who father children and then run off without paying child support. Fifteen, 20 years ago in the late 1970's, when I was a county prosecuting attorney in Greene County, in the southwestern part of Ohio, I learned about this problem. I had to spend a lot of my time, my staff's time, chasing after these bums, trying to locate them, trying to get them to live up to what should have been their obligations. I had some very aggressive assistant prosecutors who helped me in this and who learned a great deal, as I did, about this problem. Nancy Nevins, Susan Goldie, they headed up our child support enforcement unit. And we found, as we delved into this problem, how big a problem it was and how oftentimes these absent fathers were individuals who had taken off across the State line, almost as if they knew, and I guess many of them did, that if they could get across the line and they could go into another State, that it was going to make it much more difficult to get them to live up to their obligations.

Today, Mr. President, the statistics are staggering. I am told that 40 percent of the unsolved paternity cases nationwide are unsolved because the fathers have left the State. In Ohio that figure is closer to 45 percent. Clearly, a nationwide paternity data bank would be a big help to the State officials who are trying to track down these deadbeats. And we might even go further, Mr. President. We might even want to consider a national collection system to collect back child support from these deadbeats. Mr. President, clearly this is an area in which Federal coordination would actually help the States and not hinder their efforts to reform.

But I do believe it remains generally true that the Federal Government does not have the answers on welfare reform. The Federal Government, Mr. President, needs to be honest about the real lessons of its three decades of failure. The welfare policy of the Federal Government is intellectually bankrupt and the U.S. Senate needs to put it into receivership. The receivers in this case are the 50 States, the 50 laboratories of democracy, 50 laboratories of reform. Many States, as we have already discussed today, are already showing terrific leadership in reforming their welfare systems.

Mr. President, instead of taking the glimmerings of success of any single State and then imposing a rigid, absolutely uniform model on every other State, we need to make sure all States continue to experiment. Ohio, to take a single example, has been a leader in the drive for experimentation. Let me just give a couple examples. In 1989 Ohio received a waiver to try the LEAP program. LEAP stands for learning, earning, and parenting. The LEAP program created incentives for welfare clients to continue and then to complete their high school studies. And that program has met with modest success. In 1991, another example, Mr. President, Ohio received a Federal demonstration waiver for the Parents Fair Share program. That State program made noncustodial parents, parents who do not live with the child, either work or receive job training with a view toward supporting the child. It targeted those individuals.

We have had success. Ohio, another example, received a Child of Opportunity waiver to help keep the children in school by punishing parents for the child's absenteeism. Another program, the Communities of Opportunity waiver allowed us to exchange AFDC and food stamp cash payments for employment subsidies. We were able to use this waiver to get private-sector jobs for welfare clients across the State, Cleveland, Akron, Columbus, Cincinnati.

Another example, 1994, we wanted to decrease the penalties for moving from welfare to work. We received a microenterprise development waiver so we could remove some of the limits on the assets, the income of welfare recipients. Early on in the debate I heard the distinguished Senator from New York talk about that as being a problem, people not being able to keep enough of their assets. We encouraged them to move into the work force.

Mr. President, what is interesting about all of these examples that I have given, and the Senator from Iowa and my other colleagues have given today, is not that they are good ideas, though I believe probably most of them are. What is notable is that each State has had to petition Washington, DC, for the right to try any of them.

The President is now talking about speeding up the waiver process. And that is a good idea. President Bush, and now President Clinton, have granted waivers. That is absolutely true. And I think that the leadership from the top has been to try to get as many of these waivers granted as possible. But I believe that we still have a basic problem. And that is, the basic problem is, that these waivers are required at all, and in a time when we need to encourage not discourage State experimentation in solving problems.

I asked one time, Mr. President, our director in Ohio, Mr. Tompkins, about what percentage of the waivers we asked to have granted were granted by the Federal Government? And he told me something very interesting. He said, ''The percentage will be relatively high. The problem is that we generally only ask for a waiver if we have a pretty good indication we are going to get it.'' It does not tell you or does not tell the reader of those statistics how often we wanted to do something, how often in our own experience we felt, we knew that some program would work or had a good chance of working and yet we were told off the record by the Federal bureaucracy that, ''No, look, don't ask us for that because we are just not going to give you that one.'' And so when we look at the statistics of waivers being granted, it does look good and it does look high. But what it does not show is the many times when the State was told, ''Just don't ask about that one because we are not going to grant it.''

Now, earlier this year, Mr. President, the Ohio General Assembly passed a major welfare reform bill. That bill contains a provision saying that a welfare client who gets a job can keep the first $250, plus one-half of the additional income earned for 1 year after starting work—an incentive to ease people off welfare. The goal, again, Mr. President, is to avoid penalizing the welfare client for trying to work in the real economy. To do this, we now need Federal permission. In fact, there are 15 other provisions in Ohio's newly passed welfare reform package, 15 other ways Ohio wants to experiment to see what works, for which we are awaiting the Federal go-ahead.

Mr. President, we have to let the States be more flexible. Arnold Tompkins, who I referenced earlier, Director of Ohio's Department of Human Services, says he is frustrated by a system that really is too much like an on/off switch. Our department in Ohio, as is true in other States, is only allowed to help people when the people go on welfare.

If you are ''on'' welfare, all kinds of benefits are going to be available to you. If you are ''not on'' welfare, many times nothing is available to you.

Mr. Tompkins says that we need an approach that is more like a dimmer switch—a system that allows the human services officials flexibility to intervene in helping people to keep them off of welfare before they go on welfare. Maybe helping someone find other resources, Mr. President, like helping pay their rent or electric bill for a couple of months, will do a lot more good than waiting for them to be evicted and only then being able to sign them up for the full welfare program. I think it will be more cost-effective, and I think it will work.

Mr. President, the States need to stay focused on the overall goal of keeping people off welfare. That is why we should, in addition to rewarding States that reduce their welfare case loads, reward States that help their citizens avoid having to go on welfare at all. I intend to return to this question later on this week, as the amendment process begins.

Mr. President, for 30 years, Congress has created programs and trusted the

programs to work. It is time to move the focus from programs to people.

Mr. President, this is the whole welfare reform debate microcosm: Do we want the Congress to write yet another program? Or do we want States to come up with solutions?

I think the American people do not want another program. They look at the problems of poverty in this country and they want answers. That is something the Federal Government really just does not have.

Mr. President, I am proud to be a participant in the Senate's very historic welfare reform debate. It offers some real hope for a solution to America's social crisis. That is why I intend to work over the next few days with my colleagues on the floor to ensure that the bill we pass does as much as it possibly can to let the States succeed in truly reforming welfare.

Mr. President, thank you very much. I yield the floor.

The PRESIDING OFFICER (Mr. GRAMS). The Senator from Pennsylvania.

Mr. SANTORUM. Mr. President, I rise, first off, in support of the Dole substitute. And I want to congratulate the leader, the leadership, the leadership of the chairman of the Finance Committee, Senator PACKWOOD, and many others who contributed to this bill and taking what was, by all accounts in the newspaper, an issue that was dead and gone for the summer and maybe for a long time after that and resurrecting that issue and bringing it to the floor with, I think, a very solid base of support on the Republican side of the aisle, and I am hopeful a very strong base of support on the Democrat side of the aisle.

I think we have a good bill here, one that can attract bipartisan support, one that, the majority leader has said, is not veto bait—at least yet—at the White House.

I hope that is a good start, and I hope over the next several days we can work in a bipartisan fashion to structure a bill that will truly make substantive and great reform in an area that probably needs it worse than any other single area in Government—not just for the taxpayers, who we hear so much about, but for the people in the welfare system.

I have been fortunate enough to be able to work on this issue quite some time now—at least quite some time in my career here in the Congress. I worked 3 years ago in crafting a bill that came to the Republican position in the House of Representatives in the House Ways and Means Committee, and it became the basis for the bill that passed the House, which I am very proud of. It was a good bill.

I think what we have done here in the Senate is a very good bill. In some respects, it goes farther. It is more dramatic than what the House Republican measure has done, particularly in the area of food stamps. Food stamp reform here is at least as tough—the reforms themselves. But we in the Senate in this bill give the States an option to take block grants. It is their option. In the House bill, they cannot do that unless they have electronic benefits transfer.

So, in a sense, we have gone one step further here in the Senate than they have in the House bill. The AFDC work requirement—the standards are tougher here in the Senate bill than they are in the House bill. The work requirements are equally as tough as the House bill.

So you could even make the argument that the AFDC provisions of this bill are tougher than the House bill. I think that is a very big plus. It is a look at certain areas and to say we have come out, after reviewing what the House has done, and think we can go a little farther. In some areas we do not go as far as the Senator from Texas, Senator GRAMM, and Senator FAIRCLOTH from North Carolina would like to go; frankly, as far as I would like to go. I think we can go farther, and should, in doing block grants.

Child nutrition programs, school lunch programs, and the like—I think the reforms done in the House were good, solid reforms, well thought out, and actually better targeted the resources at the people who need them. But they turned out to be very controversial measures. One that elicited, I think, a public outcry and one that, I think, we determined in putting this bill together was better left to maybe the next round of welfare reform, which may not be too far in the offing, but to focus in on the things that we can accomplish, hopefully, in a bipartisan manner, and that is focusing in on AFDC, what most people consider welfare.

It is only a part of the welfare pot. Some would say it is 7 percent. Others would say it is a little bit more than that. But it is a very small portion of what we spend on means-tested programs, in other words, programs that are directed toward low-income people. The biggest single program is Medicaid. That is the largest welfare program, means-tested entitlement program. Most people think AFDC is second. It is not. The second largest means-tested program is SSI, which I will talk in somewhat detail about during my opening statement.

Then we get down to programs like food stamps; on down the list is AFDC. But AFDC is considered welfare because it is the program that was designed in 1935 to help mothers with dependent children. It is the program that gets the most publicity. It is important to reform that program. But it is no less important to look at the other means-tested entitlement programs and appropriated accounts and reform those programs, too, and to make the reforms work together.

One of the good planks in this bill is the fact that States can work together with housing benefits and food stamps and Medicaid and others to make sure that when you cut off AFDC benefits, if, in fact, someone is cut off, that their food stamp benefits do not go up to compensate for the reduction in the AFDC. So they can work with those two programs together to make sure one is not offsetting the penalties of the other.

Another very good part of this bill, something the Senator from Missouri, Senator ASHCROFT, has brought to the table and I think is a very good idea, is how the private sector can get more involved in providing welfare; for the States to be able to contract to community providing organizations, including churches, who are in there in the community right now doing the work that is necessary to help the poor in their community. Why not have them be the local agency that helps that community and the people in that community solve their problems of poverty? Why not give them the resources and the responsibility to help people in the community? That is a great idea. It gives flexibility to the States which they have never had before.

We know historically in this country what works to help poor people get out of poverty. It is not just passing a check. I think, if there is anything that we can all agree on, it is that just handing a check over to someone does not solve the poverty problem. What helps people get out of poverty is not a guaranteed income from the Government, but an opportunity to go out and work and earn it for themselves.

We know that check does not encourage what we know works, which is work. That guaranteed income does not encourage work. What does encourage work is people who care, people who care about that individual and know that they are going through the trouble to take the time to listen. This is no fault of the caseworkers in the welfare system. They are processing thousands of checks a day. They cannot afford and do not have the time. The caseworkers do not have the time to sit one on one to go through the life history of the person, whether it is a problem with their husband, whether it is a substance abuse problem, or satisfy a problem with their parents, or whatever else; an illness. They do not have the time to sit and care. They do not have the resources to do it. We need a system that is more friendly to people who need help, not just saying, ''Well, here is your check. Leave us alone. You should be OK. You have been provided for.''

Actually, we should start turning this program, this welfare bureaucracy, over to the people who live in that community, who see that neighbor at church, who walk past them in the aisle in the grocery store, and who care because a better person in their community means a better community and a better life for them. Let us use what we know works, and that is people helping people.

That is what we are saying in this bill—let us get it back to the folks who care the most, and it is not us. We say we care a lot. But I do not consider it particularly compassionate on my part to take your money—the people who are out working in America—and then give it to somebody else who is not working. It may make me feel good that I am helping someone who is poor, who maybe cannot work, who maybe is having problems and needs to get their life together again. That may make me feel good. But that certainly is not compassionate.

A lot of people around here will define the terms in this debate on how much money we take from some people to give to other people, that the more we take from workers to give to other people, many of whom do not work, the more compassionate we are. I would say, that is not a very good judge of compassion on my part. To know how much money I give out of my salary to my church or to the community group—that is compassion. That is money otherwise I could spend. But taking other people's money is not compassion. That is how we have measured compassion in this country for a long, long time. I find it absolutely unbelievable that we do.

I tell you, it would be very easy for me to just hand out all the money that I can get my hands on around here. It is fun. We enjoy doing that. But it is not compassion. More than anything else, it is not helping anybody. I think we, hopefully, have come to that determination in this body; that just handing it out makes a bunch of people who pay for the program very resentful and the people who receive the money very dependent. It does not help either.

Let us get back to something that we know works—getting it back to the local level, getting it back to the people who care. And that is what this program is all about. Some will say, ''Well, it is just passing the buck.'' My initial response to that is, if the buck is being misspent here, let us at least give someone else a try. Maybe passing the buck in this case is the best thing to do because we know what the current system is doing.

The Senator from New York, who knows more about welfare than anyone in this Chamber, having studied it for years and years, presented the case very well for why the system does not work. I mean, the statistics do not lie about the problems that we have in poverty in America today and the growth in illegitimacy and the lack of work in the inner cities where welfare is the highest, the destruction of communities, the increase in crime, the destruction of the family, lower rate levels of education among the poor. I mean the scenario is very clear what is going on here. We know it is not working.

The question is how much courage do we have to say that what we have tried has failed? What we know historically in this country that has worked has not been given a chance, at least from the Federal perspective, in a long time. Let us try that.

You will hear this quote often throughout the discussion on welfare. In fact, I have heard it many times already in this body. But I think it is so appropriate. It is such a good codification of the American spirit and what the greatness of America is all about in solving the problems of the people who are of lesser means, and that was de Tocqueville's analysis of America.

When he came to this country over 100 years ago and looked at the private sector, the institutions, the volunteer organizations, the people who went out of their way to help their neighbors, the sense that Americans cared for each other and supported each other, there were not the Government programs—there was no AFDC Program when de Tocqueville was here, no SSI Program. There was none of that. Not to say those programs are bad, but none of that was here. It was private charity, people helping people. And de Tocqueville commented that ''America is great because it is good.'' And when America ceases to be good, it will no longer be great.

We need to draw on the goodness of people. We need to entrust the people to be good. That is what this bill is all about. It says that we, standing on high, are not going to dictate what is good for everyone but in fact put the resources back into the community so those people can determine what is good for themselves and their neighbors.

It is a very dramatic turnaround in policy in this country. It is one that will frighten a lot of people because a lot of people think, as the Senator from Kansas, the majority leader, said, there will be a race to the bottom; that States will race to the bottom and they will cut benefits on everybody, as if Governors and State legislators have little care about the welfare of the poor in their State but we in Washington care supremely for them.

I do not think anybody truly believes that, but that is the comment you are going to hear many times repeated here, that States simply will not provide for the poor; that we cannot trust them; that they will try to export them to another State, which will in turn try to export them to another State, and they will go to another State. I do not know what all is being suggested, but that is pretty much how it is going to play out.

I do not think that is going to happen. I think there are a lot of States—the Senator from Iowa got up and talked about how wonderful a job Iowa is doing in reforming the program. And I would say there is nothing in the bill the Senator from Oregon and the majority leader have put forward to stop Iowa from doing it. In fact, it would provide more flexibility to Iowa. I do not understand what he thinks the trouble is, but it would enable Iowa to do more that works.

I think this is the mentality. The problem is we know, or I know that this works in Iowa, and therefore I am going to tell everybody this is what they have to do. Well, just because it works in Iowa does not mean it is going to work in Alaska or Pennsylvania or anywhere else. And it has been working in Iowa for 1 year, so now we should take the Iowa experiment and tell everybody to do this?

What if Pennsylvania has a good program, and we have some good things in practice, and what if we made Iowa do that? What if we told Iowa: You cannot do what you are doing anymore because we in Washington now think something works in Pennsylvania and we should make you do that. The Senator from Iowa, I am sure, would have objection to that. And you know what? He would be right in objecting.

So I do not think that is a very serious objection to this bill. This bill is one that I would think Members who come from States that like the welfare program they have, that have popular support for it, would embrace it, would embrace this bill as an idea whose time has come. We do a lot in this bill. We reform AFDC. We require work. We have some illegitimacy programs, not as far as I would go, but we will have amendments and we will have good debates on that here on the Senate floor.

It provides the flexibility that I discussed, which I think is so important to States and communities, to deal with it. It ends the entitlement to AFDC; allows States to determine who is eligible for those benefits. I think it is very important to do that.

We reform the school lunch programs and nutrition programs, child nutrition programs. We block grant job training and day care, and we do it, as I think everyone will agree, with a substantial amount on child support enforcement, including interstate enforcement of child support orders, which, as the Senator from Ohio commented earlier, is absolutely essential if we are going to get our arms around the problem of over $50 billion in uncollected child support.

Let me repeat that: $50 billion are owed mostly by fathers to support their children and is simply uncollectable because we do not track that.

I want to move on to another area where I hope we can have agreement, an area of welfare that as I mentioned before is the second largest single welfare program in America, and that is the SSI Program.

The SSI Program was created back in 1974. It is the Supplemental Security Income Program. As I said before, it is the second largest means-tested entitlement program, second to Medicaid. In 27 States, the average child SSI payment is greater than the AFDC payment for a family of four. So if you have a child on SSI, you get more money in 27 States than a family of four on AFDC. This is a big dollar program, and as you can see, it is growing, particularly since the late 1980's, at a

tremendous rate, close to $30 billion—in fact, as of 1994, it is over $30 billion this year.

AFDC payments, as we have discussed here, in 1994 figures, are around $17 billion; SSI, as you can see there, almost $28 billion. Federal outlays in the year 2000, if we do nothing, for AFDC are projected to be $20 billion. That is $3 billion more than today. On the other hand, SSI is going to go up to about $43 billion—a much faster growing program, and SSI does not get a lot of the ink.

An individual cannot receive SSI and AFDC simultaneously, but members of an AFDC family may receive SSI benefits. That results in a situation that was quoted in an article here earlier, the Rivera family of Boston. Eulalia Rivera has 16 children, 89 progeny, and they collect in benefits from the Federal Government between $750,000 and $1 million a year in means-tested welfare benefits. Most of that benefit, by the way, is not AFDC. It is SSI, supplemental security income.

What is this program, SSI?

Well, the program was created back in 1974, which was intended to be a work supplement for people who were disabled and could not work but did not work enough quarters to be able to qualify for Social Security disability. I want to differentiate in the discussion here between SSI, which is supplemental security income, and SSDI, which is disability income out of the Social Security trust fund. SSI is not out of the Social Security trust fund. It is out of the general fund. People do not have to have any work history to be able to collect.

Who qualifies for SSI? Well, the disabled, the elderly, the blind, drug addicts and alcoholics, children. You might ask: Well, wait a minute. Why are children covered under an act that was created to supplement income for people who are not able to work? Children obviously do not earn income anyway, so why do we have a program here in place to support children who do not earn income? That is a good question to ask. I do not think there was ever a good answer to it at the time it was created.

But it has evolved over to say, well, it is used because parents of people with disabilities cannot work, and so it indirectly supplements their income. Of course, you lose that point because a lot of parents do not work anyway, at least second parents do not work where the mothers or fathers do not work if you have a primary income earner.

Nevertheless, that is in place. You can use the argument it is there because there are medical needs for the people who are disabled and you need the cash to pay for that, except for the fact that if you qualify for SSI, you also qualify for Medicaid, which, of course, pays your medical benefits. So, in a lot of cases SSI is a nice chunk of change. And it is, in fact, a $458-a-month Federal benefit per child.

Now, we have reforms in this bill that address three areas of SSI: children on SSI; drug addicts and alcoholics; and immigrants, aliens, sponsored aliens in particular.

Let me first talk, if I can, about children. It is a controversial area to talk about, one that a lot of folks do not like to address. Most people do not like the fact of targeting disabled children and say, ''Why do we want to cut off benefits to children who are disabled?'' I would suggest to you that the leader's proposal does not cut off benefits to children who are truly disabled. In fact, that is the whole point.

If you look at what has gone on in the past few years with the number of children receiving SSI, in 1990 there were 300,000 children on SSI. That number was fairly flat from the 1970's through 1990, I mean, increasing gradually but not substantially. In 1990, 300,000; to 900,000 by 1995, which is this year, and they expect another 200,000 people on the caseloads. You will have 1.1 million kids, estimated, by the year 2000, 1.4 million on SSI.

You say, ''Wait a minute. What has happened here that we have had this explosion of children on SSI rolls?'' There was a decision made by the U.S. Supreme Court in the Zebley decision, which changed the criteria for which children could be eligible for SSI. This is sort of an amazing little thing that was not well known and is becoming more well known. That is why you see these numbers go up. Before, you had to have a severe disability to be able to receive these benefits. You had to be mentally retarded, you know, or have cerebral palsy or some debilitating disease or illness or condition that would require the Government to support this child.

No longer. The new criterion is called an individual functional assessment. And what is an individual functional assessment? They actually go in and talk to the child and try to figure out if their behavior is—this is the standard—age appropriate. So if you have age and appropriate behavior—who here has not?—but if you have age and appropriate behavior, you now qualify for $458 a month. That is true.

So, what is happening? I am sure this will not be a surprise to a whole lot of people here. What teachers and pediatricians and social workers are saying is that SSI puts marginally disabled or nondisabled children on the dole for their life, hides children's real problems, such as abusive or neglectful parents, and results in creating a class of people who are at a very early age determined disabled when their disability is not such that they should be labeled disabled.

Are we helping these children? Most of the people who look at this program say, no, we are not. We are not helping these children at all by labeling them as ''disabled.''

Most of these people that have come on since the Zebley decision in 1990, two-thirds of them, in fact, have come on because of a mental impairment. Learning disabilities; a learning disability qualifies you for $458 a month; attention deficit syndrome, $458 a month.

Let me tell you a couple of comments from school administrators. This is a school administrator in New York Central Park East Secondary School. ''Parents whose children have minimal handicaps try to get their children into special education classes so they can qualify for SSI.''

Here is a student at one of the schools in a New York City elementary school. She is acting out her tale with dolls. This was a play-acting thing that she was going through in the school. She described a mother of four who had adopted two more children. Although the new siblings were not working out, the mother planned to keep them anyway, the girl explained, because she wanted the extra money in SSI payments that they were bringing in. ''[The child who described this] is a special education student. She doesn't understand much,'' says school psychological aide, Beth Mahaney, ''but she understands how the system works.''

Disability checks are there to help replace lost earnings. And what have we turned it into? Again, parents do not need this money for medical supplies. Attention deficit syndrome does not require medical supplies, and a lot of these mental conditions do not require it. And if they did, again, Medicaid is there to provide for it.

This is a program that harms children. One of the ways mentioned earlier that it harms is that it masks abusive and neglectful parents. A lot of the problems—and we have a caseworker or a psychologist who has done a lot of work with SSI for kids come in and talk to me. She cannot give me any of the names of the kids because of confidentiality, but she has given me a list of examples of abuse, horrible abuse of these children. As a result of the parent's abuse, the parents get $458 a month because their child is so messed up because of them.

Is that not a great reward for parents who abuse their kids? They get a check. In fact, a Philadelphia psychiatrist, Kenneth Carroll told the Washington Post,

> Many of the problems these children manifest are largely traceable to parental neglect or abuse. Behavior and emotional problems or conduct disorders are directly attributable to inadequate parenting and have often been called disabilities. And the parents are receiving a cash award for having achieved the problem.

What the Packwood bill does, Dole bill does, in fact what the Gramm bill does—same thing—it says we are going to eliminate individual functional assessments. We are going to get back to giving benefits to children who are truly disabled and stop disabling another generation of Americans for all the wrong reasons at a big, big expense of taxpayers' dollars and of children's lives.

The next area we are going to get into in SSI reform is expenditures on

drug addicts and alcoholics. Yes, believe it or not, if you are so addicted to drugs and alcohol that you can no longer work, you can get a check from the Federal Government, $458 a month in benefits because you are so addicted to heroin or alcohol that you can no longer work. These are the numbers.

See, in dollars spent, we spent $14 million in 1985 on drug addicts and alcoholics. In 1990, it was $84 million. In 1994 it was $433 million, and climbing. You might say, what is the reason for the dramatic increase in these numbers? There are a couple. Let me give you probably the biggest. This started under the Bush administration, so it has bipartisan blame, but it has been continued, in fact expanded, under the Clinton administration.

What is this program that I talk about that is responsible for this dramatic growth in this program? You see the dollar growth. Let me show you the number of people. We were at 5,000 drug addicts and alcoholics in 1985 in this program, 5,000. Ten years later 120,000 people are on this program. Two years from now it will be almost 200,000 people on this program. And you can see numbers going up and up.

You may say, what is causing this? Is alcoholism and drug addiction going up? No. That has not gone up dramatically. If you look at some of those numbers, the numbers have leveled off and, in many cases, gone down. So why the increase? Well, it is because of a program that was instituted by the Bush administration on a pilot basis, but has now become a program that is all over the place in the United States and most of the major cities already. It is an outreach program. You say, an outreach program? Yes, an outreach program. We now spend Federal dollars to go out to the communities, to go into the homeless shelters, to go into the clinics, to go into the streets and the alleys and find drug addicts and alcoholics so that we can give them money.

It is working. The program is working. We are finding them, and we are giving them money. Now, you could say, OK, what is the next logical question one would ask? We are going to go out and find them and give them money.

What would be the next thing you would ask? I would ask, are you helping these people? Is it working? Are people being helped by being on this program? Well, let me give you the opinion of one person who testified before the Aging Committee this year. In fact, he has testified in the past. A person, by the way, who has done a lot of work on this issue and whose ideas are partly reflected in this bill by Senator COHEN of Maine. It is Bob Cote, who runs a drug and alcohol halfway house in Denver, CO, says:

Our compassion literally kills them. I know of 41 individuals who received SSI checks and died from the binge they went on. Others just go on drinking it month after month. They call the first day of the month ''Christmas Day,'' because it is when the checks come. They take those checks directly to the bars, and when the money is gone, they are back in my shelter. Taxpayers should not be subsidizing addictions.

There is an article—a series of articles, in fact—by the Baltimore Sun, about this program. Not only, again, is it a fast-growing program, but what is the impact on the people in the program? Bob Cote will tell you people are dying. What will Shirley Chater say? Shirley Chater is the Administrator of the Social Security Administration. When she testified before the Ways and Means Committee last year on this subject and I asked her, ''In the history of the drug addicts and alcoholics program under SSI, how many people have you documented that have been cured, have received the check, gone in and got the required treatment, gotten off the program, stopped the checks, and have gone on to productive lives?'' Do you know what her answer was? ''In the 20-year history of the program, documented cases of recovery are zero.'' Zero documented cases of recovery.

Now, does this program work? Are we helping drug addicts and alcoholics? Let me give you a couple of examples of people.

This is from a Baltimore Sun article, and I ask unanimous consent that this article be printed in the RECORD.

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

ADDICTS SQUANDER CHECKS ON DRUGS, ALCOHOL—YOUR CASH SUPPORTS ABUSERS' HABITS

(By Jim Haner and John B. O'Donnell)

They found Delmont Williams' body in an alley off Harlem Avenue, lying under the bald branches of a withered willow tree, staring up at the afternoon sky through dead eyes on ''check day.''

He had enough alcohol and heroin in his veins to intoxicate three men.

And you paid for it.

The homeless Army veteran overdosed with money from a Social Security program that doles out monthly checks to 8 million people who are too old or disabled to work. But 250,000 of them are believed to be hard-core substance abusers who routinely squander the cash on drugs and alcohol.

Beginning Jan. 27, the new Republican-led majority in Congress will examine the problem in hearings on Capitol Hill. Some are already vowing to give addicts the ax.

But they will soon learn that it's easier said than done because of one little-known fact: Most of the addicts and alcoholics on the rolls—perhaps as many as three out of four—are retarded, blind, crippled or suffer from some other disability that would still entitle them to the $458 monthly checks.

And Congress has refused for two decades to provide treatment for addicts in spite of a chronic shortage of even the most basic rehabilitation. Fearing that any appearance of coddling drug abusers would invite voter backlash, the nation's lawmakers have ignored social workers and drug counselors who say that intensive long-term treatment is the only answer.

''The first reaction of right-wing conservatives will be to gut the program completely,'' says Dr. Sally Satel, a Yale psychiatrist. ''And the real liberal types won't want it touched. But either of those courses would simply perpetuate this crisis.''

Says Pam Rodriguez, a Chicago drug counselor: ''We have never seen a population like this before. For years, Social Security saw its job as to simply write checks. Now, we're getting [people] and they're ruined. We don't even know where to start.''

Checks for the drug abusers are costing taxpayers $1.4 billion a year. Most are alcoholics. The vast majority are men. Almost half are black. Their average age is 42. And few ever kick their habits. Rather, they usually end up dead or in prison within seven years of receiving their first check.

The case of Delmont Williams is typical.

A bearded father of two who drifted from North Carolina to Baltimore, his medical records show that Social Security knew he was a hard-core alcoholic when it mailed him his first check in 1987.

His liver was swollen from years of heavy drinking. His heart was congested. Half his teeth were missing. And his skull—bashed in years earlier in a drunken brawl—was webbed with cracks like a piece of glued-together pottery. He suffered from seizures and mental illnesses.

There could be little question that he wasn't capable of holding a job, or that he would squander the money Social Security gave him for his fractured skull and manic depression unless he got off drugs and alcohol. But the agency offered him no help. Just a check.

''Delmont knew he was dying,'' says Curtis Mann, a drug counselor at the Health Care for the Homeless free clinic on Park Avenue. ''All the dealers came circling around him on check day like vultures. A week later, he'd crash from whatever dope he was using and feel terrible.

''Those were the times that he'd go looking for help. The problem was that we could never find it for him before that damn check came in the mail on the first of the month and the whole cycle started all over again.''

In a city with some 2,400 addicts on the disability rolls and the highest per capita rate of hero-in-related emergency room admissions in the country, there is not even short-term treatment available for nine out of 10 addicts, the nonprofit Abell Foundation found last year.

And the kind of in-patient care that removes hard-core addicts from their drug-infested haunts long enough to learn a new way of life is not available at all in Baltimore.

Time and again, Delmont Williams was confronted by waiting lists of up to a year, then headed back out onto the street to blow his aid money on blinding binges that ended in trash-strewn alleys, jail cells and hospitals all over the city.

On the afternoon of June 1, police came upon his corpse in a West Baltimore alley wrapped in a filthy red polo shirt. Just four hours earlier, he had picked up his $446 check from a small drop at the clinic and cashed it at a nearby liquor store.

Delmont Williams died homeless, stoned and alone at 49.

''With his history, there's no way he should have been walking around with that much money in his pocket,'' says Lauren Siegel, a social worker at the free clinic. ''But they gave it to him anyway. Every month, no strings attached, the check would come and Delmont would spend it on drugs and alcohol. Until it finally killed him.''

The money came from a program known as SSI, for Supplemental Security Income—a plan set up by Congress two decades ago with little deliberation or debate. The idea was to provide food, shelter and clothing to disabled poor people.

It is one of two such programs for the disabled run by the Social Security Administration. The other is called DI, for Disability Insurance. Since 1956, it has let workers who have paid into Social Security's retirement trust fund draw benefits early if they become injured, ill or addicted.

Both programs are in trouble.

CONTRADICTORY LAW

Envisioned as modest proposals to help a few million aged and disabled Americans, SSI and DI now cost $65 billion a year—fueling the national debt and sappling the fund that retired Americans rely on to pay their bills.

Both are covered by the same set of 1972 disability rules.

Even then, thousands of recipients were known drug addicts and alcoholics. But the rules placed few controls on how they spent the money—except that they could not use it to buy drug treatment until they first paid their rent, utilities and living expenses.

In a glaring contradiction written into the law, Congress deemed that letting handicapped addicts spend their checks on treatment would violate the philosophical underpinnings of the aid program: to provide for the basic needs of those who couldn't work.

That decision set blind, retarded and mentally ill addicts adrift in lives of despair because it effectively cut them off from private clinics, where treatment is generally available to anyone who can pay for it. And the prohibition has remained unchanged for more than 20 years. Further, tucked inside the law was one sentence that said addiction alone could qualify as a disabling disorder, making it possible for virtually anyone hooked on dope or booze to get a monthly check even though they have no other disability.

Before then, an addict or alcoholic had to prove that his substance abuse were so severe that it had caused disabling brain or liver damage, conditions that usually took decades to develop.

But under the 1972 rules, an addict has only to prove that his drug abuse is bad enough to keep him from holding a job—opening the door for thousands of young substance abusers who aren't physically disabled and who probably never would have qualified for aid under the old rules.

They are men like Ernie Hernandez.

The 34-year-old heroin addict and father of two sits in the brown grass outside the San Joaquin County drug clinic in French Camp, Calif., a desolate farm town east of San Francisco.

He fidgets with his beefy hands as he describes his six years on SSI.

A one-time cannery worker and farm laborer, he has no apparent physical problem that would keep him from working. He is lucid in conversation. And at 6 feet tall and 225 pounds, he's built like a weight lifter.

''I admit it,'' he says. ''I don't look sick.''

But he's collecting $458 per month in SSI, which qualifies him for a $200 supplemental payment from the state, bringing his tax-free monthly take to $658—about the same amount that the average retiree gets from Social Security after a lifetime of labor.

''The money definitely changes you,'' he admits. ''I just ain't going to risk losing that money by working at some minimum-wage job. Next thing I know, I get too stoned, I lose the job. Then what am I gonna do to feed my kids?''

''You can tell them congressmen, if they stop SSI, the crime rate around here is going to go through the roof. It's all a lot of us have.''

And Ernie Hernandez knows about crime. He says he's been using heroin and cocaine since he was a teen-ager, landing in prison at least nine times.

He'd like to get himself clean and back to work—if for no other reason than to get his family off his back and to ''be able to spend a weekend in the mountains without having to come home early because I ran out of dope.''

But he has never been able to rehabilitate himself. Even when he wants it, there is little in the way of intensive treatment available.

On this sweltering day in July, he wants it in the worst way.

Jittery from a dose of black tar heroin he shot into his leg the night before, he considers his options as he fingers a small, gummy ''booger'' of heroin in his pocket.

'I'M REALLY GONNA KICK'

Cheap and plentiful, black tar has spawned a plague of addiction in the cities and towns along Interstate 5 that has helped make California—with at least 34,000 addicts on the aid rolls—the ''Disability Capital'' of the nation.

''You back again, Ernesto?'' asks Floyd Brown, the chain-smoking assistant director of the clinic.

''Yes, sir,'' Ernie Hernandez replies, hoisting himself up from the grass. ''I want to get on the waiting list. I'm really gonna kick this time.''

Both men know his chances of getting off heroin are nil. Since he's been on SSI, he's been in and out of the clinic so many times that they've both lost count.

He is one of 6,000 heroin addicts in the valley who rotate on and off the out-patient treatment program throughout the year. In a region that has become a hotbed of disease, many of them suffer from tuberculosis and AIDs. Three out of every four are getting disability checks, according to a recent county survey.

''They'll test positive for heroin and we'll flunk them out of the program,'' Mr. Brown says. ''Then they'll sign back up on the waiting list and the whole thing starts all over again. I can honestly say that in my 21 years in this business, I have never had a disability recipient successfully complete the program.''

When Congress first decided to let addicts like Ernie Hernandez get aid for merely being addicted, it ordered Social Security to herd them into treatment as a condition of their getting checks.

Any addict who refused was to be cut off—except for DI addicts, because Congress deemed that they had ''earned'' their benefits when they were working and should be free to spend them as they saw fit.

The treatment rule was supposed to keep poor addicts on SSI from simply using the money to feed their habits. But former agency officials and legislative aides say they warned Congress as early as 1969 that there were nowhere near enough in-patient treatment slots for them. And no one expected out-patient treatment to work.

But the nation's lawmakers were less interested in accountability for addicts, the aides say, than they were in insulating themselves against outraged taxpayers should the program go wrong. Then-Sen. Russell B. Long, the legendary Louisiana Democrat, was the prime mover.

''He told us there was no way in hell he would support giving checks to dope addicts without at least making it look like we were getting tough with them at the same time,'' says Tom Joe, a Washington social policy analyst who helped write the disability rules. ''Everybody knew that they probably wouldn't be able to actually find treatment.''

Then or now.

Today, a minimum of 3.2 million addicts and alcoholics need help, according to federal, state and private estimates. But there are slots available for less than half. And at least 100,000 people are on waiting lists for those slots at any time. For others, there are no lists.

Consider North Carolina, a state with 6,200 addicts on the federal disability rolls and few publicly funded in-patient treatment slots.

In Asheville, a small town in the pine-blanketed foothills of the Great Smoky Mountains, a downtown Social Security office draws scores of disabled people from the surrounding countryside. Many are illiterate, hobbled by years of hard labor in mines and lumber mills, and suffering from addiction to rot gut wine and moonshine.

''We're basically telling them to get treatment when there isn't a treatment facility within 200 miles of here,'' says Sharon DeLong of the American Federation of Government Employees, who represents local caseworkers.

''We try to push them to Alcoholics Anonymous or something like that. But how long can they last when all they're getting is a couple of hours of group therapy before they head back out to sleep in the woods with a dozen other alcoholics? It's utterly demoralizing.''

Her frustration is echoed by caseworkers and drug counselors from Baltimore to Seattle who say Congress and the Social Security Administration have never been serious about rehabilitating addicts—or in understanding how treatment works.

Counselors surveyed by The Sun say programs like the San Joaquin methadone clinic and Alcoholics Anonymous that bring addicts in off the street for a few weeks of detoxification of a few hours of group counseling every day are the least likely to succeed with hard-core substance abusers.

''It amounts to drive-by therapy,'' says Dr. Satel, a professor of psychiatry at Yale and the University of Pennsylvania who has worked with addicts for seven years. ''It may work fine for the early stage addict who still has a home, a family and a job. But that's not who you see on disability.

''These people are seriously debilitated drug abusers, and they need months of heavy-duty residential care that cuts them off from their addict friends and their old hangouts, and teaches them a new way of life.''

And it is precisely this kind of treatment that Congress has refused for 20 years to provide to the destitute substance abusers on federal disability. Today, there are only 68,000 federally funded in-treatment slots in the entire country.

''It's one of the terrible ironies of the disability program,'' says Dr. Satel. ''Congress tells addicts, 'You have to be in treatment, but we're not going to give it to you—and you can't use your check to buy it on your own.''

Under the rules set up by Congress, Social Security is required to stop checks to addicts who are caught spending them in a residential program.

Adding insult to injury, counselors say, Congress ordered Social Security last summer to carry out a plan to cut off addicts' checks after three years. The agency says the move will trigger $275 million in notification processing and legal costs—enough to buy residential treatment for 35,000 addicts.

''Instead, we're spending it to shove these people back out onto the street in 36 months,'' says an exasperated Jack Gustafson, who represents state rehabilitation directors in Washington. ''We'll buy their drugs for them for three years, but we won't give them inpatient treatment. It's insane.''

Nor will the crackdown achieve the results that Congress promised to taxpayers when it vowed to purge addicts from the rolls. That's

because most of them suffer from other physical or mental disabilities that will still qualify them for aid.

''The fact is that drinking and drugging is usually just part of the problem,'' says Joe Manes, a Washington mental health activist. ''They usually have a complex of ailments that may or may not be related to their substance abuse.''

Willard Redpaint is a walking illustration.

'PINTS AWAY FROM DEAD'

Most mornings, the 42-year-old Dakota Indian can be seen stumbling down Larimer Street on the graffiti-scrawled industrial fringe of downtown Denver, a bottle of Wild Irish Rose wine in his trembling hand and a glassy film across his bloodshot eyes.

At 10:30 on a bright, clear morning in August, he is already drunk. So drunk that when he blows into a Breathalyzer at a nearby homeless shelter he registers a potentially lethal .42 blood alcohol level—four times the amount to be considered legally intoxicated.

''God almighty, Willard!'' blurts Bob Cote, director of the shelter. ''You're about two pints away from dead!''

He breaks into a heated lecture, brow-beating, accusing. He reminds Willard Redpaint that at least 41 men have killed themselves on Larimer Street with disability aid money in the past few years.

''You knew a lot of those guys, didn't you?'' Mr. Cote demands. ''You want to end up like them?''

''I like my wine,'' Willard Redpaint replies sleepily. ''I like to drink.''

Reeking of urine and garbage from four nights of sleeping in an alley, he says he can't remember how long he has been getting disability checks. Court records show it has been at least since 1985.

But alcoholism is far from his only problem.

Willard Redpaint is mentally retarded. And his brain is damaged from a car accident that sent him hurtling through the windshield of a pickup truck when he was a child. He signs his name with an ''X'' because he cannot read or write.

When he was 4, a gang of thugs strangled his father during a robbery. A few years later, his mother was taken away to a mental institution. By the time he was 15, he was drifting the Western high country alone.

His earliest notice in Denver is recorded in court files at age 25, when police found him stumbling drunk down the center of a six-lane interstate in the middle of the night. Since then, he has been arrested 16 times in alcohol-related incidents.

In 1988, he beat another homeless man to death with a slab of concrete over a stolen radio. Convicted of manslaughter, he served three years in prison, feeding his habit with homemade potato wine.

''It gives you a hangover in the morning,'' he says of his drinking. ''And I'll end up dying. but that's the only bad part.''

Each morning, he goes to a homeless aid station where social workers dole out his monthly check to him in $10 installments.

''I can buy four bottles of wine with that much,'' he says. ''That's a lot of wine.''

Left without treatment, counseling or supervision, Willard Redpaint receives just enough money every day from U.S. taxpayers to drink himself to the edge of death.

And the crackdown launched by Congress last summer with much election-year rhetoric will do nothing to stop him. If Social Security cuts off the checks because of his alcoholism, all he will have to do is reapply, citing mental retardation and brain damage.

Nor do drug counselors and social workers expect any of the other measures Congress passed in August to have much effect. Among the mandates were orders for Social Security to force addicts into treatment programs that don't exist and to hire special inspectors to make sure they don't misuse their checks.

But the agency has had inspectors in 18 states for years. And they say they have been consigned to failure by a lack of funding.

LITTLE SUPERVISION

In California, Social Security monitored addicts so poorly that it continued to send checks to 119 of them while they were in prison, the state attorney general found last year. And in Illinois, a Chicago firm lost track of 7,000 more because Social Security never provided a list of their names.

And Social Security does not expect to be able to tighten supervision with the money Congress wants to spend on the job. Rather, private firms will be paid roughly $600 per addict to monitor their whereabouts and make sure they are signed up on waiting lists until their checks run out in 36 months.

''Obviously, one long-term goal is to rehabilitate people,'' says Commissioner Shirley S. Chater, the agency's head. ''And the way we do that is to have these monitoring agencies encourage the addict's sense of individual responsibility to find treatment for himself.''

But Social Security estimates that the majority of substance abusers on disability—perhaps as many as 200,000—will continue to get checks and go untreated long after the three-year cutoff because of loopholes in the law.

As many as three out of five are exempt because they have other disabilities. And another two out of three are collecting DI checks that can't be cut off until three years after they are actually accepted into a treatment program because Congress decided that they ''earned'' their benefits.

Meanwhile, new addicts continue to pour onto the rolls. Social Security estimates that the number drawing checks today will almost double by the turn of the century.

''It's insane to go on giving them cash,'' says Dr. Satel, the Yale psychiatrist. ''But it also makes no sense to just take that money away and plow it into some other program. Congress has to wake up to the fact that we need hard-nosed treatment to interrupt this cycle of addiction, crime and punishment that is costing taxpayers a fortune in more ways than one.''

Estimates by the National Association of State Alcohol and Drug Abuse Directors are that every dollar spent on drug treatment saves $14 in police, court, emergency room and prison costs.

But so far, Congress and Social Security have been unwilling to spend the money—even in the case of men like Delmont Williams who desperately want treatment and will surely die without it.

''It's not our job to solve the problems of the addict population,'' says Deputy Social Security Commissioner Larry Thompson. ''Our job is to write checks.''

Mr. SANTORUM. This is about 34-year-old Ernie Hernandez. This part of the article says:

The 34-year-old heroin addict and father of two sits in the brown grass outside the San Joaquin County drug clinic in French Camp, CA, a desolate farm town east of San Francisco.

He fidgets with his beefy hands as he describes his 6 years on SSI.

A one-time cannery worker and farm laborer, he has no apparent physical problem that would keep him from working. He is lucid in conversation. And at 6 feet tall and 225 pounds, he's built like a weight lifter.

''I admit it,'' he says, ''I don't look sick.''

But he's collecting $458 a month in SSI, which qualifies him for a $200 supplemental payment from the State, bringing his tax-free monthly take to $658—about the same—

States supplement the SSI benefits, California being one, with an additional $200, in addition to being eligible for Medicaid, food stamps, and other programs.

—about the same amount that the average retiree gets from Social Security after a lifetime of labor.

''The money definitely changes you,'' he admits. ''I just ain't going to risk losing the money by working at some minimum-wage job. Next thing I know, I get too stoned, I lose the job. Then what am I gonna do to feed my kids?''

Are we helping Ernie Hernandez? Well, Ernie is one of 6,000 heroin addicts who rotate on and off in the outpatient treatment program provided in French Camp throughout the year. In a region that has become a hotbed of disease, many of them suffer from tuberculosis and AIDS. Three out of every four are getting disability checks, according to the recent county survey.

''They'll test positive for heroin and we'll flunk them out of the program,'' Mr. Brown says. ''Then they'll sign back up on the waiting list and the whole thing starts all over again. I can honestly say that in my 21 years in this business, I have never had a disability recipient successfully complete the program.''

That is Floyd Brown, director of the drug treatment center in French Camp, who said, ''If SSI was around 20 years ago, when I was trying to get straight, I would probably be dead right now.''

Is this a program that is helping people? The answer is, obviously, no. We get rid of it. Under this bill, there are no checks for drug addicts and alcoholics anymore for this program. We are not going to continue to subsidize people who break the law by consuming illegal drugs.

Finally, the issue of non-citizens. This gets to be a very touchy issue for a lot of people. I want to associate myself with the remarks of the Senator from Texas when he says that most non-citizens who come to this country—immigrants—come here with their sleeves rolled up ready to work, to provide for themselves, their families, and the opportunity to live the American dream. I stand here as a product of that.

My father is an immigrant. He came here during the Depression. His father worked very hard in the coal mines for many, many years. It is, in fact, the American dream that the son of an immigrant can stand on the floor of the U.S. Senate, as many have before me.

No one wants to deter people from coming to this country, no one wants to take away the opportunities that come with living in America, nor do we want to be the beacon of the world for the handout. We want to say to people, if you want to bring your mother here, who is 70 years old, to come and live with you, and you sign a sponsorship agreement that says you will provide

for them—which you do under current law—then you should provide for them, and not as many do, turn them over to the SSI Department or the Social Security Administration through the State, in some cases, turn them over so they can collect Government benefits because they are out there and therefore qualified for SSI.

Here are the numbers of non-citizens. In 1982, about 125,000 non-citizens received SSI. We were up to 700,000 as of 1993, and that number is growing fast.

It is a serious problem and one that we have to address. It is a philosophical decision, one the House made in favor, and I am hopeful we will make it here, too. People who come to this country should come for the opportunities provided to them and not for the benefits that could inure to them because of welfare. So what we say is, simply, reap the benefits of the fastest-growing economy in the world over the past many years—jobs and opportunities—but not for welfare benefits.

If you are a sponsored immigrant—let me finally explain the difference between other immigrants and sponsored immigrants. We are not talking about refugees, people who were in a war-torn country, like Bosnia, who come on the shores or who are fleeing the former Soviet Union.

Now, those people would not be affected by the change being proposed here in SSI. Only people who come to this country who are sponsored to be here by—in almost all cases—a family member; where the family member signs a document saying that they will provide for this person if they come here, and the person signs a document that says, ''I will not be a charge or ward of the State'' when they come here.

We are saying, we should enforce this agreement. If families want to be reunited on American soil, fine; but it should not be the role of the American taxpayers to be the retirement home for millions of people who want to bring their parents to this country to retire with them. That is what is going on, if you see the numbers of seniors, in the vast majority of these numbers. That is the problem.

What we are suggesting is, the door is open to reunite families, but it should not be at the expense of the taxpayers of this country, given the fact that these seniors have contributed nothing and worked, in many cases, not at all in this country and paid nothing in taxes.

Mr. President, I wanted to focus on the issues of SSI as, hopefully, issues that by and large can bring us together in this debate. I think they are issues that we can find consensus and agreement. I will remind people again that this is the second largest of all the means-tested entitlement programs, one that needs dramatic and sound reforms that have been put forward by the Finance Committee and the leadership bill as well as Senator GRAMM's bill. I am hopeful we can work together on this particular area.

I yield the floor.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the Senate continue with debate only on the pending welfare bill until 6:30 this evening.

The PRESIDING OFFICER (Mr. INHOFE). Without objection, it is so ordered.

Mr. ASHCROFT. Consistent with our informal arrangement to go back and forth between the sides, I yield now to the Senator from Louisiana.

Mr. BREAUX. I thank my colleagues who have been participating in this debate this afternoon.

Let me start by commenting on the comments of the Senator from Pennsylvania about the SSI Program and to commend him for pointing out what he has, in fact, stated. The problem is severe and it is serious.

Also, I want to point out that there is no disagreement, essentially, between Democrats on this side of the aisle and our Republican colleagues on that side of the aisle about this issue.

President Clinton appointed our former colleague from Kansas, James Slattery, to a commission to study in detail this very problem that the Senator spoke of, the problem of some parents in some parts of the country utilizing SSI programs in order to qualify children who, in the minds of both experts, should really not be considered to be disabled and entitled to benefits. They made some strong recommendations about how those determinations should be made in order to protect children who are legitimately disabled, who have mental disabilities, who have physical disabilities, who truly qualify as disabled.

There is no argument that those children deserve our care and those children deserve our help and assistance. Those recommendations, I think, are in the Republican proposal. They are in the Democratic proposal.

The question of SSI benefits, cash benefits, going to people who somehow get qualified because of being a drug addict or an alcoholic, there is no basic disagreement in the provisions of both bills. The Dole bill and the Democratic alternative clearly says that a person will not be able to be eligible for cash benefits because they are a drug addict or because they are an alcoholic.

That is not to say that they should not get medical attention. Drug addicts and alcoholics and drug abusers who do not get medical attention, I suggest, become a much more serious problem to society if they are not treated, if they do not receive medical help and medical care. That is different from giving them cash benefits.

Our legislation clearly says that they would be entitled, if they qualify, for Medicaid assistance but not for any cash benefits. I think in those areas we are in substantial agreement.

Let me talk about the basic proposals that are pending before the Senate dealing with so-called welfare reform. I do not think there is a Senator in this body, whether he or she be a Republican Member or a Democratic Member, who would argue that welfare as we know it and see it and experience it today is not broken and does not need fixing. There is no disagreement on that.

There is no one on this side of the aisle who says that we should, in fact, not make any changes, that everything is working perfectly, when, in fact, we all know that welfare does not work very well for those who are on it, nor does it work very well for those who are paying for it. There is no disagreement with regard to that proposition.

We all agree that major changes should be made. How we go about bringing those changes are where some may have differences, which is the subject of legitimate debate on this floor.

I am concerned that it seems that the argument portrayed by some is an argument that suggests who should be responsible for solving the problem. Some would suggest that, well, the States ought to solve the problem because the Federal Government has not done a very good job. Some may suggest, although I have not heard that, that, no, the Federal Government should do it, because we know best.

In truth, the argument and the real question that I think should be before this body is not whether the Federal Government should do it or whether the State government should do it, but rather, how do we both, working together in a true partnership, solve this problem.

I suggest that this problem is too big for the Federal Government to solve it by ourselves. We cannot know what is best for every State in the Union here in Washington. I do not know what works best for States I may never have been to or where I have not spoken to welfare recipients or welfare administrators in that particular State. Being here in Washington does not give me some type of intelligence that is better or smarter than anybody on a State level.

I reject the argument, if anyone would make it, that welfare reform should be a Washington program. I also reject the argument that the States should do it by themselves, because I think the States do not necessarily have the financial ability to do it by themselves. And if you are going to have major Federal contributions to the programs, there should also be substantial standards on how those national Federal dollars, in fact, will be spent.

Therefore, I argue and I suggest that the answer is not the Federal Government versus the State government but truly a partnership between the Federal officials and the State officials in trying to craft a program that puts the best of both together and comes up with a program that truly solves the problem and ends welfare as we know it today.

Now, for 60 years we have had a partnership. For 60 years the Federal Government has put up some of the money, and for 60 years we required the States to put up some of the money. That has always been the partnership arrangement that has existed.

It is like that in every other program, Mr. President, if you think about it. In the highway program, the Federal Government puts up some of the money, the States put up some; on water projects, the Federal Government puts up some of the money, the States put up some of the money.

There is a reason for that. It binds and ties the concept that it is a partnership. It reinforces the fact that both of us have to work together to solve the problem.

What disturbs me in the Dole proposal, in the Packwood proposal, is that it breaks that partnership for the first time in 60 years, because for the first time it says the Federal Government will put up the money and the States, if they want, have to put up nothing. That is not a partnership. That, if anything, is the Federal Government being responsible for all of it.

The Republican plan eliminates the requirement that the States contribute. How many times have we heard proposals from the Republican side of the aisle that have talked about copayments in health care being extremely important because copayments from a person who has health insurance establishes in that person's mind that he is contributing or she is contributing to the solution, and therefore they are going to be more careful in how they use their health insurance? Without any kind of a copayment requirement, they do not have a connection with the cost, they do not have a connection with the solution to the health care problem.

Therefore, time after time I have heard Republican colleagues argue about the necessity of even increasing copayments. But for the first time—for the first time in my years in the Congress, in this body and in the other body, we have a proposal from our Republican colleagues that eliminates the requirement that the States put up their share to solve problems that their citizens and their partners are experiencing by being on welfare assistance. We have called it the maintenance of a State effort, a State maintenance of effort to get the States to do something so they can see that this problem is not one that can be solved without this partnership. I think that is wrong.

Poorer States have always had to put up less. My State of Louisiana is probably one of the lowest, but we contribute, I think it is, about 28 percent. The Federal Government puts up 72 percent, my State of Louisiana contributes 28 percent for the welfare program in my State. In some States the State has to put up as much as 50 percent, where it is dollar for dollar; the Federal Government puts up a dollar, the State puts up a dollar. But there has always been this partnership requirement.

The States who are helping to solve the problem also have to be responsible for contributing financially to that solution. We all know it is a lot easier to spend somebody else's money. I am concerned this will happen if the Republican proposal is adopted. If all of a sudden they see a pot of gold coming down from Washington and we say, ''Here, spend it pretty much like you like, and, by the way, you do not have to put up anything; you can use the money that you used to put up for anything else you want because the Federal Government will continue to send the same amount,'' States, for instance, could take the 50 percent or the 28 percent they had to put up in the past and say, ''All right, if the Federal Government tells us we are not going to have to do it anymore, I am going to take that money I was putting up for welfare and I am going to use it to get maybe more highway funds. I will use the 28 percent of the dollars that I raise on the State level to do the welfare program, and I am going to use it instead to match to get more highway funds, to build more bridges and more roads. Let the Federal Government take up the entire tab for welfare in my particular State.''

An even worse example than that, what about a State that says, ''All right, if I do not have any maintenance of effort, if I do not have to do anything, if this partnership is terminated, I will take the money that I used to put into the welfare program and, guess what, I am going to use it to build a new building so the Governor will have a new set of offices. Or, better yet, I am going to use it to give raises to all the State employees. Let me use the money for that.'' Is that really solving the welfare problem as we know it? Of course not.

Some States may even think like this. Listen to this example. The Food Stamp Program is 100 percent federally funded. When a person's income goes lower and lower, they qualify for more and more food stamp assistance because their income is less. So if a State decides not to make a contribution to the welfare program, reducing the amount of money an individual gets, the Federal Government is going to have to increase the amount of food stamps that the same family gets.

Is this what our Republican colleagues want? Is this what they are trying to establish in their proposal? Are they seeking to make the Federal Government spend more money than we are spending now on the Federal Food Stamp Program?

I suggest that is not a good idea at all. Therefore, what I am arguing for is a partnership between the Federal Government and the States. Give the States a great deal more flexibility, absolutely. I am not suggesting that not be done. I support that. Give them the maximum degree of flexibility that they can.

But I, as a taxpayer in Louisiana, want to know that when my citizens are taxed for this program that people in New York and people in Oregon and people in all the other 49 States are going to spend my tax dollars with some degree of national responsibility, some degree of national goals and guidelines in partnership with the other States that will be receiving money from my State as well.

One of our colleagues, I think it was Senator FAIRCLOTH from North Carolina, when he testified before our Finance Committee, made a wonderful point which I agree with.

''If you want to block grant the Federal welfare program to the States and just give it to them with no strings attached,'' he said, ''you ought to cut any Federal assistance going to that State. If there is not a national interest in how we spend welfare dollars on this program, if there is not a Federal interest, then there is no Federal need or responsibility for the Federal Government contributing any money to the State.''

Let me repeat that, because this concept came from Senator FAIRCLOTH from North Carolina, and I agree with him. I am not disagreeing at all. I am complimenting him for pointing out something I agree with. Let me say one more time what he said.

He said, ''If you are going to give it all to the States with no strings attached, there is no reason why the Federal Government should give them anything. Let the State raise the money if they want to spend it any way they want.''

And I agree with that. But I think there is a national responsibility when we start paying the tab to make sure that there are some national parameters and national goals and national standards that are going to be followed, with a maximum degree of flexibility to the States to devise the program that best fits the needs of their State. It should not be written in Washington, but it should be a program that has national goals and national standards. That is what we are talking about.

Therefore, my point No. 1 is that: If we have a Federal program, we ought to have a partnership, a State maintenance-of-effort requirement that the States also contribute something to be partners in this program and not just to be receivers. A partnership is absolutely, incredibly important.

I think we ought to work together. Let me tell my colleagues something. We cannot pass this by ourselves. But you cannot pass it by yourselves. You do not have the votes to pass it without us, and we do not have the votes to pass it without you.

So we have a decision to make as to whether we are going to cooperate and work on this together—or make political points and get nothing done. That is an option. But if that option is exercised, I suggest the real losers are the

American public and the American taxpayer. We will make short-term political points for short-term political gain. But in the long run, the real losers will be the taxpayers and those who are on welfare who will not have had an opportunity to have a program passed in a bipartisan fashion.

One of the things about the Republican plan, the second thing that gives me a great deal of concern, is the question of mandating to the States that they double the number of people who are on welfare that are working. That sounds great. But talk is cheap. Talk is cheap. You cannot just say we are going to tell the States that they are going to double the number of people in their State who are now on welfare who are going to be working without helping them create those jobs and pay for those programs that create those jobs.

Recently we passed an unfunded mandate bill. Everybody on both sides of the aisle, really, talked about how wonderful it was. No longer are we going to tell the States to do something and not help them pay for doing it. This legislation, when it tells the States that they have to double the number of jobs for people that are on welfare in their State boundaries under this program and does not give them financial assistance in order to do it, is the largest and biggest unfunded mandate that this Congress will have ever passed. We will be saying to all of the States that Washington is going to tell you to put people to work. But we are not going to help you provide the money to put those people to work. Does anybody think that is somehow going to happen with magic? There has not been a Governor that has come before this Congress through our committee systems that has ever said that goal can be accomplished without additional financial help from the Government here in Washington or from a greatly increased tax burden on their citizens.

Without the partnership that I talked about, the Republican plan is the largest and biggest unfunded mandate to have ever been adopted, if it were to be adopted, in the history of this Congress. The ink is not dry on the legislation outlawing unfunded mandates, and this bill hits the floor with the largest unfunded mandate I think in the history of this Congress.

You cannot require States to double the number of people working and do it by freezing the amount of money they get at the 1994 level. That is what this bill does, and that is the second reason why I think it needs to be changed and modified.

The third reason that I have great concern with their proposal is what it does with child care and what it does for children. Children cannot be punished for the mistakes of their parents. There are innocent victims in this country who did not ask to be born into this world but are here in many cases because of mistakes of their parents and perhaps, yes, they were unwanted children. But they are here. They are alive and they are humans, and they deserve the attention of this Congress and this Government.

I have heard our colleague from Texas, Senator GRAMM, talk about, ''Well, you know, it is just time that the people who have been riding in the wagon get out of the wagon and start helping to pull the wagon.'' And that is great rhetoric and everybody has a little mental picture of what that must look like. But his proposal takes innocent children and babies and throws them out of the wagon into the street because it is clear that without help a 3-year-old or a 12-year-old or a 4-year-old little boy or little girl cannot pull the wagon. They are not old enough. They are not strong enough. They are not smart enough. And this is America which has a concern about innocent children.

The legislation to say that when a child is born to a teenager who is not married and we are somehow going to deny that child the benefits of what that child needs to survive is un-American, it is unfair, and by and large it is totally absolutely unworkable. That proposal punishes a child who did not ask to be born. That proposal is misdirected in that it does not do what we should be trying to do, and that is to punish the parent.

Our bill, on the other hand, says the parent has to live at home; if there is no home—which is the case in many cases—that teenage mother has to live with adults in adult supervision, that teenage child who had that baby has to go to school, has to be in a work program, and there are requirements against the parent but not requirements against the child.

The Dole bill treats it a little differently. The leader's bill says, ''Well, the State can have an option to do that if they want.'' That is back to the national responsibility, the national partnership, that we should be concerned about if we are raising the money for the program.

I cannot believe that our colleagues would agree that it is perfectly acceptable to have the benefits cut off to the child. That is one option that I think States should not be able to do when they in fact are using tax dollars that have been raised throughout this country.

Having said what I have said, I also want to repeat that we are not going to be able to pass a welfare reform bill unless we work together.

I will say here today that I think that can be done. The differences that I have outlined I think, while substantial, are not that complicated to fix. I think the requirement that States have to put up their share, a maintenance of effort by the States, can be fixed—and should be fixed—came close with an amendment that I offered in the Finance Committee of fixing it. We still can fix it. The work requirements requiring people to work and helping the States to pay for that work can be fixed.

Finally, I think treating the child, who is an innocent victim, fairly also can and must be fixed.

There are some other things that need to be addressed. The SSI that I mentioned I think we are very, very close, and almost substantial agreement with what needs to be done in that particular area.

So, Mr. President, my colleagues, I look forward to engaging our Republican colleagues in debate. I hope that our ''Work First'' legislation, which has been put together with a number of our colleagues working very, very hard, drawing on the experience of our distinguished ranking member of this committee, the Senator from New York, Senator MOYNIHAN, who has probably forgotten more about this issue than most of us know. We have drawn on his experience and his knowledge and his legislation that he has put forth in the past on this effort, and we are delighted to have him and proud to have him managing this bill. I know that it is going to be a better product because of his involvement.

But now is the time for us to be involved together in an effort that is going to affect every single American for a generation to come. I hope we can do it. I am confident we can.

I yield the floor.

Mr. ASHCROFT. Mr. President, I ask unanimous consent that the Senate continue with debate only with the pending welfare bill until 7:30 this evening.

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

Mr. ASHCROFT. Mr. President, I want to take this opportunity to make some comments on the question of welfare reform. We have awaited this discussion for months, weeks. We are finally confronting the issue of welfare. And there is much agreement, and there is much disagreement.

My colleague on the other side of the aisle just said that one of the reforms we have will put children in the street. Mr. President, the reason we are concerned about reform is that children's lives are being ruined. The real tragedy of welfare is not the tragedy to be found in numbers. It is not the tragedy to be found in how much this system costs. It is not a tragedy about the share of the Nation's output that welfare occupies or how much money the various competing welfare reform bills would save. This debate properly understood is not a debate about numbers. It is a debate about lives. It is a debate about the lives of individuals that have been trapped in a web of a ''Washington-knows-best,'' ''one-size-fits-all'' welfare system. The lives of people are welfare's casualties.

Mr. President, in the first 8 months of this Congress we have accomplished an extraordinary amount of work. We passed a balanced budget resolution which signals to the public the right

message about integrity and responsibility. We have advanced the telecommunications bill that brings our laws in line with the technologically advanced times, a bill that makes laws apply to Congress itself, and previously we have been enacting legislation to which we did not adhere, and many other achievements.

As important as these achievements are, I believe they will be seriously compromised if we fail fundamentally to dismantle and replace the current Washington based ''one-size-fits-all'' welfare system with direction from this capital to the State capitals, and foot dragging on the part of this city in terms of allowing innovation and creativity at the State level.

Our efforts and our ability to replace welfare will be viewed by the American people and by history as a measure of our commitment to the American people—a bright line in our public life between cheap talk and real action. It is easy to call for a revolution, more difficult to achieve the purposes of a revolution. But that is the difference between administration and leadership. People want real leadership here.

Across the world, our enemy for nearly 50 years no longer exists. It is not a result of someone conquering the Soviet Union from without, but it was a defeat from forces within. What communism did to the Soviet Union is not unlike what welfare threatens to do to America. It stifled her spirit, it lulled her into dependence, and it compromised her greatness.

Our danger today is not to recognize the threat. Our danger is to believe that doing anything so long as we do something is sufficient. If that occurs, we will have failed, the welfare state will have survived, our pathologies will metastasize, and an America which now stands on the brink of chaos will tomorrow be thrown into the abyss of mayhem.

Today, we have a welfare system that was designed with the best of intentions but, frankly, the poor have received the worst of all worlds—a world of despair, where a future is not seen, a world of no opportunity where advancement is not conceivable, a world of no family for support, to nurture or care.

A couple years ago, it was my privilege to chair a task force on America's urban families. I was shocked, going into America's cities and meeting with children who did not know who their fathers were, but really appalled to know they lived in neighborhoods where no child knew his or her father and some of these children had no acquaintances who knew their fathers. It is a world with which many of us are unfamiliar but a world in which success is very difficult and a world from which escape is almost impossible. It is a world in which people are raised by welfare, fed through food stamps, but starved of nurture and deprived of hope. Results of this kind of system are frequently tragic.

During the past week, I have come to this floor to talk about some of the stories, to talk about and highlight this human side of the welfare system. Some of the cases are of children who have been killed or neglected, some are testimonies of people trapped in the system, but each one of the stories was real. They have all been documented. They all appeared in the mainstream press. They are tragically true. They are all stories which we should remember as we debate the welfare reform issue.

For 30 years and more, we have been told that all we need to do is spend more money and we would be able to solve the problems we face. We have been told that Government had all the answers, that Washington knew best how to help.

Good intentions have carried us to a sorry state. Today, all the evidence points to the fallacy of that argument. Today, there are more people in poverty than ever before. There are more children being abused and killed. There is less hope, less opportunity. We must reverse the consequences of the actions we have taken.

Today, again, I wish to make this point and by way of doing it I just relate another one of the case histories of a child who paid the full price of our welfare system. His name was Jason Allen, Jr. He was only 2 months old at the time of his death in September 1994, just last year. Born in Bakersfield, CA, to an unwed mother who had two other children besides Jason, her main source of income was $723 a month she received from the Federal Government through AFDC. Also, she had a drug problem, and the Federal funds helped her maintain that, too. Ms. Henderson was addicted to a methamphetamine drug known on the street as ''crank.'' In fact, by the time she became pregnant with Jason, it is suspected she was using a significant portion of her welfare check just to finance the drug addiction. Unfortunately for Jason, his mother used crank regularly throughout and after the duration of her pregnancy.

As the New York Times reported in September of last year, 3 days after Jason was born, he had to be hospitalized for withdrawal from the methamphetamines his mother had taken. As Jason recovered, his mother continued to use crank—later claiming that the high she got from taking the drug helped her cope with the demands of motherhood. But when Jason was released from the hospital and his mother began to feed her son naturally, Jason took a turn for the worse. As the New York Times wrote last year, ''Ms. Henderson awoke [one day] to find her son lying still in his crib not breathing, his lips blue. Throughout the subsequent criminal prosecution of Ms. Henderson, prosecutors maintained that 2-month-old Jason died on his way to the hospital from his mother's drug-laced milk.''

Mr. President, there is no happy ending to this story. Ms. Henderson is currently serving a 6-year sentence on a felony conviction of child endangerment after the jury deadlocked 11 to 1 on the more serious charge of second-degree murder.

The life of little Jason Allen, however, is tragically lost forever. In truth, he did not have a chance. His is the face against which our reform must be judged. The reform that we pass need not be perfect, but it must be substantially better than the system we have today, a system that finds us with individuals trapped on welfare and a system which projects the abuse from one generation to the next.

The Senator from Pennsylvania spoke just a short time ago in this Chamber, and he talked about the intergenerational problems of welfare, and he cited a case that was recounted in the Boston Globe of a generation on welfare that began just a generation or two ago and the family now consumes almost $1 million annually. It is an intergenerational problem, a web of dependency that has entrapped almost all of those who are a part of the family. We must make sure that we change this record of failure.

For 30 years and more, the Federal Government has determined it would tolerate a welfare system that allows this kind of dependency, that says you do not have to work to earn benefits, and it takes no action to discourage irresponsibility. We have, as a matter of fact, said if you are irresponsible, we will continue to write the check. As a matter of fact, we have said worse than that. We have said the more irresponsible you are, the bigger the check we will write.

That has really found us in the validation of irresponsibility and impairing survival values which are essential to the well-being of Americans.

So when this debate concludes on welfare, be it Wednesday or Thursday or Friday of this week, or whenever it concludes, what will be the earmarks of what we have done that can assure us we have been successful in pursuing genuine reform? Let me suggest to you a five-part test.

First, I believe we must end welfare as an entitlement, the notion that people should receive Federal welfare benefits even if they do not work, even if they abuse their children, even if they are more and more irresponsible. It is a pernicious notion. It is a notion which reinforces the wrong values, that underscores the wrong commitments. Real reform would end welfare's entitlement status. It will free people from the shackles of governmental dependence, and it would allow them to embrace the responsibility and opportunity that are the hallmarks of America's survival values. It is essential that we reinforce a system of responsibility, and an entitlement does not have regard for responsibility.

Second, we must radically limit Washington's intermeddling, micromanaging, counterproductive control of welfare. I spent 8 years in the Governor's office of the State of Missouri—the great privilege of my life—to shape the future, along with the citizens of the State of Missouri. A number of things we sought to do in welfare reform, ways in which we sought to change the system, an effort to upgrade what we were doing to make it more efficient, to make it more productive, to make it consistent with our values, having to come for each change hat in hand to Washington, DC, and being badgered, being argued out of one position or being slowed down in our progress, saying we will not tolerate real change; we will only allow you to do a pilot program. We will only allow it if it begins this way or that. It really curtailed our ability to serve the people that had elected us and to chart a new course that would break the web of welfare dependency instead of reinforcing it with unbreakable strands of reliance on the Federal Government.

Even now I look this year to the department of social services in Jefferson City and they talked about Medicaid and how inefficient Medicaid is as a result of this intrusive control from Washington. The Medicaid director who works under my successor—and my successor is not a Republican, as am I—but the Medicaid director said that if the Federal control were out of the system so that they did not have to comply with this micromanaging, counterproductive demand for the way things are done, that for the same amount of money that they are caring for 600,000 people on Medicaid, they could care for 900,000 people on Medicaid.

The productivity penalty, the service penalty of this invasive, micromanaging control system of Washington, the Washington-knows-best, the one-size-fits-all system, is cheating 300,000 Missourians out of medical care, according to the director of social services in the State of Missouri.

It seems to me if we are really interested in helping people, the bureaucratic tax against the poor, of robbing them of that resource by having this control mechanism and by being unyielding and being stingy about what we want to do in terms of allowing for States to exercise responsibility and develop procedures whereby real efficiency could be managed—that is counterproductive. We do not want to do that. We should put it behind us.

For 30 years our welfare system has been premised on the belief that Washington knows best. Well, there is a fallacy that is underlying the belief that anyone could know best. Because it suggests that there is a best solution for the entirety of America.

Mr. President, I suggest to you that there is not any single best solution for America. I suggest to you that a variety of communities could come up with different solutions that might be best in the instance of their community and that we need to move forward in an evolution of thought on this matter. I think it was understandable that at one time it might have been thought by well-meaning individuals that Washington did know best, that we simply ought to figure out what was best, and then make the rest of a less-enlightened country comply with our demand. I think the effort to do that has met with substantial failure.

So the next step in the evolution was to think that, well, maybe we should have had pilot projects that we could put around the country and we could learn what would be best. Then we would take the information from the pilot projects, having learned what was best for everyone, and we could impose it on them because they were less enlightened than we would be, having had the benefit of all those wonderful pilot projects and studies that were mandated every time a State wanted to have a waiver or do something creative.

But the truth of the matter is that there is not a single strategy, a single pilot project that would work in Baton Rouge or Bangor. The truth of the matter is, there are various strategies that will work in various ways around the country. For us to presume even from our immense data base and from all the information and statistics that might be available in Washington, DC, that we could know best what would be appropriate for everyone, is an assumption that is false. It also ignores the fundamental component of our human existence; and that is, that we tend to believe whenever we are trying to work things best, we participate in the formulation of the strategy.

Why do we not adopt a system which allows States to be invested in the formulation of strategy, allows them to participate in developing the ideas that they then put into practice, and we get the additional vitality and additional energy in the system that comes from people participating and shaping the strategy which they will employ to solve their own problems? Really that is what freedom is all about.

One of the reasons freedoms flourish and societies of freedom flourish is they tap that special energy. We need to tap it in this system and the welfare debate.

This afternoon, the Senator from Iowa stood on the floor here and did an interesting job of talking about how Iowa had a special program that encouraged even small businesses from individuals who were on welfare, and how the number of people on welfare that went into business had, I think, doubled in just the last couple years. I think that is a marvelous thing to think that we could have a system that would allow a State to do that.

Iowa went through a pretty substantial process of asking the Federal Government for waivers. Why should we ask States to come here and beg for waivers? Let us provide a system where States have the authority to move right into these creative responses.

But to say, if it worked in Iowa, it has to be done in Indiana or that it has to be done in Idaho or that we must mandate that system in New Mexico, Arizona, California, Texas, or Georgia, is to again make a bad decision. It is a decision of imposition. It is not a decision of innovation.

We need to allow the States to be involved in rejecting this idea that one size fits all. It is like sending off to the catalog and saying, ''The average weight of a person in my family is 120 pounds. Send us five pairs of pajamas to fit a 120-pound person.'' Well, I tell you what, there is no 120-pound person in my family. All five of us would be ill-fitted with the pajamas. But the one-size-fits-all mentality makes you think you can take the one-size-fits-all type mentality and make it fit everywhere. We need to provide for tailoring. Let us let these States make investment in their future, and let us let them tap that creative energy that comes from participating in the design process of those investments.

I think it is a real chance for us to succeed. Some on the other side of the aisle have complained, well, the States will not be asked to contribute as much as they previously contributed. The truth of the matter is, we should hope that the States are so successful they will not have to contribute all that they previously contributed.

The idea, the mandate from the people of America, is not that we should maintain welfare or not that we should grow welfare. The idea is that we should employ innovative and creative strategies to reduce the caseload.

The idea of copayments was brought up. As if there is some analogy between a block grant which is limited in terms of its expenditure and an insurance policy which allows people to consume health care regardless of the amount expended. Nothing can be further from the truth than to think that a limited block grant and an unlimited capless health care policy are the same things. As long as there is a limit in a block grant, States will have an incentive to work within that limit, copayments are unnecessary in that sort of setting.

So I really believe that we must end entitlements. There are benefits to doing so. But, second, in addition to ending entitlements, we have got to free States to work effectively within their communities to develop these plans which will help us get the job done and get it done well.

Bureaucracy has levied a sort of tax on the poor, taking up money and preventing it from reaching those in need. Every time there is a need for a report in Washington, someone has to generate it in the State. So the report reader has a drain on the system and the report generator has a drain on the system.

Who should be the real judges of welfare and welfare reform? Who do we

really want to satisfy? Is this a game in which we satisfy the U.S. Senate or the U.S. Congress? Is this some sort of exercise in which we should seek to satisfy the bureaucracy in Washington, DC? I do not think so. I think we really are trying to satisfy the people of America. I do not see any reason why we cannot trust them to make judgments about the success or failure of what is being done in their own jurisdictions where they are up close, where they see on a daily basis, where they walk past and work with individuals who are involved with the system. No one will know better than the group of individuals we call citizens.

Incidentally, if we are looking for the boss in America, if we are looking for the final authority, let us go no further than to read the words, ''We the people.'' If we want to design a welfare system and we want to set up a jury to judge the welfare system as to whether it works or fails, let us not try to set up a jury so that somehow the system has to come to Washington to please the Congress or the system has to come to Washington to please the bureaucracy.

Let us put a system in place that gives the people the opportunity to shape the future in which they live. That is the definition of freedom. And let us put them in as judges and arbiters of whether what they are doing is successful. The beauty of a free society is not just that you make decisions in the first instance; the beauty of it is if those decisions do not suit you or are not working effectively, you change the decision.

Let us give the States the opportunity to make decisions which will result in the kinds of graphs that Senator HARKIN brought in for his State and proudly presented. Let us give States that opportunity, and let us not make them come here to act as if what a State is supposed to live for is to get the approbation and ''attaboy'' and a pat on the head from the Congress or the bureaucracy. But let us be consistent with the real purpose of Government and allow these jurisdictions to do what is important and what can succeed in their jurisdiction, so that the people can assess whether or not this has been done well. And if it has been done effectively, they will stick with it; if not, they will reject it and build a different bridge.

First, reject entitlements. We cannot go on with entitlements that do not have a relation to behavior and activity. Second, empower States through block grants. Third, we must encourage a national debate on an epidemic of illegitimacy in America. Illegitimacy has robbed so many in this culture of a future, and, indeed, unless it is reduced—not just contained, but reduced—it will rob this country of our future.

Most of the problems surrounding welfare can be tied, in one form or another, I believe, to this epidemic. It is at the root of the family's breakdown in the inner city. It is tied to everything from educational noncompletion and failure to crime. It is the lifeline of dependency.

Now, much progress has been made. I think our society and our country has made a lot of progress in the last couple of years in just learning that we can talk about it and that we can confront the issue and we can say about it what we believe to be the truth about it. There were people who did so long ago, some in this Chamber, and for whose voice I am grateful. But it is only in the last couple of years that our country has decided that it is fair to talk about this as a threat to our future, and talk about it we ought.

Much progress has been made, but we must encourage further debate and discussion, and we must expect States and communities to take positions and to deploy strategies which they believe will help curtail this epidemic. I was encouraged to see that even here in Washington, DC, which is not thought to be necessarily mainstream, but the city council of Washington, DC, has voted to deny certain benefits to individuals who continue with illegitimacies while they are on welfare. There is a recognition at all points on the political spectrum about the threat that illegitimacy makes to the future of this country, and, frankly, the disastrous impact it has on individuals.

The fourth test, I believe, is a test that should reflect our understanding that laws alone will probably not solve this problem. As much as it is gratifying, rewarding, makes one feel good to stand in the Chamber and debate policy and to think about shaping the tomorrows in which we live, I believe that we have come to an understanding from our experience that Government probably will not alone solve this problem. Government will not alone solve this problem at the State level. Government alone certainly has not solved this problem at the Federal level. We need to develop a strategy which will elevate substantially the participation in this challenge by nongovernmental institutions, by charitable organizations, by religious institutions. We not only need to have these institutions involved, but we need to have the average citizen become involved. I believe that there is a different character in governmental programs than there is in the programs of nongovernmental and charitable institutions. When volunteers get involved with individuals, they have a way of saying, ''I love you,'' by the fact that they are giving their lives to participate beneficially in the lives of others. That is not the message of government. It cannot be the message of government. It will never succeed as well, because it is not.

It is time for us to emphasize the opportunity and to encourage the participation by the private sector, and I think we ought to do that by recognizing individuals not only who give money to charities but who also give their time and energy. We need, for the citizens of America, to come together, some on welfare, some not on welfare, but the interchange and interface between them can provide the connection which directs some over the bridge from dependence to independence. The people who are working jobs, we need to find ways for them to be in contact with people who need jobs, and that is part of the solution.

Lastly, I think we must realize that it is unlikely that we will have unanimity when we decide on a form. We cannot try to be all things to all people. We have seen that when we do, we are detrimental to all. It is as unlikely to be all things to all people as it is to have one size that fits all. People are different, and there may be disagreements here, but these differences and genuine efforts—a resolution of these differences deserve our best efforts. We must work together in order to achieve a positive result.

Well, today, we have a lot of work to do if we are going to get a bill that meets these tests, a bill that does more than just tinker at the margins and embrace the label of reform. We cannot allow just tinkering at the margins and labeling to satisfy us.

We must call the Nation to greatness. We must signal that ideas and principles are more powerful than Washington's politics and pragmatism. We must refuse to compromise our struggle without ever trying to retake our city on the hill. We cannot settle for being rhetorically impressive while simultaneously being substantively lacking. Half measures which tinker with the margins are predestined to fail.

And most importantly, let us never forget that they fail the very people that they need to help the most, and they are the people who find themselves in the system. They are the population which is more pervasively trapped now on welfare than there has been for quite some time.

We can do better than we are doing. We can do better, and we must. And so we will work hard to achieve real reform that, in fact, eliminates entitlements and empowers the States with the opportunity for real creativity, that in fact makes it possible for reform which will shape the way in which we live, that will challenge the epidemic of illegitimacy and reduce this pathology which shakes at the very foundation the potential of the success of our Nation.

With that in mind, I think we have an opportunity to be of great service. I thank the Chair.

I yield the floor.

Ms. MOSELEY-BRAUN addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Ms. MOSELEY-BRAUN. Mr. President, I am actually anxious to engage in this debate on reform of our welfare system. I was reminded earlier today of a time several years ago. I was in

Paris, and I was walking down the street with a friend. We were talking about issues having to do with poverty, and at some point in the conversation, my European friend made a remark the following remark: ''You Americans are so Calvinist in your viewpoints.''

First I was a little mystified and then angry that he would make that kind of a statement. He went on to say there was a tendency in America to blame the poor for their problems. I pointed out to him that was not the truth; indeed, on the contrary, this country has had a welfare system in place since the 1930's.

There are obviously problems that we need to work out, but the issue of addressing poverty is bigger than any welfare program. It is a larger issue than that. Welfare is just a response to poverty. It is not the cause of poverty. It is not the cure to poverty. It is a response to poverty.

The Senate is now engaged in a debate regarding the future of welfare and how we address the system that we have put together to respond to poverty. I submit, Mr. President, however, that the American sentiment regarding this issue, both in the larger sense as well as the specific one, is still a very noble one.

We start with the notion that everybody who can work should work. But that those who cannot work should be provided subsistence so they can live in some dignity. At the heart of that sentiment, Mr. President, and at the heart of the sentiment—I know Mr. MOYNIHAN for years has tried with the Family Support Act and the like, which has not been given the chance to work in the way the potential would allow it to work—at the heart of the sentiment we should provide subsistence so people who cannot work can live with dignity. I think is a very logical analysis.

That is, how we will deal with poverty in our midst. How we deal with poverty in our midst does, in fact, is not just a local issue. It is not an issue of States rights versus the Government in Washington. It is how we define our national character, the quality of life in our country as a whole. Frankly, it reflects the health and vitality of our economy as a whole.

Most people, I believe, instinctively recognize that this is not just an ''us versus them,'' the taxpayers against the dirty welfare cheats, in spite of the efforts, frankly, of some, for political or otherwise, reasons to blame the poor for the anxieties of working people. The fact is that all taxpayers have a vested interest in seeing a system that works and that reflects the best of American values.

Mr. President, I believe among those values, an important value, is the recognition that children are our future. We recognize the importance of providing the children with subsistence with dignity, and support and hope for a better tomorrow.

No 5-year-old is responsible for being born poor. So at the outset, I believe that the measure of any proposal for Welfare reform: How does it treat children? Does it provide a means for their parents to care for them? Does it provide a safety net for those parents who are unwilling or unable to care for them?

Mr. President, some 22 percent of American children today live in poverty. That is 15 million children, one in five of our children—of our children—live in poverty. Our child poverty rate is two times that of Canada and Australia. It is four times that of France, Germany, the Netherlands, and Sweden. Nine million of those fifteen million children are currently the object of public assistance or AFDC; what we are talking about is welfare. Nine million of those children.

So the fact of the matter caring for children should really be the subject of all of the words flowing around this Chamber—two-thirds of those on welfare are children. We must never let go of that fact.

Many of those children are in female-headed households. In fact, 90 percent of the AFDC children live in families headed by just a mother. Mr. President, 53 percent of the families in poverty are single female-headed households.

Senator MOYNIHAN has spoken authoritatively about the phenomena we are facing. Quite frankly, as he points out, nobody quite knows why that is the case, and nobody quite knows what we should do about it.

The point is that I believe a second objective that should command our attention is providing for an environment, a climate, for family creation and family maintenance as an anecdote or response to our objective of resolving and alleviating child poverty.

That is to say, the welfare of the child is not just a woman's problem, it is a parent's problem. It is a male and a female problem. It is a mom and dad problem. It is not simply a problem of ''the war against illegitimacy'' in the abstract. It is a real problem with a real face.

The fact is, Mr. President, when both parents are in a household, the likelihood that a child will be in poverty is diminished. That has been demonstrated time and time again.

However, I think as we all know and without speaking to it, by perverse operation of practice over time, frankly, in all too many instances, the men are too often seen as an impediment to providing for the welfare of that child. That is something, clearly, that we have to face.

What we have now, though, in the context of this debate is the beginning of a debate of historic implications, one which I submit will shed more light, hopefully, than heat on this issue. That has been the subject of conjecture and stereotypes and myths which do not help the debate very much.

I submit, Mr. President, that S. 1120, the Work Opportunity Act, the Dole bill, does not in my opinion address the reforms that we need to have in ways that are reasonably calculated to combat child poverty. I want to tell Members why.

First, it maintains that child poverty is a local and not a national problem or an issue. Federalism, seems to be how this debate is being characterized. The fact is, that by handing over the problem to the States, by way of block grants, while it gives the States flexibility, which is a good thing, the fact is it gives the States so much flexibility as to be formless in terms of our national interests. It shifts the costs of addressing the problem to the States. It caps the Federal assistance at 1994 levels, and that is one of the reasons why, frankly, we are going to continue to hear bickering over the allocation formula.

The high-growth States worry they will lose money. High child poverty States are afraid they will lose money, stuck with a formula developed at a time when there was a national commitment to help resolve child poverty.

In the absence of a national commitment with regard to child poverty, what we will have, Mr. President, is a race to the bottom among the various States to see who can come up with the most punitive measures, who can save and pennypinch the most, the welfare of the children notwithstanding.

I raised the question in the Finance Committee during markup of the committee bill—What about the children in other States? I live in Illinois. What if I look up and discover in some State a Governor has decided on a plan that leaves children homeless and hungry? That a situation arises like Brazil. The answer that I got back was if that happens, we will just have to come back in a couple of years and fix it.

Mr. President, I do not think that is the right response. The fact that the system needs to be fixed and there needs to be reform should not mean that we just give up, that we just say the Federal Government, the National Government, our people, Americans across this country, have no interest in the welfare of a child who happens to live across an artificial border of a State. That is what this bill does.

It says that people who live in Illinois have nothing to say at all about the welfare of children in New York, or the welfare of children in Iowa, or the welfare of children anywhere else in this Nation.

I believe that turning our backs on a national commitment to children is an error of the gravest proportion and one that we should not allow to happen.

The second issue, Mr. President, that I think may be defective in this legislation is that it does not provide a safety net for children. The fact is that the kids will be punished for the conduct of their parents.

Ask yourself the question, ''What if''—what if the parents are so irresponsible, or alternatively so unlucky that they do not jump the proper hoops

that get created by the States. We have already said in this bill the States can decide what they want to do, so if the States say you have to tap dance three times with one foot tied behind your back, theoretically there is nothing on the national level we can do about it. Assume for a moment some child's parents do not meet the rules, do not make the cut, and get thrown off. What happens to the children in that situation?

What if a child's parents are teenagers? Does that mean that child then starves because their parent is underage? The fact is, Mr. President, it is one thing to tell single mothers that they should not have a child, and it is quite another to tell that child that their mother should not have had them. And that is what this bill calls on us to do. The children are left with no safety net whatsoever. Whether you want to use the hot-button phrase of calling it an entitlement—we are not talking about an entitlement to States. We are not talking about an entitlement to parents, for that matter. What about the children? Are they not entitled to a guarantee from all of us, all Americans, that they will not be left to starve, that they will not be left homeless, that they will not be left to such grinding poverty that any hope of a future is extinguished when they are yet 5, and 4, and 3, and 2 years old? I do not think so, Mr. President.

Third, and I think this is another significant flaw in this legislation, clearly the bottom-line issue for parents is that they should support their own children. I cannot imagine anybody who would argue with that proposition. A person who brings a child into this world should take care of that child.

But to do so, since we are talking about poor people here, to do so they have to work. The reality there, of course, is people can only work when there are jobs to be had. Frankly, the absence of any job creation is one of the dirty little secrets of S. 1120. The Field of Dreams, I call it. It is legislation that says, ''If you kick them off the rolls, they will find jobs.'' Mr. President, I believe that is an assumption that has less relation to reality than most of the fictions we hear around here.

What jobs, I ask you? In some communities, even communities in my own State—and I am sorry to say that—we have areas of the State in which there is 1 percent private employment, 1 percent. If you can imagine 1 percent private employment anywhere, that is not a recession, that is not a depression, that is economic meltdown in those areas—whole communities in which our economy does not work.

I heard one of my colleagues talking a moment ago about the breakdown of the family in the inner city. Frankly, if I hear that one more time I think I am going to get sick on this Senate floor. The fact of the matter is, it is not a matter of breaking down the families in the inner cities. The inner cities still have strong families, as least as strong as they can manage under circumstances where there are no jobs, under circumstances where men who want to work cannot work and the only employment is the drug trade. Let us make honest statements on this floor about what is going on in America as we address what Americans can do to rise to the occasion, to fix this problem.

Fourth, Mr. President, I think this debate—we know there will be amendments and alternatives. But that gets to another point I would like to make, and that is I certainly hope that part of the contribution that this debate makes, the debate here on the Senate floor, is that we will begin to dispel some of the myths about welfare. The face of welfare in this country, unfortunately, is that of a black woman with several children by different fathers who stays on welfare because she is just too lazy to go to work.

Mr. President, that is not the truth and it never has been. The statistics—I know everybody here has staff to go and pull up numbers— the statistics do not bear that perception out. That is not reality. Frankly, to use the examples—and I am sure we can all find them—of the welfare cheat, is not the real story. There are always examples. We can find somebody to be an example. I heard Members on the floor talking about, yes, and here is a case of so-and-so-and-so and she had these many babies and she got welfare and she is addicted to welfare, et cetera.

To throw those kinds of inflammatory statements out here on this floor is the equivalent of saying that every mother of two children, is going to be like Susan Smith and run them into the river and drown them. It is an illogical analogy, it is a false analogy, it is an analogy which I believe distorts the important nature of this debate.

Let us strip this debate of the myths. Let us dispel the stereotypes and the preconceptions, and let us have a debate in honest terms, about real numbers and about real people. Let us address this debate in a way that says that we want to provide a safety net, if you will, for children; that we want to treat fairly with the States in the development of this system; that we are not going to just turn over to the States what has been called the granddaddy of all unfunded mandates. Because, frankly, I think it can be said with pretty much certainty under this bill, most States will probably have to increase State and local taxes to deal with the issue of poverty in their midst.

What you will have is another set of burdens foisted on local governments that they will not be able to pay for and they will not be able to handle. In any event, that will shift the burden from being one that is shared by all of us to one that is shared just by a few. Frankly, it will put additional pressures on already fragile communities.

I believe we need to help communities to create gainful employment for poor people; for poor parents, to help them to break the cycle of dependency. We have the wherewithal to do that. We are a rich nation. We have a $7 trillion annual economy. The budget of this United States, the Federal budget that we make decisions on here in this Chamber, is $1.2 trillion annually. We have the means to help people to work, to do for themselves, to pull themselves up by their bootstraps and to provide for their children. But it is not in this legislation. It is not in this bill. And, frankly, it is the dirty secret of this entire debate. ''We are going to kick them off, and when we kick them off they are going to find jobs, but we do not know where they are going to find them. But if it is broken and the children start dying in the streets, we are going to come back in a couple years and fix it.''

That is not the response the American people expect from us regarding this very serious problem. To do so, I think we will have to put aside—and I want to associate myself with the remarks of the Senator from Louisiana a few minutes ago—we are going to have to put aside partisanship and phony inflammatory rhetoric and try to address this critical issue in the spirit that, as Americans, we are indeed all in this together.

We are not a mean-spirited people. We want to do the right thing. We want to be able to provide for our children in a way that gives them hope. We want to give parents hope and to encourage families and to encourage personal responsibility.

But, Mr. President, S. 1120 does not do any of those things, and for that reason I believe it should not pass.

I yield the floor.

The PRESIDING OFFICER (Mr. DEWINE). The Senator from Iowa is recognized.

UNANIMOUS-CONSENT AGREEMENT

Mr. GRASSLEY. Mr. President, this unanimous-consent request has been cleared on both sides.

I ask unanimous-consent that the Senate remain in status quo with respect to the pending welfare bill until 8 o'clock this evening.

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

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. Mr. President, before coming to the Senate I spent 45 years in the private sector, meeting a payroll as a businessman and a farmer. Every year I watched as the Congress went into session and adjourned, leaving it more difficult for working taxpayers to make ends meet because of the out-of-control Government spending programs that have put our country on the path to fiscal disaster.

Of all the spending programs implemented by the Federal Government, none has been a bigger failure than

those programs collectively known as welfare. President Johnson's ''war on poverty'' was launched with good intentions, but it has been a miserable failure. And in many ways, it has made the plight of the poor worse instead of better. The current welfare system has become a national disaster.

The problem is not a lack of spending. Welfare spending has cost taxpayers $5.4 trillion since 1965 when the war on poverty began. Currently, the Federal Government runs approximately 76 means-tested welfare programs at a cost, in 1994, of $350 billion. This amount is projected to reach $538 billion by 1999, if current trends continue.

A simple, commonsense principle has gotten our Nation and the poor into the present fix. That is, you get more of what you pay for. And for the past 30 years, the Federal Government has subsidized and thus promoted self-destructive behavior like illegitimacy and family disintegration. Almost one in three American children is born out of wedlock. In some communities the out-of-wedlock birth rate is almost 80 percent.

What is needed is a dramatic change; a reversal of the trends of the last 30 years, and not another failed Federal Government program, like the Family Support Act of 1988, which perpetuates the problem of welfare dependency, and created 95,000 welfare bureaucrats; that is, State and Federal.

I know from first-hand experience in the private sector that if you have a problem with your business you have to fix it immediately.

If you tinker around the edges and do not address the problem you will be out of business. Unfortunately, far too few of my colleagues have had the benefit of that sort of business experience. For many here in the Senate, there is no problem that can not be fixed with a future Federal spending program, or a continuing resolution for a future appropriation for another program.

Mr. President, these people may mean well and they may think that they are being humane, but the way to solve a problem is to address the root cause. And the root cause of the tragedy of welfare dependency is illegitimacy, the rise in out-of-wedlock births. Only by seeking to curb the rise in out-of-wedlock births can we possibly hope to reform welfare.

That is why I have consistently urged the leadership, including Senators DOLE and PACKWOOD, to include provisions in this bill to take away the current cash incentives for teenage mothers to have children out of wedlock. Only by taking away the perverse cash incentive to have children out of wedlock can we hope to slow the increase in out-of-wedlock births, and ultimately end welfare dependency.

Senator PACKWOOD made it clear in a meeting with me and other Senators that he would not include in his bill any provisions to curb the rise in out-of-wedlock births because he was opposed in principle to anything that would infringe on a woman's reproductive rights.

Mr. President, I do not know of anyone who wants to infringe on a woman's reproductive rights to have as many children as she pleases, but as I said in that meeting, the working taxpayers of this country should not have to pay for them.

It is unfair for the working taxpayers of this country, and I mean people who drive a truck for 14 hours a day, wait tables all night, or make beds all day; it is unfair to ask these people to send their hard-earned tax dollars to support the reckless irresponsibility of a teenage mother who has children out of wedlock, and continues to have them.

If you really want to see the working taxpayers of this country mad, just stand in line at the grocery store and watch the reaction of working people. I mean people that work, people that work in chicken dressing plants, people who run sewing machines, and leave 35, or 40 percent of their paycheck with the checkout counter in the grocery store and see men who obviously have not struck a lick and they know have not struck a lick in years, walk out with a $100 cart of expensive groceries paid for with their tax dollars.

Mr. President, middle-class American families who want to have children have to plan, prepare, and save money because they understand the serious responsibility involved in bringing children into the world.

But welfare recipients do not prepare or save money before having children because they know they will get money from the Federal Government, and that the taxpayers of the country will take care of their children.

They do not take responsibility because they do not have to. We will.

And what is even worse is the same middle class families who are saving money and working two jobs in anticipation of having children are seeing their own tax dollars go to support the irresponsible behavior of welfare recipients having children out of wedlock. That is wrong any way you look at it and it must stop.

Individual States can gladly raise their own tax dollars and subsidize this irresponsible behavior if they so choose, but those of us in the Congress have a responsibility to all the taxpayers in this country, and I can not believe that the American people think that we should subsidize the very cause of welfare dependency, illegitimacy, by paying teenage mothers to have children out of wedlock.

There are some who argue that federalism would be infringed if the Federal Government does not continue to subsidize out-of-wedlock births with direct cash payments to unmarried teenage mothers. However, that is not the case. States would still have the freedom to subsidize out-of-wedlock births if they want; the only restraint is that they can't use Federal tax dollars. Let the taxpayers of the individual States decide if they want their hard-earned money going to subsidize this behavior.

Let the State legislatures say to the people within that State we are going to tax you to continue to subsidize out-of-wedlock births.

Mr. President, welfare should no longer be a one-way handout which destroys the desire of able-bodied people to work. Real reform would transform welfare into a system of mutual responsibility in which welfare recipients who can work would be required to contribute something back to society in return for assistance given. We need workforce, not welfare.

There is no substitute for the discipline and responsibility that work instills in people, particularly young people who have lacked attention from their parents or have never seen their parents work. Real work means you do not get your benefits unless you work, this is called pay for performance work. If you do not do the work, you do not get paid.

In the private sector, in business, if you do not work, you do not get paid—why should welfare recipients be treated differently?

Mr. President, one of the worst aspects of the welfare system is its destructive effect on the family. Our welfare system tells a young woman, in effect, that she can collect over $15,000 per year in benefits as long as she does not work or marry an employed male. Under such conditions, it makes more sense to remain unmarried. Welfare has transformed the low-income working husband from a necessary breadwinner into a financial handicap.

When the Great Society antipoverty programs were instituted in 1965, the out-of-wedlock birth rate in the United States was 7 percent. Thirty years later, the rate has jumped to 30 percent. As I said earlier, you get more of what you pay for. At this rate of growth, the out-of-wedlock birth rate is projected to reach 50 percent by the year 2015, a prospect that President Clinton correctly pointed to with alarm, although he offers no plan to prevent this looming disaster, which threatens the very existence of our country.

The breakdown of the family contributes to a number of other social problems. Children raised in a single parent home are six times more likely to be poor than those raised by two parents. They are twice as likely to commit crimes and to end up in jail. Girls raised in a single parent home are 164 percent more likely to become teenage mothers themselves. That is why we have two and three generations on welfare living in the same household.

Mr. President, the Senate should follow the lead of the House of Representatives and deny unmarried mothers under 18 years of age direct cash benefits for children born out of wedlock. Only by denying this current cash incentive can we alter the self-destructive behavior of those trapped in the vicious cycle of welfare dependency.

I especially want to thank my friend, Congressman JIM TALENT, for his strong leadership on this issue and the rest of the leadership in the House of Representatives for having the courage to directly confront illegitimacy by including provisions in the House welfare reform bill to end the cash incentive for teenage mothers to have children out of wedlock.

Here in the Senate I wish to thank my friend PHIL GRAMM for his strong leadership and willingness to stand firm in helping to stop the tragedy of illegitimacy, and it is a tragedy.

We all recognize the need to reverse the corrupting incentives in our current welfare system. Welfare recipients must work for their benefits and must not have children they cannot afford. This is the foundation on which real welfare reform must rest.

As the Senate now takes up welfare reform, we must be willing to make the kinds of tough decisions necessary to reduce illegitimacy and promote work or we will condemn yet another generation to the crippling effects of welfare dependency. The state of our welfare system demands that we take immediate action because if trends continue as they are, our situation, especially regarding crime and illegitimacy, will get dramatically worse before it gets better.

That is why I have grave reservations about the bill in the Chamber as it is now written. Senator DOLE has himself said that real welfare reform requires more than tinkering around the edges, and I wholeheartedly agree. But the Packwood bill will do nothing to address the root cause of welfare dependency, the growing rate of out-of-wedlock births.

Real welfare reform demands more than mere tinkering with the status quo. It requires a whole new approach, and that is what we need.

By simply giving States the option to deny cash benefits to women who have children out of wedlock, the Packwood bill does nothing more than reinforce the status quo, the status quo that has given us a 30-percent illegitimacy rate. It is time to change it. In business, people do not get paid for work they do not do. They are paid for work they perform and perform well. Under the Packwood bill, welfare beneficiaries who refuse to work in return for their benefits will now have them reduced on a pro rata basis. If you only work 1 day a month, then you only get 1 day's pay. I applaud this change in the bill. It is a dramatic improvement, and I was delighted when Senator DOLE came to the floor this morning to amend the bill so that this would be the case. Without such pay for performance standards, welfare work requirements are virtually meaningless and a national joke.

Mr. President, it is my intention to amend this bill and try to make it live up to its name of welfare reform. I plan to offer a series of amendments to address the root cause of welfare dependence—illegitimacy. I hope my colleagues will support my efforts to stop this national tragedy that is fueling the fire of welfare dependency.

Mr. President, the American people clearly want welfare reform. I hope the Senate will have the courage and the fortitude to attack the welfare problem at its source. If not, then the Senate will repeat the mistakes of the past and produce yet another failed big Government program that results in a Rose Garden ceremony where politicians can pat themselves on the back and take credit for something they failed to do.

Mr. President, I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, there will be no votes tonight.

We had hoped to be on the DOD authorization bill at this hour, but in order to do that we had to reach some agreement, which has not been reached yet, on the ABM and missile defense and other areas that are very complicated, very important. Our colleagues are meeting as we speak on that issue. If we can resolve that issue, we still hope to complete the DOD authorization bill this week.

I think the distinguished Democratic leader wishes to speak on welfare reform, and then we will be out tonight and start on welfare 8 or 9 o'clock in the morning. There are still people on either side who have not had a chance to make opening statements so we will try to accommodate them first. But there are no votes tonight.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRASSLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I ask unanimous consent that the order for the quorum call be rescinded.

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

MORNING BUSINESS

Mr. GRASSLEY. I ask unanimous consent that there now be a period for the transaction of morning business.

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

MESSAGE FROM THE PRESIDENT

A message from the President of the United States was communicated to the Senate by Mr. Thomas, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session the Presiding Officer laid before the Senate a message from the President of the United States submitting a nomination which was referred to the Committee on Armed Services.

(The nomination received today is printed at the end of the Senate proceedings.)

MESSAGES FROM THE HOUSE

At 12:39 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2077. An act to designate the United States Post Office building located at 33 College Avenue in Waterville, Maine, as the ''George J. Mitchell Post Office Building.''

H.R. 2108. An act to permit the Washington Convention Center Authority to expend revenues for the operation and maintenance of the existing Washington Convention Center and for preconstruction activities relating to a new convention center in the District of Columbia, to permit a designated authority of the District of Columbia to borrow funds for preconstruction activities relating to a sports arena in the District of Columbia and to permit certain revenues to be pledged as security for the borrowing of such funds, and for other purposes.

H.R. 2127. An act making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1996, and for other purposes.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent and referred as indicated:

H.R. 2108. An act to permit the Washington Convention Center Authority to expend revenues for the operation and maintenance of the existing Washington Convention Center and for preconstruction activities relating to a new convention center in the District of Columbia, to permit a designated authority of the District of Columbia to borrow funds for the preconstruction activities relating to a sports arena in the District of Columbia and to permit certain revenues to be pledged as security for the borrowing of such funds, and for other purposes; to the Committee on Governmental Affairs.

H.R. 2127. An act making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1996, and for other purposes; to the Committee on Appropriations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHAFEE, from the Committee on Environment and Public Works, without amendment:

H.R. 535. A bill to direct the Secretary of the Interior to convey the Corning National Fish Hatchery to the State of Arkansas (Rept. No. 104–130).

H.R. 584. A bill to direct the Secretary of the Interior to convey a fish hatchery to the State of Iowa (Rept. No. 104–131).

H.R. 614. A bill to direct the Secretary of the Interior to convey to the State of Minnesota the New London National Fish Hatchery production facility (Rept. No. 104–132).

S. 369. A bill to designate the Federal Courthouse in Decautur, Alabama, as the ''Seybourn H. Lynne Federal Courthouse'', and for other purposes.

S. 734. A bill to designate the United States courthouse and Federal building to be constructed at the southeastern corner of Liberty and South Virginia Streets in Reno, Nevada, as the ''Bruce R. Thompson United States Courthouse and Federal Building'', and for other purposes.

S. 965. A bill to designate the United States Courthouse for the Eastern District of Virginia in Alexandria, Virginia, as the Albert V. Bryan United States Courthouse.

S. 1076. A bill to designate the Western Program Service Center of the Social Security Administration located at 1221 Nevin Avenue, Richmond, California, as the ''Francis J. Hagel Building'', and for other purposes.

By Mr. THURMOND, from the Committee on Armed Services, without amendment:

S. 1124. An original bill to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes.

S. 1125. An original bill to authorize appropriations for fiscal year 1996 for military construction, and for other purposes.

S. 1126. An orignial bill to authorize appropriations for fiscal year 1996 for defense activities of the Department of Energy, and for other purposes.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. D'AMATO, from the Committee on Banking, Housing, and Urban Affairs:

Herbert F. Collins, of Massachusetts, to be a Member of the Thrift Depositor Protection Oversight Board for a term of three years.

Maria Luisa Mabilangan Haley, of Arkansas, to be a Member of the Board of Directors of the Export-Import Bank of the United States for a term expiring January 20, 1999.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. THURMOND:

S. 1124. An original bill to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes; from the Committee on Armed Services; placed on the calendar.

S. 1125. An original bill to authorize appropriations for fiscal year 1996 for military construction, and for other purposes; from the Committee on Armed Services; placed on the calendar.

S. 1126. An original bill to authorize appropriations for fiscal year 1996 for defense activities of the Department of Energy, and for other purposes; from the Committee on Armed Services; placed on the calendar.

By Mr. GORTON (for himself and Mrs. MURRAY):

S. 1127. A bill to establish the Vancouver National Historic Reserve, and for other purposes; to the Committee on Energy and Natural Resources.

By Ms. MIKULSKI (for herself and Mr. LEAHY):

S. 1128. A bill to amend chapters 83 and 84 of title 5, United States Code, to extend the civil service retirement provisions of such chapter which are applicable to law enforcement officers, to inspectors of the Immigration and Naturalization Service, inspectors and canine enforcement officers of the United States Customs Service, and revenue officers of the Internal Revenue Service; to the Committee on Governmental Affairs.

By Mr. ASHCROFT:

S. 1129. A bill to amend the Fair Labor Standards Act of 1938 to permit employers to provide for flexible and compressed schedules, to permit employers to give priority treatment in hiring decisions to former employees after periods of family care responsibility, to maintain the minimum wage and overtime exemption for employees subject to certain leave policies, and for other purposes; to the Committee on Labor and Human Resources.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. BRADLEY (for himself, Mr. HATFIELD, Mrs. BOXER, Mrs. FEINSTEIN, Mr. KOHL, Mr. LAUTENBERG, Ms. MOSELEY-BRAUN, Mr. MOYNIHAN, Mr. SIMON, Mr. BINGAMAN, Mr. KENNEDY, and Mr. SIMPSON):

S. Res. 159. A resolution to express the sense of the Senate regarding the role of tobacco in leading to addiction, disease, and premature death among children and teenagers, and the role of increased excise taxes in reducing tobacco use by children and teenagers; to the Committee on Finance.

By Mr. D'AMATO:

S. Res. 160. A resolution marking the anniversary of the anti-Greek pogrom in Turkey, on September 6, 1955; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. GORTON (for himself and Mrs. MURRAY):

S. 1127. A bill to establish the Vancouver National Reserve, and for other purposes; to the Committee on Energy and Natural Resources.

THE VANCOUVER NATIONAL HISTORIC RESERVE ACT OF 1995

Mr. GORTON. Mr. President, today I am pleased to introduce the Vancouver National Historic Reserve Act with my colleague from the State of Washington, Senator MURRAY.

Vancouver, WA, has been described as the cradle of civilization in the Pacific Northwest, as the place at which the first English-speaking settlers put down their roots. Dating back to its role as the western outpost for U.S. military operations and for the early American explorers, led by Lewis and Clark, Vancouver has been the locale of significant events of American history.

A few examples: Pearson Airpark, one of the oldest and most historic airports in our country. Pearson Airpark is the site of several aviation firsts, including the landing site of Valeri Chkalov, the ''Soviet Lindberg,'' after his transpolar flight. The Vancouver area is also home to the original Vancouver Barracks, established to counter British influence in the region. Officer's Row, 21 historic homes that were part of the barracks, housed some of our Nation's greatest military leaders, including Generals Sheridan, Howard, Grant, and Marshall.

Recognizing the potential significance for a National Reserve in Vancouver, WA, Congress established the Vancouver Historic Study Commission in 1990. The Commission was to develop a series of recommendations on how best to coordinate Vancouver's many historic resources. Not surprisingly, the Commission found that the city of Vancouver had an abundance of both historic sites and resources of national significance, and recommended the formation of a partnership between Federal, State, and local entities to coordinate and manage a historic reserve.

Today, I introduce legislation that is based on the findings and recommendations of the Commission's report, and a memorandum of agreement signed by the city of Vancouver and the National Park Service. This legislation will ensure the preservation of the historic legacy of Vancouver for our Nation.

Mr. President, the Vancouver National Historic Reserve is an example of the type of State, local, and Federal partnerships that make for sound public policy. This legislation represents a partnership among State, Federal, and local entities, working together toward one common goal: to preserve, enhance, and interpret significant components of the Pacific Northwest's history.

The Vancouver National Historic Act creates a unique relationship among the National Park Service, U.S. Army, the State of Washington, and the city of Vancouver. We intend that this relationship, established to coordinate and manage the many historic resources in the Vancouver area, will keep the important legacy of this part of the Pacific Northwest alive for future generations to enjoy.

The Vancouver National Historic Reserve consists of several sites: Fort Vancouver National Historic Site; Vancouver Barracks; O.O. Howard House; Pearson Airpark; Officer's Row; Old Apple Tree Park; Marine Park; and the Columbia River Waterfront. In its entirety, the reserve includes 366 acres of publicly owned land and extends from Officer's Row to the Columbia River.

In addition, thanks to a significant investment by the M.J. Murdock Trust,

a new air museum will be constructed on the reserve. The M.J. Murdock Aviation Museum at Pearson Airpark will be a living memorial to Vancouver resident Jack Murdock, in recognition of his innovative achievements and love of aviation. Along with original antique aircraft, the existing historic structures of a pre-World War II hanger will be rebuilt to honor one of the oldest U.S. Air Corps airfields, located at Pearson Airfield in the early 1920's.

Representatives from the city of Vancouver have been working to ensure that the many historic sites in Vancouver are maintained and restored. I praise the people of Vancouver for their outstanding efforts in securing private grants for the historic reserve. The mayor of Vancouver, Bruce Hagensen, deserves special thanks for his support and continued dedication to the development of this legislation.

I look forward to working with my colleagues to see that the Vancouver National Historic Reserve becomes a reality.

Mrs. MURRAY. Mr. President, today I am pleased to join my colleague from the State of Washington, Senator SLADE GORTON, in sponsoring the Vancouver National Historic Reserve Partnership Act of 1995.

This legislation is the product of years of effort by many people representing public groups and all levels of government, but it would not be before Congress today were it not for the vision, leadership, and hard work of former Congresswoman Jolene Unsoeld, who took on a daunting challenge and came away with a broadly supported plan to preserve and promote several chapters in the colorful history of the Pacific Northwest.

Briefly, the act would establish and coordinate the management of the Vancouver National Historic Reserve, which contains a number of contiguous historic sites located on the Columbia River. This area, situated in the heart of the Portland-Vancouver metropolitan area, provides a rare opportunity to save and interpret, in one central location, several layers of history. Vancouver's historic area has been referred to as the ''birthplace of history in the Northwest'' since Lewis and Clark explored the areas in 1805–6.

The historic reserve is located within an original 1848 military reserve and includes six principal elements: Fort Vancouver National Historic Site—National Park Service; Vancouver Barracks—U.S. Army; Pearson Airpark and museum—city of Vancouver—NPS/City, and Marine Park—City. These publicly-owned sites tell a story of Northwest history beginning with the rich native American culture that flourished along the river, early Euro-American settlement of the area, the American military presence in the Northwest, and more than 80 years of continuous aviation activity at Pearson Airfield, one of the original Army Corps fields and the site of several aviation milestones.

In 1990, pursuant to Public Law 101–523, Congress created the Vancouver Historical Study Commission and charged the five-member group with developing a plan to preserve these historic assets and coordinate the management of the area. After careful study and much public involvement, the Commission submitted, through Secretary of Interior Bruce Babbitt, a report that is the basis for this act. It is a carefully crafted plan which provides historic protection, a partnership among the property owners, and an opportunity—with no additional financial obligation to the Federal Government—to highlight some of the most important and interesting history in the Pacific Northwest.

I want to commend the city of Vancouver for demonstrating, through their outstanding restoration of Officers Row, that historic preservation can be economically self-sustaining and for working closely with the National Park Service, the U.S. Army, and the State Office of Historic Preservation to develop this plan.

The Vancouver National Historic Reserve Partnership Act provides a new standard for historic preservation. It emphasizes a narrative or layered approach to history instead of the single-point-in-time approach, and it demonstrates how—at a time when the Federal Government cannot afford expensive new initiatives to acquire, restore, or maintain historic properties—we can form partnerships to preserve and highlight our heritage.

I am proud to be the cosponsor of this act in the Senate and urge that it be given timely and favorable consideration by this body.

By Ms. MIKULSKI (for herself and Mr. LEAHY):

S. 1128. A bill to amend chapters 83 and 84 of title 5, United States Code, to extend the civil service retirement provisions of such chapter which are applicable to law enforcement officers, to inspectors of the Immigration and Naturalization Service, inspectors and canine enforcement officers of the U.S. Customs Service, and revenue officers of the Internal Revenue Service; to the Committee on Governmental Affairs.

THE HAZARDOUS OCCUPATIONS RETIREMENT BENEFITS ACT OF 1995

● Ms. MIKULSKI. Mr. President, today I introduce the Hazardous Occupations Retirement Benefits Act of 1995.

This legislation will grant an early retirement package for revenue officers of the Internal Revenue Service, customs inspectors of the U.S. Customs Service, and immigration inspectors of the Immigration and Naturalization Service.

Under current law, with the exception of the groups listed in this legislation, all Federal law enforcement officers and firefighters are eligible to retire at age 50 with 20 years of Federal service. The legislation will amend the current law and finally grant the same 20-year retirement to these members of the Internal Revenue Service, Customs Service, and Immigration and Naturalization Service. The employees under this bill have very hazardous, physically taxing occupations, and it is in the public's interest to tenure a young and competent work force in these jobs.

The need for a 20-year retirement benefit for inspectors of the Customs Service is easily apparent. These employees are the country's first line of defense against terrorism and the smuggling of illegal drugs at our borders. They have the authority to apprehend those engaged in such activities and carry a firearm on the job. They are responsible for the majority of arrests performed by Customs Service employees. In 1994, inspectors of the Customs Service seized 204,000 pounds of cocaine, 2,600 pounds of heroin, and 559,000 pounds of marijuana. They are required to undergo the same law enforcement training as all other law enforcement personnel. These employees face multiple challenges. They confront leading criminals in the drug war, organized crime figures, and increasingly sophisticated white-collar criminals.

Revenue officers struggle with heavy workloads and a high rate of job stress, resulting in a variety of physical and mental symptoms. Many IRS employees must employ pseudonyms to hide their identity because of the great threat to their personal safety. The Internal Revenue Service recently put out a manual for their employees entitled: ''Assaults and Threats: A Guide to Your Personal Safety'' to help employees respond to hostile situations. The document advises IRS employees how to handle on-the-job assaults, abuse, threatening telephone calls, and other menacing situations.

Mr. President, this legislation is cost effective. Any cost that is created by this act is more than offset by savings in training costs and increased revenue collection. A 20-year retirement bill for these employees will reduce turnover, increase yield, decrease employee recruitment and development costs, and enhance the retention of a well-trained and experienced work force.

I urge my colleagues to join me again in this Congress in expressing support for this bill and finally getting it enacted. This bill will improve the effectiveness of our inspector and revenue officer work force to ensure the integrity of our borders and proper collection of the taxes and duties owed to the Federal Government.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

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

S. 1128

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. CIVIL SERVICE RETIREMENT SYSTEM.

(a) DEFINITIONS.—Section 8331 of title 5, United States Code, is amended—

(1) by striking out ''and'' at the end of paragraph (25);

(2) by striking out the period at the end of paragraph (26) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

''(27) 'revenue officer' means an employee of the Internal Revenue Service, the duties of whose position are primarily the collection of delinquent taxes and the securing of delinquent returns, including an employee engaged in this activity who is transferred to a supervisory or administrative position;

''(28) 'customs inspector' means an employee of the United States Customs Service, the duties of whose position are primarily to—

''(A) enforce laws and regulations governing the importing and exporting of merchandise;

''(B) process and control passengers and baggage;

''(C) interdict smuggled merchandise and contraband; and

''(D) apprehend (if warranted) persons involved in violations of customs laws,

including an employee engaged in this activity who is transferred to a supervisory or administrative position;

''(29) 'customs canine enforcement officer' means an employee of the United States Customs Service, the duties of whose position are primarily to work directly with a dog in an effort to—

''(A) enforce laws and regulations governing the importing and exporting of merchandise;

''(B) process and control passengers and baggage;

''(C) interdict smuggled merchandise and contraband; and

''(D) apprehend (if warranted) persons involved in violations of customs laws,

including an employee engaged in this activity who is transferred to a supervisory or administrative position; and

''(30) 'Immigration and Naturalization inspector' means an employee of the Immigration and Naturalization Service, the duties of whose position are primarily the controlling and guarding of the boundaries and borders of the United States against the illegal entry of aliens, including an employee engaged in this activity who is transferred to a supervisory or administrative position.''.

(b) DEDUCTIONS, CONTRIBUTIONS, AND DEPOSITS.—Section 8334 of title 5, United States Code, is amended—

(1) in subsection (a)(1), by striking out ''a law enforcement officer,'' and inserting in lieu thereof ''a law enforcement officer, a revenue officer, a customs inspector, a customs canine enforcement officer, an Immigration and Naturalization inspector,''; and

(2) in the table in subsection (c), by striking out ''and firefighter for firefighter service.'' and inserting in lieu thereof '', firefighter for firefighter service, revenue officer for revenue officer service, customs inspector for customs inspector service, customs canine enforcement officer for customs canine enforcement officer service, and Immigration and Naturalization inspector for Immigration and Naturalization inspector service''.

(c) MANDATORY SEPARATION.—Section 8335(b) of title 5, United States Code, is amended in the second sentence by striking out ''law enforcement officer'' and inserting in lieu thereof ''law enforcement officer, a revenue officer, a customs inspector, a customs canine enforcement officer, or an Immigration and Naturalization inspector''.

(d) IMMEDIATE RETIREMENT.—Section 8336(c)(1) of such title is amended by striking out ''law enforcement officer or firefighter,'' and inserting ''law enforcement officer, a firefighter, a revenue officer, a customs inspector, a customs canine enforcement officer, or an Immigration and Naturalization inspector,''.

SEC. 2. FEDERAL EMPLOYEES RETIREMENT SYSTEM.

(a) DEFINITIONS.—Section 8401 of title 5, United States Code, is amended—

(1) by striking out ''and'' at the end of paragraph (31);

(2) by striking out the period at the end of paragraph (32) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

''(33) 'revenue officer' means an employee of the Internal Revenue Service, the duties of whose position are primarily the collection of delinquent taxes and the securing of delinquent returns, including an employee engaged in this activity who is transferred to a supervisory or administrative position;

''(34) 'customs inspector' means an employee of the United States Customs Service, the duties of whose position are primarily to—

''(A) enforce laws and regulations governing the importing and exporting of merchandise;

''(B) process and control passengers and baggage;

''(C) interdict smuggled merchandise and contraband; and

''(D) apprehend (if warranted) persons involved in violations of customs laws,

including an employee engaged in this activity who is transferred to a supervisory or administrative position;

''(35) 'customs canine enforcement officer' means an employee of the United States Customs Service, the duties of whose position are primarily to work directly with a dog in an effort to—

''(A) enforce laws and regulations governing the importing and exporting of merchandise;

''(B) process and control passengers and baggage;

''(C) interdict smuggled merchandise and contraband; and

''(D) apprehend (if warranted) persons involved in violations of customs laws,

including an employee engaged in this activity who is transferred to a supervisory or administrative position; and

''(36) 'Immigration and Naturalization inspector' means an employee of the Immigration and Naturalization Service, the duties of whose position are primarily the controlling and guarding of the boundaries and borders of the United States against the illegal entry of aliens, including an employee engaged in this activity who is transferred to a supervisory or administrative position.''.

(b) IMMEDIATE RETIREMENT.—Section 8412(d) of title 5, United States Code, is amended—

(1) in paragraph (1) by striking out ''or firefighter,'' and inserting in lieu thereof ''firefighter, revenue officer, customs inspector, customs canine enforcement officer, or Immigration and Naturalization inspector,''; and

(2) in paragraph (2) by striking out ''or firefighter,'' and inserting in lieu thereof ''firefighter, revenue officer, customs inspector, customs canine enforcement officer, or Immigration and Naturalization inspector,''.

(c) COMPUTATION OF BASIC ANNUITY.—Section 8415(g)(2) of title 5, United States Code, is amended in the matter following subparagraph (B) by inserting ''revenue officer, customs inspector, customs canine enforcement officer, Immigration and Naturalization inspector,'' after ''firefighter,''.

(d) DEDUCTIONS.—Section 8422(a)(2) of title 5, United States Code, is amended—

(1) in subparagraph (A) by inserting ''revenue officer, customs inspector, customs canine enforcement officer, Immigration and Naturalization inspector,'' after ''air traffic controller,''; and

(2) in subparagraph (B) by inserting ''revenue officer, customs inspector, customs canine enforcement officer, Immigration and Naturalization inspector,'' after ''air traffic controller,''.

(e) GOVERNMENT CONTRIBUTIONS.—Section 8423(a) of title 5, United States Code, is amended—

(1) in paragraph (1)(B)(i) by inserting ''revenue officers, customs inspectors, customs canine enforcement officers, Immigration and Naturalization inspectors,'' after ''law enforcement officers,''; and

(2) in paragraph (3)(A) by inserting ''revenue officers, customs inspectors, customs canine enforcement officers, Immigration and Naturalization inspectors,'' after ''law enforcement officers,''.

(f) MANDATORY SEPARATION.—Section 8425(b) of title 5, United States Code, is amended in the second sentence by inserting '', revenue officer, customs inspector, customs canine enforcement officer, or Immigration and Naturalization inspector'' after ''law enforcement officer''.

SEC. 3. ADMINISTRATIVE PROVISIONS.

(a) EMPLOYEE CONTRIBUTIONS.—Any individual who has served as a revenue officer, customs inspector, customs canine enforcement officer, or Immigration and Naturalization inspector before the effective date of this Act, shall have such service credited and annuities determined in accordance with the amendments made by sections 1 and 2 of this Act, if such individual makes payment into the Civil Service Retirement and Disability Fund of an amount, determined by the Office of Personnel Management, which would have been deducted and withheld from the basic pay of such individual (including interest thereon) under chapters 83 and 84 of title 5, United States Code, as if such amendments had been in effect during the periods of such service.

(b) AGENCY CONTRIBUTIONS.—No later than 90 days after a payment made by an individual under subsection (a), the Department of the Treasury or the Department of Justice (as the case may be) shall make a payment into the Civil Service Retirement and Disability Fund of an amount, determined by the Office of Personnel Management, which would have been contributed as a Government contribution (including interest thereon) under chapters 83 and 84 of title 5, United States Code, for the service credited and annuities determined for such individual, as if the amendments made by sections 1 and 2 of this Act had been in effect during the applicable periods of service.

(c) REGULATIONS.—The Office of Personnel Management shall determine the amount of interest to be paid under this section and may promulgate regulations to carry out the provisions of this Act.

SEC. 4. EFFECTIVE DATE.

The provisions of this Act and amendments made by this Act shall take effect on the date occurring 90 days after the date of enactment of this Act.●

By Mr. ASHCROFT:

S. 1129. A bill to amend the Fair Labor Standards Act of 1938 to permit employers to provide for flexible and compressed schedules, to permit employers to give priority treatment in hiring decisions to former employees

after periods of family care responsibility, to maintain the minimum wage and overtime exemption for employees subject to certain leave policies, and for other purposes; to the Committee on Labor and Human Resources.

THE WORK AND FAMILY INTEGRATION ACT

Mr. ASHCROFT. Mr. President, in 1938 American movies like ''Mr. Smith Goes to Washington'' and ''The Wizard of Oz'' were still in production; U.S. involvement in World War II was 3 years away; the American labor force was almost entirely made up of industrial and agricultural workers; the right to collective bargaining was not yet 3 years old; less than 16 percent of married women were working outside their homes; and the Fair Labor Standards Act [FLSA] of 1938 was enacted.

Now, nearly 60 years later, ''Mr. Smith Goes to Washington'' and ''The Wizard of Oz'' are American movie classics; World War II secured America's ascendency to superpower status; service sector jobs dominate the economy; the right to collectively bargain is deeply embedded in our labor laws; more than 75 percent of women with school-age children work; and as absurd as it may seem, our rules governing the workplace and working hours still are largely governed by the Fair Labor Standards Act of 1938.

Mr. President, America's working families and working conditions are undergoing major transformations today, yet the rules Americans must work under do not reflect changes in the structure and needs of society. Hopelessly outdated, our workplace laws reflect the needs of a bygone era that faced different challenges than we do today. It is incomprehensible that workplace law in this country is predominated by a workplace statute that was passed almost 60 years ago.

The Fair Labor Standards Act was enacted at the request of President Roosevelt, who charged the 75th Congress with passing a law to help those ''who toil in factory and on farm to obtain a fair day's work.'' The law was enacted to protect unskilled, low-pay workers—those unable to protect themselves. In the context of today's two-parent and service-oriented workplace; however, the law has unintended and unexpected consequences. In today's fast-paced, information-based society, its rigid and inflexible provisions have paralyzed those it was meant to help. The FLSA now deprives employees of the right to order their daily lives on and off the job to meet the responsibilities of work and home.

For example, under the FLSA a worker who wants to work 45 hours one week in exchange for working only 35 the following week so he or she can attend their child's baseball game, parent-teacher conference, or doctor's appointment, must first have an employer willing to pay him or her five hours of overtime pay for the 45 hour week. Since most employers cannot afford this additional expense, an employee is left with just two choices. He or she can forgo five hours of pay to be with their child, or miss the event their child needs them to attend. It is not an employer who places employees in this catch-22 regarding their families, it is the Federal Government. It is inside-the-beltway elitists who are depriving employees of the right to make decisions best suited for their circumstances.

Ironically, even though the Fair Labor Standards Act ostensibly exempts salaried employees from the catch-22 faced by the Nation's hourly workers regarding flexibility in workday and workweek lengths, the truth is that they are not exempt as a practical matter. Under recent FSLA interpretations, whenever an employer allows a salaried worker to sway extra work for time off in increments which are less than a full day, the salaried worker is then converted to an hourly worker. This opens employers up to huge overtime pay liability if they let their salaried workers swap a few hours off for a few hours of additional work before or after the time off.

Let me give an example, Mr. President. Pierce Processing was a professional engineering firm with 20 employees in Cincinnati, OH. William Pierce updated his personnel policies to provide his salaried employees with the maximum flexibility possible in their work schedules in order to meet the needs of their families and an attempt to increase their flexibility between work and family. Mr. Pierce had only one requirement, that the employees work 80 hours in a 2-week period. Even though the employees were salaried, Pierce agreed to pay them an additional straight time for hours worked over 80 or to subtract the time from an employees' pay if they did not work a full 80 hours. Through this arrangement, he hoped these employees could tailor their work schedules—and even income if necessary—to meet their family needs. This gave his salaried employees a great deal of control over their daily lives and schedules. The Department of Labor, however, learned of this progressive personnel policy, barged in and reclassified the professional employees as hourly workers. The Feds also required the company to pay the salaried employees 3 years of back overtime pay. To maintain any sort of flexibility for his workers, Pierce had to adopt a policy that required everyone to work a full day extra or take a full day off—to satisfy the Federal Government—so very little flexibility could be provided. Ultimately, however, Mr. Pierce was forced, due to the enormous litigation expenses, to declare bankruptcy and 20 people lost their jobs—all because he paid his employees well and provided them with the maximum flexibility he could in scheduling.

Malcolm Pirnie, an engineering firm with offices throughout the United States and over 400 employees, suffered the same fate at the hands of the Department of Labor because the firm allowed salaried employees to take a partial day of unpaid leave to attend parent-teacher conferences, to visit the doctor, or to further their education. This action cost Malcolm Pirnie $875,000 in back pay for overtime and his employees lost their flexibility to schedule their work day to meet their individual needs.

More recently, the Department of Labor has alleged that the Boeing Co. misclassified professional employees earning an average of $54,000 a year because, in addition to their salaries, they also were paid straight time plus $6.50 an hour for all hours worked over 40 per week. With the tools provided by our Government under the FLSA, there now is a plaintiff's attorney currently soliciting 20,000 employees to join a class action suit againt Boeing. I have the solicitation letter here, where the attorney informs potential litigants of their rights and specifies that he can help only if the employees salary averages at least $13 an hour for a 40-hour week. As a result, Boeing's workers now will be entitled to their salaries only no matter how many hours they work—extra hours will not be additionally compensated any longer.

Mr. President, FSLA's straightjacket on work schedules is not limited to the private sector, it also affects State and local government workers. In Philadelphia, one FLSA court case will cost the city $60 million because the Federal Government says the city misclassified police officers as salaried workers. New York City's liability for the alleged misclassification will be $16 million and California anticipates over $565 million in liability due to five pending FLSA cases. In almost every case, some of the most highly paid workers in the labor force are collecting a windfall through this technical provision in the law, thus costing taxpayers millions of dollars—simply because State and local governments tried to provide their employees with workplace flexibility to meet personal and family needs.

Mr. President, I do not believe these are the kind of results Congress intended in passing the Fair Labor Standards Act. I know this is a result this Congress should no longer tolerate.

Today, I am pleased to introduce the Work and Family Integration Act in an effort to make the Fair Labor Standards Act conform to the realities of the current workplace. This legislation will put work schedule decisionmaking back in the hands of employees. It is designed to recognize that Washington does not know best, and that the millions of workers' individual circumstances cannot even begin to be addressed by this 60-year-old law, inflexible law. Today, flexibility is important and Americans deserve the benefit of setting their own schedules—not to be forced into the straightjacket demanded by the Department of Labor.

Flexible schedules were first introduced in Germany in 1967. Shortly

thereafter, many American institutions began realizing the benefits of these schedules for their salaried workers—in both productivity in the workplace and quality of life at home. In 1978, Congress recognized the benefit of these work arrangements and passed the Federal Employees Flexible & Compressed Work Schedules Act. This act authorized a 3-year experimental period of alternative work schedules for Federal employees. The experiment was so successful, it was extended again in 1982 and made permanent in 1985. Sixty-six Senators as Members of either the House or the Senate, either voted in favor of these laws, or were Members in 1985 when the permanent authorization passed the House and the Senate by voice vote.

Flexible work schedules give employees more control over their lives by allowing them to balance family and work obligations better. In addition, employees may attend to family needs without using limited sick leave allowances. Under compressed work schedules, day care expenses can be reduced by as much as 20 percent. Time lost to commuting would decline for employees able to travel during nonpeak hours.

Employers also would win. By having such family-friendly work arrangements, they would enjoy increased employee productivity and loyalty. These benefits are essential for employers to compete in today's international, service-oriented economies.

It is uncontested that flexible work schedules are advantageous to both employees and employers. Even President Clinton recognized the benefits of flexible work schedules when he extended the FEFCWS to executive branch employees. On July 11, 1994, he said ''[b]road use of flexible work arrangements to enable Federal employees to better balance their work and family responsibilities can increase employee effectiveness and job satisfaction, while decreasing turnover rates and absenteeism.'' However, private sector employers remain unable to offer this benefit to their hourly workers—even when both employers and employees agree—due to the Congress' failure to update Federal workplace laws. If such flexibility has been good for Federal Government employees over the last decade and a half, why are such benefits being denied private sector employees and the employees of State and local governments?

Mr. President, the Work and Family Integration Act I am introducing is modeled after the Federal Employee Flexible and Compressed Work Schedules Act. It would allow private sector employees, specifically hourly employees, the same flexible work schedules that Federal workers have enjoyed for almost twenty years. I emphasize that this bill is meant to drag the Fair Labor Standards Act into the work and family realities of the 1990's—instead of the 1930's—by doing three things:

First, the bill would alter the FLSA's rigid 40-hour maximum workweek provision. It would allow employees to work 160 hours in any combination, over a 4-week period before employers would have to pay overtime compensation. In addition, when time is more valuable than money, employees would be able to request—and employers could provide—compensatory time-and-a-half off in lieu of compensatory overtime pay. Such flexibility in scheduling would enable employees to meet better their family, community, and personal needs. Employees, not the FSLA, will have control over their work lives.

As a safeguard against abuse, this legislation would require that any flexible work arrangement be agreed upon by both the employee and the employer and coercion into such an arrangement is prohibited. An employer who ahead of time schedules hours over 40 per week, without the prior request of the employee, would continue to be obligated to pay time-and-a-half. Employers also would be obligated to pay overtime compensation for all hours worked over 160 in a 4-week period. Finally, collective bargaining agreements would remain unaffected and would be free to set whatever hours are reached in such agreements.

A second area in which my bill would update the FLSA is to correct the Department of Labor concerns the salaried employee overtime exemption interpretation. In 1938, when the FLSA was written, employees generally were not paid unless they worked. Paid sick time, vacation time, holiday or compensatory time off were virtually unknown. Employees were either paid on an hourly basis for hours they actually worked or were paid a weekly salary. Therefore, the definition of salary was simple and easily understood.

Now that paid time-off policies have become so varied and sophisticated, the differences between salaried and hourly paid employees are often almost indistinguishable. Application of the FLSA's salaried exemption frequently is arbitrary, unpredictable, and contrary to good-faith efforts by employers to help—not abuse—employees. As a result, many employers who have provided progressive flexible schedules for their salaried employees—unintentionally turning these employees into hourly workers, according to the Department of Labor—have been held liable for massive amounts of overtime back pay. Once reclassified as an hourly employee rather a salaried one, not only is the employer liable for hundreds of thousands of dollars of allegedly unpaid overtime, but the employee also loses control over their daily and weekly work schedules—and thus their ability to meet their family responsibilities.

By clarifying the FLSA's exemption for salaried employees, employers will then be free to offer flexible work schedules to employees without the fear of having to pay back overtime instead of having to consult an attorney for every personnel decision.

Finally, the bill contains a provision allowing former employees a priority in rehiring if they quit in order to take care of family member. An individual would then be able to take time off from his or her place of employment for up to 5 years to raise a child or care for a parent, and upon return, could receive priority treatment in rehiring by the employer. The employer could not have such an employee's priority treatment used against it as evidence of, or an actual violation of, Federal equal protection laws.

Mr. President, while the other institutions of society have updated the modes and means of their production and operation, the Nation's workplace laws have lagged far behind. Today, the most successful corporations in America reflect the new realities of American life—they are decentralized, flexible, and nonhierachical. Meanwhile, our Federal workplace laws continue to function along the centralized, hierarchical, and one-size-fits-all principles that were the mandates of an age long past. For far too long Congress has largely ignored the changes in modern society's work and family realities. There is no need for the Federal Government to continue protecting employees from themselves in allegiance to an outdated law.

In the November election, Americans spoke loud and clear. Unfortunately, the voters' roar was barely audible to those in Washington who are no longer attuned to reality of the American experience outside the beltway. On the other hand, for many of us, the frustrated cries of those outside of Washington still echo in our ears. The resounding mandate from the electorate is to drastically reduce Government spending, to shrink the size of the Federal Government, and to stop Government from interfering in making decisions for themselves, their property, and their lives. That means that the attitude of Washington-knows-best must come to an end.

Unfortunately, this attitude has become so prevalent in the minds of this city's elite inside-the-beltway thinkers that they can no longer recognize it in themselves. Washington has become so obsessed with taking care of the American people that it is blind to the fact that such protection is often detrimental to the people's ability to order their activities and day-to-day lives as their desire.

Amending the Fair Labor Standards Act is essential to allow all people—mothers, fathers, sons, and daughters—to work with their employers to arrange a schedule which suits their obligations in the home place as well as the workplace. This bill I am introducing would largely remove the Federal Government from the most important decisions Americans face each and every day, week, and month of the year.

And that, Mr. President, is precisely what voters sent us here to do.

SENATE RESOLUTION 159—RELATIVE TO TOBACCO

Mr. BRADLEY (for himself, Mr. HATFIELD, Mrs. BOXER, Mrs. FEINSTEIN, Mr. KOHL, Mr. LAUTENBERG, Ms. MOSELEY-BRAUN, Mr. MOYNIHAN, Mr. SIMON, Mr. BINGAMAN, Mr. KENNEDY, and Mr. SIMPSON) submitted the following resolution; which was referred to the Committee on Finance:

S. RES. 159

Whereas more than 3,000,000 American children and teenagers smoke cigarettes, and every 30 seconds a child in the United States smokes for the first time;

Whereas about 90 percent of new smokers start smoking when they are age 18 or younger;

Whereas longitudinal research has indicated that tobacco use among children and teenagers has risen dramatically over the last 4 years;

Whereas tobacco causes heart disease, strokes, lung cancer, throat cancer, emphysema, and numerous other diseases, and kills one out of every three long-term users;

Whereas tobacco causes the premature death of well over 400,000 Americans every year—more than alcohol, heroin, crack, automobile and airplane accidents, homicides, suicides, and AIDS combined;

Whereas numerous researchers have concluded that children's and teenagers' use of tobacco decreases significantly when the price of tobacco increases;

Whereas one study has recently concluded that a small increase in the excise tax on cigarettes would save thousands of lives each year;

Whereas the American Medical Association has recommended that excise taxes on tobacco products should be dramatically increased to help deter young people from becoming addicted; and

Whereas the American Cancer Society has stated that raising tobacco taxes is one of the most effective ways to rapidly and significantly reduce tobacco use by young people: Now, therefore, be it

Resolved, That it is the sense of the Senate that—

(1) tobacco use among children and teenagers has been shown to lead to addiction, disease, and premature death;

(2) raising the Federal excise tax on tobacco products will prevent hundreds of thousands of American children and teenagers from smoking;

(3) the Federal excise tax on tobacco products should be increased in order to protect the health of children and teenagers; and

(4) revenues raised by increasing the excise tax on tobacco products should be used in part to help finance Federal health programs.

Mr. BRADLEY. Mr. President, I rise today to submit a sense-of-the-Senate resolution that addresses a severe and growing public health crisis—the large, and increasing, number of children and teenagers who are using cigarettes and other tobacco products. The sense-of-the-Senate makes three simple points: First, the tobacco use among children and teenagers has been shown to lead to addiction, disease, and premature death. Second, it States that raising the Federal excise tax on tobacco products will prevent hundreds of thousands of American children and teenagers from using tobacco. Finally, my amendment, states the logical conclusion of these two previous statements-that the Senate should support an increase in the Federal tax on tobacco products in order to protect the health of children and teenagers.

Mr. President, I would like to go through these three statements in order, explaining why I consider them to be irrefutable. First, I have stated that the tobacco use among children and teenagers leads to addiction, disease, and premature death. Let me offer a few statistics to demonstrate how widespread this problem is. More than 3 million American children and teenagers smoke cigarettes. Every 30 seconds a child in the United States smokes for the first time. And 90 percent of new smokers start when they are teenagers or younger.

As if these statistics aren't frightening enough, they are soon going to get worse. Just last month the University of Michigan released a study showing that the rate of smoking among children has surged upwards over the last 4 years. In 1994, close to 20 percent of eighth graders surveyed said they used cigarettes. This is a 30 percent increase over the number of eighth graders who smoked in 1991. The trend is similar for high school seniors: in 1992, 28 percent said they smoked; by last year, this number had increased to over 31 percent. And these numbers don't even count the number of children who use smokeless tobacco products.

Mr. President, the fact that well over 30 percent of America's high school seniors use tobacco is a cause for great alarm in this chamber and around the country. Although the tobacco companies may seek to deny it publicly, it is well know that tobacco use causes addition, disease, and premature death. Tobacco is directly linked to a wide range of illnesses, including heart disease, strokes, emphysema, lung cancer, oral cancer, and throat cancer, to name a few. One of every two long-term tobacco users will die prematurely as a result of their tobacco use. That totals to 1,100 deaths a day, or over 400,000 deaths a year—more than alcohol, heroin, crack, automobile and airplane accidents, homicides, suicides, and AIDS combined. Of every 1,000 20-year-olds who smoke regularly, 250 of them will die in middle age from tobacco-related illnesses. These individuals will cut an estimated 20 to 25 years off of their lives as a result of their tobacco use. Another 250 will die in old age from a tobacco-related illness. In comparison, only 6 of these 1,000 20-year-olds will die from homicides, and only 12 will die from car accidents. And, Mr. President, these statistics only show the number of today's children and teenagers who will eventually die from tobacco use; millions more will spend their lives addicted to nicotine, and will suffer from avoidable illnesses as a result of their tobacco use.

Mr. President, most of today's kids do not know these statistics, and even if they know them, they often don't believe them. Last Sunday's New York Times contained interviews with a group of Texas teenagers who smoked. When asked about the health warnings listed on cigarettes, they replied with comments such as ''I heard they have a cure for cancer now.'' and ''I figure that if they really were so bad for you, they wouldn't be selling them everywhere.'' While these kids don't know about the health effects of smoking, they certainly know about the different brands of cigarettes. Last year, the tobacco industry spent about $5 billion advertising their products, and much of this money was spent on marketing that appeals to kids. As just one example, consider the cartoon character Joe Camel. Six-year-olds are as familiar with Joe Camel as they are with Mickey Mouse. Kids can send away for posters, T-shirts, and sandals with Joe Camel emblazoned all over them. Can it be any coincidence that after the Joe Camel campaign was introduced, Camel's market share among underage smokers jumped from one-half of 1 percent to 33 percent?

Mr. President, the second statement in my sense-of-the-Senate discusses one of the most effective measures the Federal Government can take to reduce children's use of tobacco. The statement simply says that raising the Federal excise tax on tobacco products will prevent hundreds of thousands of American children and teenagers from smoking.

Mr. President, I do not consider this statement a matter of opinon—I consider it a fact. It has been proven in study after study. For example, a researcher at Harvard's School of Public Health concluded earlier this year that every 10 percent increase in cigarette prices causes demand among teenagers to decline by as much as 14 percent. And a researcher from the Business School at Duke University released a study just last month projecting that a 10 percent increase in the tax on cigarettes would save approximately 5,200 lives a year. These are just two of the studies proving my point. There are many more.

And it doesn't take a professional researcher to figure out that raising the tobacco tax will discourage kids from smoking. Last Sunday's New York Times article included an interview with an 18-year-old girl who had been smoking since she was 12. When asked if she could think of a way to get people to quit smoking, she replied:

> Hike the price. If it was $4 a pack, I wouldn't smoke. Of course, I don't want them to do that, but I think if they were serious about it you'd get a lot of people saying, ''That's too much money for a smoke, so forget it.''

Mr. President, the Senate should act on this young girl's suggestion. The third statement of this resolution calls

on the Senate to do just that—to protect the health of children and teenagers by raising the excise tax on tobacco. This statement is the logical conclusion of the two previous statements. If we are serious about protecting our children from addiction, disease, and premature death, then we must take effective action to discourage them from using tobacco. And, as study after study has shown, raising the tobacco tax is one of the—perhaps the—most effective way of reducing children's and teenagers tobacco use. National health organizations, including the American Medical Association and the American Cancer Society, strongly support this approach, calling for a dramatic increase in the tobacco tax in order to help deter young people from becoming addicted. My resolution also states that the revenues resulting from this increase should be used, at least in part, to fund Federal health programs. In this way, tobacco can help to offset a portion of the more than $22 billion in costs which it imposes on the Federal Government each year.

Mr. President, just last month the head of the National Institute on Drug Abuse stated that ''We're not only not making progress on getting smoking down among our children—we're beginning to lose the battle.'' Mr. President, it is time that the U.S. Senate joined the fight. Approving the sense-of-the-Senate can be the first step.

SENATE RESOLUTION 160—MARKING THE ANNIVERSARY OF THE ANTI-GREEK POGROM IN TURKEY ON SEPTEMBER 6, 1955

Mr. D'AMATO submitted the following resolution; which was referred to the Committee on the Judiciary.

S. RES. 160

Whereas, in September 1955, there existed a Greek minority population of 100,000 in Istanbul, Turkey;

Whereas, on the night of September 6–7, 1955, a pogrom against the Greek community began in Istanbul;

Whereas, anti-Greek rioters attacked, pillaged, gutted and destroyed more than 2,000 Greek homes, 4,200 Greek shops and stores, 73 Greek Orthodox churches, 52 Greek schools, eight Greek cemeteries, all three major Greek newspaper plants, and dozens of Greek factories, hotels, restaurants and warehouses in Istanbul;

Whereas, 15 Greeks were killed in the pogrom or died subsequently, and 32 were seriously injured;

Whereas, as many as 200 women were raped by rioters;

Whereas, the U.S. Consul General in Istanbul reported that police stood idly by or cheered on the rioting mobs;

Whereas, the State Department received confirmation of ''elaborate advanced planning for widespread destruction of the property of the indigenous Greek community,'' involving careful preparations by many individuals;

Whereas, American journalist Frederick Sondern, Jr., writing at the time for Readers Digest, described the events of that night as ''. . . one of the wildest eruptions of mob fury and hysteria in modern times . . .'';

Whereas, homes of Greek officers stationed at NATO headquarters in the Turkish city of Izmir were also attacked and destroyed;

Whereas, rioters attacked and burned down the Greek Consulate in Izmir and the Greek Pavilion at the Izmir International festival;

Whereas, Turkish authorities failed at the time to convict a single rioter, out of thousands, for any crime committed during the pogrom;

Whereas, five years later, after a military coup in Turkey, the former Prime Minister and Acting Foreign Minister at the time of the pogrom were charged with, and convicted of, numerous criminal actions, including the instigation of the anti-Greek riots;

Whereas, the pogrom marked the beginning of the end of the Greek community's presence in Istanbul, numbering about 2,000 in 1995;

Whereas, September 6, 1995 will mark the 40th Anniversary of the pogrom; Now, therefore, be it

Resolved, That it is the Sense of the Senate that the President should (1) Take all appropriate steps to observe and commemorate the loss of life and property, and the numerous injuries and offenses, which took place during the pogrom by proclaiming September 6, 1995 as a day of remembrance for the victims of these attacks; and

(2) Urge all Americans to honor the victims of the pogrom in the appropriate manner.

Mr. D'AMATO. Mr. President, I rise today to submit a resolution commemorating the anti-Greek pogrom that took place in Istanbul and Izmir, Turkey, on the night of September 6–7, 1955. With the coming 40th anniversary of this horrible event, this resolution is meant to commemorate the tragic losses and horrific destruction of these riots and to honor its victims.

In September 1955, the Greek minority population in Istanbul numbered over 100,000 people. Today, slightly over 2,000 remain. This pogrom marked the beginning of the end of the Greek community's presence in Istanbul and became ''* * * one of the wildest eruptions of mob fury and hysteria in modern times * * *'' as the journalist Frederick Sondern, Jr., writing at the time in the Readers Digest, described.

Rioters killed 16 Greeks, and wounded 32 more. And it is reported that as many as 200 Greek women were raped on this one night.

Moreover, anti-Greek rioters wantonly attacked, pillaged, gutted, and destroyed more than 2,000 Greek homes, 4,200 Greek shops and stores, 73 Greek Orthodox churches, 52 Greek schools, 8 Greek cemeteries, all 3 major Greek newspaper plants, and dozens of Greek factories, hotels, restaurants, and warehouses in Istanbul. At the time, the World Council of Churches placed the damages at $150 million. Other sources reported the damage to be double that amount.

Similar attacks occurred in Izmir, Turkey at the same time when rioters attacked and burned down the Greek Consulate and the Greek Pavilion at the Izmir International Fair, as well as attacking the homes of several Greek officers stationed at the NATO headquarters there.

During this time, the U.S. State Department reported extensively on the pogrom, and described the destruction as ''extremely widespread,'' adding ''* * * only a very small percentage of community property appears to have escaped molestation.''

Mr. President, I am submitting this resolution so that the victims of this pogrom are not forgotten and the perpetrators know that their vicious attacks will not pass into history without condemnation and hopefully redress, to the extent that this could be done. Just as pogroms in the former Russian empire, during and after the Russian revolution ended the lives of thousands of Jews, these pogroms cannot be forgotten or denied. History must remember.

Mr. President, at this time, I ask unanimous consent that dispatches from the U.S. State Department concerning the pogrom, as well as a listing of the deaths during the riots, be made a part of the RECORD. These documents were reprinted in the 1992 Helsinki report, ''Denying Human Rights & Ethnic Identity: The Greeks of Turkey.''

I urge my colleagues to support this important resolution and honor the victims of this despicable act.

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

APPENDIX B

From: Amcongen, Istanbul.

To: The Department of State, Washington.

Subject: Damage caused to Greek Orthodox community establishments during the September 6 Riots.

A survey of the damage inflicted on public establishments of the Greek Community of Istanbul during the rioting on the night of September 6–7 shows that the destruction caused has been extremely widespread. In fact, only a very small percentage of community property appears to have escaped molestation. Although there are as yet no figures available assessing the damage sustained, the number of establishments attacked and the nature of the destruction caused in the course of the night under reference convey a clear picture of the scope of the devastation. In most cases the assault on these establishments involved a thorough wrecking of installations, furniture, equipment, desecration of holy shrines and relics, and looting. In certain instances serious damage was inflicted on the buildings themselves by fire.

Information received from the Greek Orthodox Patriarchate shows that of the 95 houses of worship listed on the books of the Archbishopric of Istanbul 61 were either completely or partially damaged. Eight of them became the victims of flames. The religious edifices thus affected are identified as follows:

1. Aghia Triada, Taksim—Wrecked, pillaged and destroyed by fire.
2. St. Constantin, Kalyoncu Kulluk—Wrecked, pillaged and destroyed by fire.
3. Motamorphosia, Cemetery of Sisli—Wrecked and pillaged.
4. Sotiros Christou, Galata—Wrecked and pillaged.
5. Saint Nicolas, Galata—Wrecked and pillaged.
6. Saint Jean, Galata—Wrecked and pillaged.
7. Saint Dimitri, Kurtulus—Wrecked and pillaged.
8. Saint Athanase, Kurtulus—Wrecked and pillaged.
9. Saint Elephtere, Kurtulus—Wrecked and pillaged.

10. Ivanghelistrias, Kurtulus—Wrecked and pillaged.
11. Ghenethlion tis Theotocou, Besiktas—Wrecked and pillaged.
12. Saint Phocas, Ortaköy—Wrecked and pillaged.
13. Saint Dimitri, Kurucesme—Wrecked and pillaged.
14. Ton Taxiarchon, together with residence of Bishop, Arnavutköy—Wrecked and destroyed by fire.
15. Saint Haralambos, Bebek—Wrecked and pillaged.
16. Evanghelismos tis Theotokou, Boyacikköy—Wrecked and pillaged.
17. Taxiarchon, Istinye—Wrecked and pillaged.
18. Saint Nicolas, Yeniköy—Wrecked and pillaged.
19. Saint Paraskevi, Tarabya and residence of Bishop—Wrecked and destroyed by fire.
20. Saint Paraskevi, Büyükdere—Wrecked and pillaged.
21. Saint Jean, Yeni Mahalle—Wrecked and pillaged.
22. Saint Constantin, Pasabagço—Wrecked and pillaged.
23. Genethlion tis Theotocou, Kandilli—Wrecked and pillaged.
24. Saint George, Çangelköy—Wrecked and pillaged.
25. Prophe Ilia, Üaküdar—Wrecked and pillaged.
26. Agia Triada, with residence of Bishop—Kadiköy—Wrecked, pillaged and destroyed by fire.
27. Saint Georges, Kadiköy—Wrecked and pillaged.
28. St. Jean Chrysostome, Kadiköy—Wrecked and pillaged.
29. Saint Ignace, Kadiköy—Wrecked and pillaged.
30. Saint Dimitri, Büyükada—Wrecked and pillaged.
31. Dormition of the Virgin, Büyükada—Wrecked and pillaged.
32. Metamorphosis tou Christou, Büyükada—Wrecked and pillaged.
33. Saint Georges, monastery, Heybeliada—Wrecked and pillaged.
34. Saint Spiridon, monastery, Heybeliada—Wrecked and pillaged.
35. Zoodochos Pighi, Balikli—Wrecked and destroyed by fire.
36. Genethlion tis Theotocou, Beligradiou, Yedikule—Wrecked and pillaged.
37. Saint Constantin, Samatya—Wrecked and pillaged.
38. Saint Paraskevi, Samatya—Wrecked and pillaged.
39. Saint Georges, Samatya—Wrecked and pillaged.
40. Saint Minas, Samatya—Wrecked and pillaged.
41. Dormition of the Vergin, Exi Harmara—Wrecked and pillaged.
42. Saint Theodore, Langa—Wrecked and pillaged.
43. Saint Elpida, Kumigapi—Wrecked and pillaged.
44. Saint Kiriaki, Kumigapi—Wrecked and pillaged.
45. Saint Nicolas, Topkapu—Wrecked and pillaged.
46. Saint Georges, Edirnekapu—Wrecked and pillaged.
47. Dormition of the Virgin, Edirnekapu—Wrecked and pillaged.
48. Another Dormition of the Virgin, Edirnekapu—Wrecked and pillaged.
49. Taxiarchon, Balat—Wrecked and pillaged.
50. Panaghia tis Soudas, Egrikapu—Wrecked and pillaged.
51. Dormition of the Virgin, Blacherne, Ayvansqray—Wrecked and pillaged.
52. Saint Dimitri, Xiloportis—Damaged.
53. Dormition of the Virgin, Valinu—Damaged.
54. Saint Jean Prodrome, Valinu, monastery—Wrecked.
55. Saint Georges Potira—Wrecked.
56. Vierge Houchliotisoa, Phanar—Wrecked and pillaged.
57. Saint Nicolas, Cibali—Wrecked and pillaged.
58. Saint Haralambos, Chapel, Cibali—Wrecked and pillaged.
59. Dormition of the Virgin, Vefa—Wrecked and pillaged.
60. Saint Paraskevi, Hasköy—Wrecked and pillaged.
61. Aghici Therapon—Damaged.

In addition to the above religious establishments the following properties belonging to the Monastery of St. Sinai, said to contain irreplaceable objects of art of Byzantine origin and religious relics of great value, apparently, also suffered serious destruction and pillage:

1. Monastery of St. Georges ti Krimnou, Heybeli Ada.
2. Monastery of St. Georges, Fener.
3. Monastery of St. Georges, Tenikoy.

Reports show that the dependencies of the religious edifices hit were also not spared and that very serious damage was inflicted on presbyteries and well-appointed community meeting quarters, libraries, dispensaries attached to these establishments.

Among the Greek churches heavily attacked also figures the church of the Greek Catholic Uniate at Hamal Basi, Bayoglu. Report has it that the presbytery of the said church and the congregational school attached thereto were also severely damaged. As a matter of fact three other Catholic churches having no connection whatever with the Greek community, are reported to have also suffered serious damage during the rioting.

Reports on hand indicate that the rioting crowd hit with particular frenzy at two important Greek Orthodox community centers; the central cemetery at Sisli and the cemetery of the Patriarchs at Balikil. The former sustained particularly extensive destruction. Crosses and statues were knocked down, sepulchers and vaults opened and the remains of the dead removed and dispersed. At Balikli, the sarcophaguses of the Greek Orthodox Patriarchs were desecrated.

As for the Greek Orthodox clergy itself, considering the scale and severity of the acts of violence recorded, it appears that only a relatively few were exposed to the fury of rioters. According to information given by the Patriarchate only one aged Orthodox priest, monk Chrysanthos of Balikli, is believed to have been killed during the rioting. Since his body has not been recovered he is listed as missing. It is supposed that he perished during the burning of his church. The principal dignitaries of the Orthodox church who were maltreated during the disturbances and made to suffer indignities are reported to be the following:

The Metropolitan of New Cesarea, Weaudor.
The Metropolitan of Troy, Bogacikey.
The Metropolitan of Derkos, Therapia.
The Metropolitan of Chalchida, Kadikoy.
Bishop Panphilion, Balikli.
Bishop Ilioupolios, Arnarutkoy.
The Archdeacon of the Patriarchate, Yenikoy.

Extensive damage also seems to have been suffered by the educational establishments of the Greek community. At least 36 of the 48 schools of the community are reported to have been more or less seriously damaged. The principal victims are the Zappeion Girls' College at Taksim and the Megali Scholi Boys' College of Phanar, both princes of the community, the Theological School at Heybeli, and the high schools at Haskoy, Edirne Kapu, Bakirkoy, Gelata, Taksim and Arnavutkoy. The elaborate dispensary of the Takrim High School and several public soup kitchens operated in conjunction with these educational institutions were also demolished. A list of the schools hit by the rioters is given below:

1. The Greek Catholic School at Hamal Basi.
2. The Zappeion Girls' College, Taksim.
3. The Megali Scholi Boys College, Phanar.
4. The School of Haskoy.
5. The School of Evanghelistria.
6. The School of Gelata.
7. The School of Ortakoy.
8. The School of St. Constaintin, Beyoglu.
9. The School of Bakirkoy.
10. The School of Boyacikoy.
11. The School of Kurtulus.
12. The School of Yenikoy.
13. The School of Ferikoy.
14. The Theological School of Heybeli Ada.
15. The School at Nane Street.
16. The School of Aynali Cesme.
17. The School of Arnavutkoy.
18. The School of Aghia Triada, Taksim.
19. The School of Bebsk.
20. The School of Besiktas.
21. The School of Kandilli.
22. The School of Cengelkby.
23. The School of Kuzgunouk.
24. The School of Uskudar (Teni Mahole).
25. The School of Xakikoy (Yeldegirmen).
26. The School of Cafer Aga.
27. The School of Balat.
28. The School of Lonca.
29. The School of Edirne Kapu.
30. The School of Samatya.
31. The School of Longa.
32. The School of Buyakdere.
33. The School of Tarabya.
34. The School of Buyuk Ada.
35. The School of Ioakimeion Parthenagogheion.
36. The School of Kentrikon Parthenagogheion.

Efforts are now being made to immediately repair some of the damage to make possible opening of these schools by the end of this month. To that effect a preliminary aid of TL 110,000 has been allocated to the Community by the Turkish authorities. Special appropriations are also expected for the repair of damaged religious institutions and cemeteries since, neither the community itself nor the Patriarchate is in a position to provide adequate funds for the purpose. As the allocation of such funds will require legislative action, an emergency relief of TL 200,000 is announced for urgent repair work.

Though not specifically community property, it might be appropriate to consider in the present report also the damage sustained by the Greek language press of Istanbul. All three principal dailies, the APOYEVMATINI, the TACHYDROMOS and the EMBROS suffered heavy losses. The first two had both their offices and printing establishments completely wrecked. In the case of the EMBROS only its offices were destroyed since it had no printing press of its own. The APOYEVMATINI (circulation 10,000), the most heavily hit, managed to resume publication two weeks after the rioting. Its losses alone are estimated at half a million lirae. The TACHYDROMOS (circulation 5,000) has as yet not been able to recuperate from the blow but is scheduled to appear in the near future. The EMBROS (circulation 7,000) reappeared a few days after the disturbances. The weekly OKROIDS (circulation 5,000) managed to continue publication without interruption though its offices were also heavily wrecked. Like the EMBROS it has no printing press of its own.

As pointed out in the opening paragraphs of this report a monetary assessment of the damage caused to Greek Community property in the course of the September 6 riot

has as yet not been attempted. Very general estimates on the part of community and church leaders would indicate that it goes into millions of Turkish liras. The Department will be informed as soon as a substantive estimate is available.

For the Counsul General.

BETTY CARP,
Assistant Attaché.

APPENDIX C: DEATHS IN 1955 RIOTS

Name	Age	Place	Manner of death/source [1]
[Priest] Chrysanthos Mantas.	90	Baloukli	Doused with gasoline and burned to death.
[Bishop] Gerasimos of Pamphilus.		Baloukli	Tortured, beaten, comotose died.
[Bishop] Gennadios Arabatzoglou..	80	Yeniköy	Beaten, died of injuries.
[Priest] Name unknown.		Edirenkapi	Disappeared.
[Priest] Name unknown.		Chalke	Found dead.
[Church caretaker] Erpapazoglou.		Pasa Bahçi	Was killed inside church which was dynamited.
[Caretaker] Name unknown.		Anadoluhisar	Was killed at shrine there: Cumhuriyet, 7.IX.55.
Abraham Anavas .	65	''Moton'' Store	Was killed in store: Cumhuriyet, 8.IX.55.
Olga Kimiades	77		Beaten, died of heart attack: Huriyet, 8.IX.55.
Thanassis Misiroglou.		Hatzopoulos Passage.	Was killed at his store: Cumhuriyet, 8.IX.55.
Hebe Giolma	16	Stegi Ergazomenon.	Was abducted, raped, killed.
Name unknown		Yeni Cami area	Person described as ''disrespectful Greek'' by Turkish newspaper was lynched by mob: Milliyet, 8.IX.55.
Isaak Uludag		Besiktas	Died at the school in which he was a caretaker in the fire set by the mob: Cumhuriyet, 8.IX.55. NB: Uludag was one of those who had changed his Greek name.
Theopoula Papadopoulou.		Üsküdar	Raped, killed: Speech by MP Alexandros Hatzopoulos in Turkish parliament, 12.IX.55.
Giannis Balkis		Bakirköy	Found dead in Street: ibid.

[1] Other than the specific sources cited the following accounts include information on deaths: Noel Barber's reports in the Daily Mail (London), the speech of Turkish MP Alexadnros Hatzopoulos in parliament and the report by US Senator Homer Capehart to Secretary of State Dulles.

ADDITIONAL COSPONSORS

S. 581

At the request of Mr. FAIRCLOTH, the name of the Senator from Texas [Mr. GRAMM] was added as a cosponsor of S. 581, a bill to amend the National Labor Relations Act and the Railway Labor Act to repeal those provisions of Federal law that require employees to pay union dues or fees as a condition of employment, and for other purposes.

S. 603

At the request of Mr. FAIRCLOTH, the name of the Senator from Colorado [Mr. BROWN] was added as a cosponsor of S. 603, a bill to nullify an executive order that prohibits Federal contracts with companies that hire permanent replacements for striking employees, and for other purposes.

S. 729

At the request of Mr. LOTT, the name of the Senator from North Carolina [Mr. FAIRCLOTH] was added as a cosponsor of S. 729, a bill to provide off-budget treatment for the highway trust fund, the airport and airway trust fund, the inland waterways trust fund, and the harbor maintenance trust fund, and for other purposes.

S. 833

At the request of Mr. HATCH, the name of the Senator from Rhode Island [Mr. PELL] was added as a cosponsor of S. 833, a bill to amend the Internal Revenue Code of 1986 to more accurately codify the depreciable life of semiconductor manufacturing equipment.

S. 885

At the request of Mr. MOYNIHAN, the names of the Senator from New Mexico [Mr. DOMENICI], the Senator from New Mexico [Mr. BINGAMAN], the Senator from Massachusetts [Mr. KERRY], the Senator from Maryland [Ms. MIKULSKI], and the Senator from New Hampshire [Mr. GREGG] were added as cosponsors of S. 885, a bill to establish United States commemorative coin programs, and for other purposes.

S. 896

At the request of Mr. CHAFEE, the names of the Senator from Iowa [Mr. HARKIN] and the Senator from Michigan [Mr. LEVIN] were added as cosponsors of S. 896, a bill to amend title XIX of the Social Security Act to make certain technical corrections relating to physicians' services, and for other purposes.

S. 949

At the request of Mr. GRAHAM, the names of the Senator from Nevada [Mr. BRYAN] and the Senator from Rhode Island [Mr. CHAFEE] were added as cosponsors of S. 949, a bill to require the Secretary of the Treasury to mint coins in commemoration of the 200th anniversary of the death of George Washington.

S. 959

At the request of Mr. HATCH, the name of the Senator from Georgia [Mr. COVERDELL] was added as a cosponsor of S. 959, a bill to amend the Internal Revenue Code of 1986 to encourage capital formation through reductions in taxes on capital gains, and for other purposes.

S. 1002

At the request of Mr. CHAFEE, the name of the Senator from Rhode Island [Mr. PELL] was added as a cosponsor of S. 1002, a bill to amend the Internal Revenue Code of 1986 to provide a credit against income tax to individuals who rehabilitate historic homes or who are the first purchasers of rehabilitated historic homes for use as a principal residence.

S. 1006

At the request of Mr. HATCH, the name of the Senator from New York [Mr. D'AMATO] was added as a cosponsor of S. 1006, a bill to amend the Internal Revenue Code of 1986 to simplify the pension laws, and for other purposes.

SENATE RESOLUTION 75

At the request of Mr. MOYNIHAN, the names of the Senator from Hawaii [Mr. AKAKA], the Senator from Delaware [Mr. BIDEN], the Senator from New Mexico [Mr. BINGAMAN], the Senator from Louisiana [Mr. BREAUX], the Senator from Arkansas [Mr. BUMPERS], the Senator from Colorado [Mr. CAMPBELL], the Senator from Georgia [Mr. COVERDELL], the Senator from North Dakota [Mr. DORGAN], the Senator from Wisconsin [Mr. FEINGOLD], the Senator from California [Mrs. FEINSTEIN], the Senator from Florida [Mr. GRAHAM], the Senator from Utah [Mr. HATCH], the Senator from Vermont [Mr. JEFFORDS], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Maryland [Ms. MIKULSKI], the Senator from Illinois [Ms. MOSELEY-BRAUN], the Senator from Washington [Mrs. MURRAY], the Senator from Georgia [Mr. NUNN], the Senator from Arkansas [Mr. PRYOR], the Senator from Nevada [Mr. REID], the Senator from West Virginia [Mr. ROCKEFELLER], and the Senator from Pennsylvania [Mr. SPECTER] were added as cosponsors of Senate Resolution 75, a resolution to designate October 1996, as ''Roosevelt History Month,'' and for other purposes.

SENATE RESOLUTION 146

At the request of Mr. JOHNSTON, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of Senate Resolution 146, a resolution designating the week beginning November 19, 1995, and the week beginning on November 24, 1996, as ''National Family Week,'' and for other purposes.

SENATE RESOLUTION 147

At the request of Mr. THURMOND, the names of the Senator from Wisconsin [Mr. KOHL], the Senator from Virginia [Mr. ROBB], and the Senator from Colorado [Mr. BROWN] were added as cosponsors of Senate Resolution 147, a resolution designating the weeks beginning September 24, 1995, and September 22, 1996, as ''National Historically Black Colleges and Universities Week,'' and for other purposes.

SENATE RESOLUTION 152

At the request of Mr. ABRAHAM, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of Senate Resolution 152, a resolution to amend the Standing Rules of the Senate to require a clause in each bill and resolution to specify the constitutional authority of the Congress for enactment, and for other purposes.

AMENDMENTS SUBMITTED

THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1996

SIMON AMENDMENT NO. 2281

(Ordered to lie on the table.)

Mr. SIMON submitted an amendment intended to be proposed by him to the bill (S. 1026) to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe personnel strengths for such fiscal year for the Armed Forces, and for other purposes; as follows:

On page 366, between lines 17 and 18, insert the following:

(d) RULE OF CONSTRUCTION.—Nothing in this section or section 462 of title 10, United States Code (as added by subsection (b)(1)), is intended to infringe upon the ability of the Secretary of State to coordinate policy with regard to international military education and training programs.

AUTHORITY FOR COMMITTEE TO MEET

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. PACKWOOD. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs be authorized to meet during the session of the Senate on Monday, August 7, 1995, to conduct a markup of pending nominations.

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

ADDITIONAL STATEMENTS

THE IMPORTANCE OF NAVAL PETROLEUM RESERVES

● Mr. THOMAS. Mr. President, as the Secretary of Energy reviews options concerning management of the naval petroleum reserves [NPR] in S. 1026, the Department of Defense authorization bill, I want to stress the importance of considering the research activities taking place at these facilities. As our Nation becomes increasingly reliant on foreign energy sources, it is important for us to conduct research regarding production of domestic oil and natural gas. In our efforts to cut Federal spending, we must make sure we do not end the valuable research taking place at the naval petroleum reserves.

The naval petroleum reserve No. 3 is located in Casper, WY. The facility conducts a number of research projects including various cooperative research programs with the University of Wyoming, private individuals, and the State of Wyoming. As our Nation's domestic oil and gas reserves continue to decline, it is vital that we continue to research enhanced recovery techniques to locate and produce these valuable resources. The NPR–3 facility plays an important role in conducting this research for our Nation's energy producers.

I hope the Secretary of Energy will consider the important role the naval petroleum reserves play in providing research for our Nation's domestic oil and gas producers as this issue moves forward.●

JENNIFER KNOX, ''THE WALL''

● Mrs. MURRAY. Mr. President, so often we rush through our lives here in the U.S. Senate facing daily issues, debates, constituent concerns and the press of daily business, never pausing to reflect on things outside of Congress; important pieces of the American experience. Every once in a while an event occurs, totally unexpected, which gives you pause to think about truth, meanings, and priorities.

That occurred for me last week when a wonderful family stopped by my office from Washington State: a pair of grandparents, Kenneth and Pat Staley, and their two grandchildren, Jennifer and Ben Knox. They had driven cross-country, 3,000 miles, to visit the Nation's Capitol and for Jennifer, 12, to receive a poetry award.

I asked, as I often do, what they saw here that impressed them most. Jennifer told me that one memorial in particular impressed upon her so deeply that she had written a poem, which she was gracious enough to share with me.

Today I share it with my colleagues because I think it speaks so profoundly as to why we should take the time and money to erect memorials for our Nation's heroes. As you can see from her words, Vietnam veterans, because of their memorial, will never be forgotten. I ask that it be printed in the RECORD.

The poem follows:

THE WALL

I'll remember the day
I visited the wall
The shiny black wall
Bearing the names
Each name a life, a person, a soul
That died for our country away from home.
The number was staggering, thousands of deaths,
They never came back to the home that they left.
And our tears made a pool so clear and so wide
That proved to the world how much we'd cried.
Time healed the wound but left
A scar, a memory, a reminder.
It is in the hearts of our people.
Forget, we will never.●

THE COLD, HARD ECONOMIC TRUTH FROM TONY HARRIGAN

Mr. HOLLINGS. Mr. President, I rise today to draw attention to an insightful speech recently delivered by Anthony Harrigan, counselor of the United States Business and Industrial Council Education Foundation, at a June conference at the University of Colorado.

Mr. President, this is a speech which every Senator should study and memorize. In great detail, Tony outlines the economic crisis that America faces in this day of global competition.

All too often, America focuses on the short term—next quarter's profit, next year's tax rate, minute changes in the interest rate. Our competition, notably Japan and other Eastern economies, does business differently. They look to the long term. Instead of vilifying the Government, they use and work with the Government to grab global market share. And while they overtly kowtow to the mantra of free trade, they work to trade in an unfree manner that is in the best interest of their countries.

Mr. President, Tony Harrigan exposes the Western myth of free trade. If we continue to go down the road offered by this dream, we will continue to lose and our standard of living will continue to decline. As Mr. Harrigan explains, America will end up only an industrial shell of its former self. Instead of controlling our destiny, we will depend on others and lose our economic sovereignty.

Mr. President, let us not allow the new world order to destroy the freedoms that we cherish. To that end, I urge all my colleagues to read this speech. I ask that the text be reprinted in the RECORD.

The speech follows:

THE ECONOMIC CRISIS OF THE FIRST WORLD

THE FEAR OF A POST-CONSTITUTIONAL AMERICA

(By Anthony Harrigan)

Ladies and Gentlemen: When the Soviet Union imploded, the nations of the First World—the United States among them—envisioned smooth sailing into the 21st century. There was much talk of a huge ''peace dividend.'' This optimistic vision of what lay ahead has been severely eroded, if not shattered, by a variety of developments, including strife in Bosnia, Somalia, Haiti, and even within the Russian Federation. At the same time there have been ominous economic problems, conflicts and challenges—the near economic wars, the on-going economic deterioration of Africa, crushing economic problems within the former Soviet Union, the economic stagnation of much of Western Europe, the Mexican debt crisis, high unemployment in Britain, France, and other allied nations, and deindustrialization and underemployment in the United States.

Indeed there are several crises facing the First World, including a moral crisis and a threatening crisis with rogue states with ambitious military agendas that aim at becoming nuclear armed states.

Today, let us consider the economic crisis of the First World. In the United States, tremendous attention is devoted to economic issues, to topical issues, that is—tax and interest rates and monthly and quarterly changes in the trade deficit, housing starts, and similar matters. And a superficial prosperity in the United States causes us to divert attention from the long-range, deeper problems and threats. It is important to remember that in 1928 economists, and political and business leaders didn't consider the possibility that America was on the brink of a economic collapse that would produce a deep depression until America entered World War II. Have we a clearer vision today?

Here and there one finds students of the world economy who warn of another enormous economic crisis with grim implication for our First World societies and political institutions. One of these far-sighted economic observers is Sir James Goldsmith, the Franco-British financier. Two years ago, he began to voice ominous warnings. He said that in the case of Western Europe, with some 20 percent unemployment, ''the critical mass is here for implosion and social upheaval and political instability on a global scale.''

He predicted that the Bolshevik revolution of 1917 will pale into insignificance when compared to this upheaval. And the situation in Western Europe has worsened since he issued that warning.

Now the United States hasn't this kind of unemployment problem, except in our inner cities. The overall employment rate for the nation as a whole has risen a bit but underemployment has risen on a colossal scale. Millions of Americans have jobs that don't provide sufficient income to support a family—even with husband and wife working. And many of these millions don't have the benefits associated with the good jobs that existed in the decades after World War II.

Dr. Edward M. Lutwak of the Center for Strategic and International Studies in Washington has analyzed this problem. Dr. Lutwak has observed: ''The problem in question is the unprecedented sense of personal economic insecurity that has rather suddenly become the central phenomenon of life in America, not only for the notoriously endangered species of corporate middle managers, prime targets of today's fashionable downsizing and re-engineering, but for virtually all working Americans except tenured civil servants—whose security is duly resented.''

The reasons for the economic insecurity felt by millions of Americans are numerous and complex. A key element is exploding technology which has made many jobs as out of date as buggy-making. And this has made much employment temporary in nature, thereby endangering working people and their families who don't have advanced technical skills or the education to obtain such. But there are other powerful forces at work; and these forces have a tremendous bearing on Europeans as well as Americans. These forces cause the displacement of European and American-made goods, wipe our jobs on both sides of the Atlantic, and produce the most terrible anxieties, as well as threatening, as Kevin Phillips and written, to cause the descent of Europe and North America into Third World status.

It is important to reflect on the words of Sir James Goldsmith. In an article published in The Washington Times, November 27, Sir James said: ''During the past few years 4 billion people have suddenly entered the world economy. They include the populations of China, India, Vietnam, Bangladesh and the countries that were part of the Soviet empire, among others. These populations are growing fast. In 35 years, that 4 billion is forecast to expand to more than 6.5 billion. The nations where those 4 billion live have very high levels of unemployment and those people who do find jobs offer their labor for a tiny fraction of the pay earned by workers in the developed world. That means that new entrants into the world economy are in direct competition with the work forces of developed countries.''

This is a situation unprecedented in the history of the older industrial countries, meaning the countries of the West. And the industrial production of the new industrial or industrializing countries, China, for example, is directed in large measure at capturing the domestic markets of the Western countries and, thereby, acquiring hard Western currencies for their own purposes—for a massive military buildup in the case of China. Simultaneously, therefore, the Western countries are losing their internal markets on which their peoples depend and are financing new military challenges. Europeans, chiefly the French, are increasingly mindful of this threat. But the United States is fixated on Third World countries as trading partners, not as a developing military threat. This kind of fixation is nothing new. A decade ago, the great business interests of the United States were desperate and determined to sell the most advanced technological equipment to the Soviet Union—products such as super-computers and ball bearings for missile installations. The U.S. Department of Commerce made every effort to push such sales, despite the strategic implications of such sales.

Blindness to the Crisis of the First World could cause us to descend precipitously along the road to instability and collapse.

Sir James Goldsmith is not alone in sounding the alarm. There are other keen observers of the world scene who share Sir James's concerns. One of these is Arnaud de Borchgrave, the Belgian-born writer and editor, who has written in warning: ''By putting one's ear to the rail, one can hear the distant rumble of social upheaval.''

He adds: ''Jobs are a global crisis. The 24 Organization for Economic Cooperation and Development nations—the world's wealthiest—now have a mind-numbing 35 million on the dole.''

He added: ''No one knows what the critical mass of unemployment is.''

He wrote: ''But when the legions of Europe out of work realize that no one seems to have an answer to the shed-jobs-to-cut-costs dilemma, the ingredients for a continent-wide social explosion will be in place. This is now known as the unacceptable force of capitalism.''

He reported that 50 percent of Europe's unemployed have been made to feel unwanted for a year or longer.

In Europe there is anger and unrest associated with the unemployment. If one reads the London Financial Times, one gets an idea of the severity of the problems from Spain to Ireland and from Italy to Scandinavia. As European jobs are exported to Asia (one-third of Europe's steel comes from the Far East), powerful populist movements are growing—movements which insist on national identity, control of national borders against a flood of migrants and imported goods. These movements are strenuously opposed to what they see as economic and cultural homogenization which would level incomes worldwide for the benefit of the financial interests.

On neither side of the Atlantic is there sufficient appreciation of the growing anger. And many commentators blithely ignore the problem. They look at the underlying economic problem in strictly economic terms, dismissing the human dimension. For example, an editor of Kiplinger's Letter, has asserted that the U.S. is reindustrializing, not deindustrialzing, observing that U.S. factories are producing goods more efficiently—more goods with fewer people. But that's precisely the point. Scores of thousands have been thrown out of work in the name of efficiency and global competition. The economic commentators are thinking of society in terms of the cost-price ratio, not the terms of people.

Part of the problem is that so many economic commentators persist in employing euphemisms for very serious societal problems. One of the favorite euphemisms is ''rationalizing'' of business. This is how an important British press voice referred to the layoff of 6,500 workers by the Rolls-Royce company in Scotland. It is doubtful that it makes a worker and his family happier or more accepting if he is told that his livelihood is being ''rationalized'' out of existence, especially if the work is being shifted to Malaysia or another Far Eastern country. The Rolls-Royce announcement was greeted with ''anger and dismay in Scotland.'' Did you note, by the way, at the time of the Kobe earthquake that among the damaged facilities was Caterpillar's tractor factory. The jobs at Kobe were exported from Peoria, Illinois. ''Down-sizing'' is another euphemism. In the last few years, IBM, Xerox, and many other industrial giants have been down-sized, with scores of thousands of highly skilled workers—blue collar, white collar, and managerial—laid off. What's happening, in fact, is that the United States is being downsized. For generations, young Americans have been taught the virtues of self-sufficiency, hard work, cooperation, and loyalty. But these virtues are dismissed in an era of ''rationalization'' and ''down-sizing.'' They don't prevent giant enterprises from shipping jobs abroad. And national legislators seem blind to the problem or to the growing public anger at the abandonment of hard-working citizens, the type who made America.

Euphemisms in the economic areas mask deeply disturbing phenomena. The March 31 issue of the Forward pointed this out with great clarity. A column in that newspaper noted: ''If an American company closes a plant here and ships its equipment to China, that will be called an 'export.' It will be an 'export' that will not add, but will subtract, jobs from America.''

''Another case: Component parts from America will be shipped to Mexico, to be assembled there and sold exclusively, by law, in America. The shipments in Mexico will be listed as an 'export,' although nothing was exported except American jobs that once assembled the product here.''

''Or another case: Component parts for a dishwasher or a car are imported from Third World countries. The labor in the parts makes up 80 percent of the labor in the completed product. When sold to the elite of some Third World country, the value of the finished product is listed as an 'export.'''

''And so we list as exports the exports of jobs, the export of products we imported, the export of products that are never sold to another country. We figment these 'exports' to fictitious 'emerging markets' to conceal the fact that we are moving jobs out of America to other countries where manufacturers are using cheap—often child and slave—labor to make things, carrying the labels of American companies, to be sold in America.''

The failure of mainstream European leaders to understand this anger is leading to political fragmentation. There is evidence of a growing divide in Europe. The Financial Times says this was reflected in the vote on the Maastricht Treaty, with the professional middle class in favor and ''two thirds of working people against it.'' The glue that held together the center-right parties is dissolving, in large part ''under the impact of European integration and the worldwide move towards free trade,'' said the Times. The opponents of globalism and economic homogenization surely will become a powerful force on both sides of the Atlantic. The Perot movement of 1992 was an indicator of coming change. Much of the Perot message had to do with betrayal of the economic interests of ordinary Americans, those whom a writer for Fortune magazine referred to (February, 1995) as ''the have-less half of the middle class.''

Americans and Europeans soon may begin to understand the price of the transnational ''free market,'' the globalist vision of those who are contemptuous of the losers in their

countries' populations and who seek the protection of the nations where they are headquartered but who disavow any responsibility to the interests of their nations. Where this leads one can't predict, but one recognizes a loss of living standard expectations and expectations on the part of many millions who are squeezed out in the game of globalist competition. These are citizens who are shoved to the margins, irrespective of the promises of Western democratic government. The prospects are dismal for many Americans and Europeans even as some elements in their nations profit enormously from globalism. In our time, greed overwhelms patriotism, as evidenced in the opposition to trade policies which would safeguard the economic well-being of millions of ordinary Americans who have lost or will lose their jobs.

Something is very wrong when a company decides to maintain only its head office and, possibly, its sale force in its home country, and transfers production to low wage countries. I submit it's immoral to eliminate one's national work force and transfer production abroad. The argument has been that the losses will be made up in advance products. But, as Sir James Goldsmith has noted, when the French signed a $2.1 billion contract with South Korea for high speed trains, it produced only 800 jobs in France. More and more aircraft contracts with Asian countries mean shifting large parts of the production process to those countries. The believers in the theology of total free trade seek a worldwide market in goods, services, capital, and yes, labor. That means the hollowing out of American manufacturing enterprises. it means that U.S. workers have to compete with Chinese workers who earn twenty cents an hour.

The focus of the major financial interests is not on the United States, the American economy, or the needs of the American people. Indicative of this lack of focus, of an alternative focus, was a symposium held last May in China under the auspices of the International Herald Tribune, which is jointly owned by The New York Times and The Washington Post. The paper, to use its language, invited to China, a ''limited number of largest multinational corporations with a stake in the future of the Chinese economy.'' It would be interesting to know the names of these multinational corporations, which are headquartered in the United States, where their investments are being made, and especially, how much is being invested in China and other Asian countries and how much in the U.S. Finally, what percentage of their goods manufactured abroad are sold in the American market? This is information that the American people need to know, which Congress is not trying to obtain for them.

The American people have paid a hellish price for this focus on the economic future of countries such as China, which are earning huge profits from penetrating the U.S. domestic market in order to challenge the United States. The price is not only in lost American jobs but stagnated communities, deteriorated wages, the drying up of small businesses, and dependence on export markets, meaning dependence on foreign regimes and their financial maneuvers. The greatest loss, of course, is America's economic sovereignty.

Those who defend globalization, despite these losses, argue that the United States can more than make up for them by training unskilled workers. But this training is not the answer to the problem of unemployment in Europe, or unemployment in the United States—the proliferation, that is, of jobs that don't pay enough to provide even a minimal standard of living. Even The Economist magazine, which is an ardent supporter of globalization, recognizes that ''wages at the bottom are lower in America'' than in Europe. And it admits that ''training can even be the royal road to ruin.'' Those interested in so-called ''rationalizing'' of jobs can gain more advantage by eliminating jobs where there is demarcating of jobs based on skills rather than establishing frequent, costly job training programs. And the presentation of job training as the magic bullet ignores the fact that employers prefer younger, supposedly more flexible workers than middle aged workers who have lost their jobs through corporate ''downsizing.'' In any case, what are so-called redundant workers to be trained for? Our global competitors aren't without skilled workers or brains.

It is politically fashionable to speak of empowering Americans—meaning restoring them to a condition of individual responsibility and local control—both worthy objectives. But the most important empowerment involves both the restoration of their family values, moral values in the public environment, and economic empowerment. Over 15 years, they have lost economic power enjoyed by previous generations of Americans.

There are many who profess to believe in democratic principles and a moral approach to the organization of American society but who show disdain for the ordinary American. An example of this was an article by Washington Post columnist Richard Cohen (February 2) in which he lambasted popular opposition to the $40 billion Mexican bailout. He declared that the people ''aren't always wise.'' To be sure, it was their money, their credit, which was on the line. And so it is with the grand globalist economic schemes. That ordinary Americans suffer in the process seems to be of little concern to those who predict vast opportunities in so-called emerging markets such as China. But there's no reason to believe that the American people, apart from Wall Street investors, stand to benefit from a huge trade deficit with China.

The dark scenario I present here is not simply one person's vision. A Shell International Petroleum Co. economist, Peter Kassler, has presented a scenario called ''Barricades'' which envisions social and economic chaos under the GATT trade regime, with unrelenting jobs cuts and downward pressure on wages in industrial countries. Business Week (December 19, 1994) said that: ''Potent opposition is growing against the politicians who would further weaken a nation's power to set its economic course.''

It reported on the so-called ''anxious class'' on both sides of the Atlantic, noting that in Britain wages are stagnating and that nearly 90 percent of new jobs in the U.K. are part-time. In France, Sir James Goldsmith says hard-nosed corporations press for lower wages at home or ''rush to the Third World to exploit cheap labor.''

The conditions described here constitute the so-called New World Order, the transnational world order. This New World Order already has played havoc with the lives of millions of Americans and Europeans. The existence of a $150 billion trade deficit with Asia—for the United States, that is, is a feature of the New World Order and derives from the economic priorities of those who favor the transnational outlook. But this New World Order may go the way of other new world orders in the 20th century—the socialist, communist, and Nazi new world orders. And the struggle over the latest New World order will focus on a variety of questions, involving what one wrote (Washington Post, January 29, 1995) referred to as ''intertwining forms of governance, ideology, cultural life, and the protection and distribution of goods''—and, I would add, morality.

As a people, as a civilization on both sides of the Atlantic, we have not found our way through this thicket of issues, forces, and problems. I suspect that we haven't a great deal of time to repair the fabric of our civilization and also meet the economic challenges it faces, as well as deal with the internal stresses and anxieties—and anger—provoked by economic policies and tendencies. Business Week, a certifiable establishment journal, asserted (December 19, 1994) that if we don't find our way that ''There could be hell to pay,'' a logical conclusion. If Americans and Europeans, the working people, don't get the rewards they believe they deserve, that their countries' striving over generations seemed to ensure, the result will be strife, revolution, that is, in one form or another. The anxiety level is rising, and if the standard of living is whittled away by runaway globalist policies, the backlash will be like nothing we have seen in the post-World War II history of the North Atlantic nations. What form it will take is unclear at this time. But it surely will occur. Precisely how the economic crisis will impact society in moral terms also remains in the realm of the unknown. One thing is certain: The Atlantic countries will not simply accommodate themselves to diminished expectations and diminished results. And there will be a massive vote of no-confidence in the political and cultural leadership elites in the West who have steered us into decline, or who have been indifferent to the dangers and tolerated decline.

Dr. Winifred McClay, an historian at Tulane University, has written that need exists for a ''consolidated or nationalized political and economic order.'' Such an order would overcome the establishment notion that national sovereignty and economic independence are things of the past. It would put public policy in a new moral framework, a framework of respect for all Americans and American interests. How do we achieve a new nationalist, as opposed to a globalist, economic policy? The answer could be the subject of many lectures. But I submit that the essential first step is to defang the transnational of multi-national companies, the money power that increasingly holds U.S. policy and the American people in thrall. And how do we go about defanging them? By restricting their operations, placing limits on those who are headquartered in the United States and seek the protection of the United States while rejecting any special loyalty to America. If they shift their manufacturing operations to low-wage Third World countries in order to sell their slave wage-made goods in the American market, then let them be subject to penalties. In other words, we strike at their profits. And the foreign-headquartered multinationals would be subjected to the same barriers employed by the Japanese when the latter protect their national economic interest. There is nothing radical about such an approach. It is what our great-grandfathers supported when the Sherman Anti-Trust Act was written into law to block the operations of the monopolistic domestic cartels of the late 19th century. And I submit that the new policies of limitation would have the same moral purpose as the Sherman Act, which was passed to protect ordinary Americans from exploitation.

As a traditional conservative I regard problems of moral decline and economic threat as two faces of the same coin. I believe that in recent years, as a result of the emergence and power of the transnational corporations and the transnational globalist

international organizations, that we have departed from the ways prescribed by our forebears in the U.S. Constitution and from their moral instructions as evidenced in the Preamble to the Constitution with its dedication of our system of government to the promotion of the general welfare. We need a new emphasis upon virtue, authentic justice, recognition of shared experience and shared devotion to the common good—all that America is about, as our Founding Fathers ordained in the Constitution. And as a traditional conservative, who fears a post-constitutional America, I look for wisdom and understanding wherever I can find it—even in what may seem the most unlikely sources. I found evidence of it in a statement by former Gov. Jerry Brown of California, not someone I have quoted favorably before. Interviewed by Chronicles magazine, a conservative intellectual journal, he said we: ''need enrichment of the community and real deconstruction of the workings of the global economy, global institutions—the central banks, the General Agreement on Tariffs and Trade, the World Bank, the multinational companies—and of the way in which our lives are being embedded in a runaway, large-scale corporate, global culture that is undemocratic, inhuman, and destructive.''

The late Russell Kirk, the great conservative thinker who spoke at these institutes for so many years, could have written these words. They are in the spirit of Edmund Burke and the Founding Fathers, and they provide us with goals for the moral recovery, community strengthening, and economic safeguarding of the American people and nation. If we embrace this understanding, adopt this new direction for our national affairs, and wake to the need for a restoration of the moral virtue that characterized our republic and our civilization in the past, we should be able to overcome all the challenges and reinvigorate the public and private order built upon our priceless heritage in the Western world.●

TRIBUTE TO SUZANNE MARIE BEEDE

● Mr. HATFIELD. Mr. President, I come to the floor today to pay tribute to a long-time staff member and close friend who has devoted almost two decades of her life to serving those in need. Her exceptional skills as a mother, wife and community leader have manifested themselves in every facet of her professional career as a caseworker and office manager on my staff.

Suzanne Marie Beede has assisted more than 12,000 Oregonians over the last 17 years, reuniting families, creating new families through foreign adoptions and helping veterans and senior citizens by communicating with appropriate Federal agencies. Her compassion, humanitarianism, and respect for people all over the world have driven her to excel as a caseworker. Her desire to see difficult situations brought to a just resolution has molded her professionalism to an art. She has never wavered in her motivation to provide uncompromising assistance to those in need.

Sue has demonstrated an ability to rise to any occasion, from calling American embassies at 3 a.m. to alert a consular officer of a dire emergency situation, to helping me prepare for last minute press conferences.

Her accomplishments have fueled my belief that in servitude and faith lies the ability to improve the human condition. Her contributions to my family life and professional career have been innumerable and invaluable. Throughout our 17 years together, we have seen the face of my staff change several times. We have weathered personal hardships, including the loss of a very dear colleague, and we have celebrated the joys public service brings. It is with best wishes for her future success that I say goodbye to Sue as one of the most valued members of my staff. Although her role as my premier caseworker is coming to a close, her place in my heart remains permanent.●

CONDEMNING BOMB ATTACK ON FOREST SERVICE EMPLOYEE IN NEVADA

● Mr. BRYAN. Mr. President, several days ago a bomb exploded at the home of Guy Pence, a U.S. Forest Service ranger who lives and works in Carson City, NV. Fortunately, no one was injured, although Mr. Pence's wife and three children were in the house at the time of the explosion. My colleagues might recall that the Forest Service's Carson City office, where Mr. Pence works, was also bombed several months ago. Needless to say, the recent incidents of violent, terrorist activity directed at Federal employees and Federal land management agencies in the State of Nevada and elsewhere represent a disturbing trend that will undoubtedly result in the loss of life if the perpetrators are not apprehended.

Mr. President, I want to make it clear at the outset that I do not claim or represent to know who or whom is behind these bombings; no one has been arrested or claimed responsibility to date. What I can tell you, though, is that by every indication, the person or persons responsible for these acts are riding a wave of anti-Federal Government sentiment. Clearly, the controversy over the role of two Federal law enforcement agencies, the ATF and FBI, in both the Randy Weaver incident and the Waco tragedy, has heightened public cynicism toward the Federal Government—the rise of militia groups in many States is evidence of this. Perhaps more relevant to the bombings in Nevada, however, is the rise of the county supremacy movement. People associated with this movement are upset with what they view as the Federal Government's overly intrusive role in grazing, mining, and other activities on public lands. They would like to see responsibilities for managing these lands delegated to local governmental entities.

Mr. President, it is apparent that the incendiary rhetoric espoused by some of those in the county supremacy movement has created an atmosphere that promotes extremism. What began as a legitimate philosophical difference of opinion over the management of Federal land has been transformed into a call to battle for many. Last March the Justice Department was forced to life a lawsuit against Nye County, primarily in response to physical threats made against Forest Service employees by county officials. While the lawsuit may settle the legal issue of who has jurisdiction over public lands, I am skeptical that the fringe elements of the county supremacy movement will abide by the rule of law.

I would hope that the Members of this body, particularly my colleagues from the West, would recognize that unless efforts are made to tone down the rhetoric on public land issues, it is only a matter of time before someone, most likely a Federal employee in Nevada, is seriously injured or even killed.●

CONGRATULATIONS TO CONCORDIA UNIVERSITY

● Mr. HATFIELD. Mr. President, 90 years ago, in the basement of a Portland, OR, Lutheran church, Concordia College was founded. Two years later, its founder moved the college to a 5-acre plot in Northeast Portland and erected the first building of Evangelical Lutheran Concordia College.

That spring of 1907 was a very special time in the life of Concordia—a new location, a new building, a recognizable presence. The year 1995 ushers in another new era for this college. On August 26, the board of regents, faculty, staff, students and friends of Concordia will gather to celebrate Concordia College's transition to its new status as Concordia University.

From 1905 through 1995, this institution has experienced a wealth of significant, laudable accomplishments. I would mention 1946, when Concordia reached junior college status, 1977 when the college was granted 4-year status and 1987 when the Board of Regents adopted a successful planning strategy known as the Keller Plan, after education expert and consultant George Keller.

When the college was made up of 17 young men and an $800 budget, in 1905, it would have seemed implausible that 90 years later it would have 1,000 men and women students, a Health Care Administration program ranked among the top five in the country and the only baccalaureate degree program in Environmental Remediation and Hazardous Materials Management—an extremely important program, especially given the serious energy issues facing the Pacific Northwest.

Today, Concordia College has five schools: arts and sciences, business, health and social services, teacher education, and theological studies. In the fall of 1996, these five schools will become five colleges designated under Concordia University. Throughout this transition, Concordia's mission of developing leaders for the church and leaders for society has remained constant. It has remained committed to the spiritual growth of its students and

the rigorous academic standards of its courses.

I wish to congratulate all those who have had a partnership in the growth of Concordia College, its faculty, staff, and students. I would also like to mention the outstanding leadership of Concordia's president, Charles E. Schlimpert, its Board of Regents and the Concordia College Foundation Board of Directors. The direction they are providing will lead Concordia University into a bright future.

Mr. President, I ask that Concordia University's formal mission statement be printed in the RECORD.

The statement follows:

MISSION STATEMENT

Concordia University, of the Lutheran Church-Missouri Synod, is a center of higher learning that assists students in their lifelong quests for full realization of spiritual, intellectual, social, physical, relational and emotional development. Professional education, grounded in the liberal arts and enriched by relevant co-curricular activities, will strengthen the Church and world community by encouraging the development of Christian values, and an attitude of service among Concordia University students.●

CONGRATULATING MARTIN C.M. LEE ON RECEIVING THE 1995 INTERNATIONAL HUMAN RIGHTS AWARD BY THE AMERICAN BAR ASSOCIATION LITIGATION SECTION

● Mr. MACK. Mr. President, tomorrow, in Chicago, the American Bar Association's litigation section will present its 1995 International Human Rights Award to Martin C.M. Lee, the chairman of the Democratic Party in Hong Kong. The award is a high honor which Mr. Lee has earned for his efforts to win full democracy for the people of Hong Kong and to safeguard the rule of law as the territory nears its June 30, 1997, reversion to the People's Republic of China. I would like to take this opportunity to extend my warmest congratulations to Martin Lee and submit for the record an article by former Attorney General Dick Thornburgh which appeared on July 30, 1995, in the Washington Post.

The article is called, ''A Blow to Hong Kong's Future.'' The blow Dick Thornburgh refers to is the recent agreement by Great Britain and the People's Republic of China to set up a new high court for Hong Kong according to terms that violate the 1984 Joint Declaration. The terms, which include restrictions on jurisdiction and limits on foreign common law judges, have dealt a powerful blow to the colony's long tradition of judicial independence. Dick Thornburgh's article reports that the Hong Kong Government of Chris Patten has criticized the American Bar Association for bestowing its award on Mr. Lee. As the article says, the Hong Kong Government is disturbed that ''Lee, one of several leading lights in the democratic community, has been calling the court deal what it is: A sellout.''

China has made the future of Hong Kong's democrats painfully clear by announcing its intention to abolish Hong Kong's Legislative Council [Legco], abrogate the bill of rights ordinance, and destroy the rule of law. Over the next 2 years, we Americans must stand with Martin Lee and his fellow democrats as they stand up for the future, and autonomy they were promised.

I ask that the article be printed in the RECORD.

The article follows:

[From the Washington Post, July 30, 1995]

A BLOW TO HONG KONG'S FUTURE

(By Dick Thornburgh)

What government recently denounced an organization that was planning to bestow an international human rights award on its most prominent democrat? No, not Burma. Not Nigeria. It was the British government of Hong Kong, which, although not yet in its final days, is conducting a fire sale of the protections that the rule of law built up over a century.

This month the American Bar Association's litigation section announced it would award Martin Lee, chairman of the Democratic Party of Hong Kong, its 1995 International Human Rights Award at its meeting in Chicago on August 8. A top Hong Kong government official promptly denounced the ABA, and continued the Hong Kong government's mounting attacks on Lee himself.

The Hong Kong government of Chris Patten has reason to be alarmed by the ABA award. It will bring Martin Lee and his criticisms of Great Britain's double-cross of Hong Kong to the attention not only of the ABA's approximately 350,000 members but to all Americans distressed by China's arrest of American activist Harry Wu, and the PRC's long record of human rights abuses.

Less than two years from now, Hong Kong will be transferred to the PRC under the terms of the Sino-British Joint Declaration. Under that 1984 agreement, both Great Britain and China pledged Hong Kong would thrive under an arrangement Deng Xiaoping called ''one country, two systems.'' Since then, however, China has reneged on virtually every one of its commitments, pledging to abolish the Legislative Council (Legco) and abrogate the bill of rights ordinance, and seeking to destroy the rule of law. The British Hong Kong government has stood by and done nothing.

In early June, the Hong Kong government signaled its final retreat. British and PRC negotiators cut a deal on the Court of Final Appeal, the new court needed to replace London's Privy Council as Hong Kong's high court. The deal violates the Joint Declaration in a number of respects, including restricting the number of foreign common law judges on the bench. Such judges have contributed to Hong Kong's highly regarded judiciary, and they will be crucial to the court's ability to resist PRC interference.

The deal also injects the future Beijing-appointed chief executive into the judicial selection process, another break with tradition. Most important, the British capitulated to Beijing on the court's jurisdiction. The court may not rule on acts of state ''such as'' defense and foreign affairs. These two words, to be interpreted by a party organ in Beijing, could prevent the court from hearing virtually anything Beijing chooses, including challenges to state power.

Finally, British and the PRC agreed not to set up the court until July 1, 1997, despite previous agreement to get it up and running much earlier. British appointees and pro-China members approved legislation establishing the court as proposed on July 26.

So why is the Hong Kong government so worked up over the award to Lee? Lee, one of several leading lights in Hong Kong's democratic community, has been calling the court deal what is a sellout. After building up a successful law practice and chairing the Hong Kong Bar Association, he entered politics in 1985, becoming the legal community's first representative in Legco through the government's byzantine ''functional constituencies'' system. These Legco members are chosen by tiny franchises representing business and professional groups such as real estate developers and bankers.

In Hong Kong's first-ever democratic elections in 1991, Lee won the most votes of any candidate, while pro-democracy candidates overall took 17 of 18 democratically selected seats. Lee, his Democratic Party and independent democrats are expected to outpoll pro-China candidates for the 20 seats open in elections this Sept. 17, the last elections before the PRC takeover. (The increase in democratic seats from 18 to 20 was the centerpiece of Patten's highly touted 1994 reform package.) China has pledged to abolish Legco, and recently announced that it will set up a parallel, appointed legislature well before 1997.

Beijing already had its sights on Lee—having ejected him from a committee to draft Hong Kong's so-called ''mini-constitution'' for supporting the demonstrators at Tianamen Square. Lee is a thorn in Governor Patten's side. And he will be a thorn in China's side. Unless something changes, we can all look forward to the time, a few years on, when Beijing in turn denounces an organization for bestowing a human rights award on Martin Lee.●

ORDERS FOR TUESDAY, AUGUST 8, 1995

Mr. GRASSLEY. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9 a.m., on Tuesday, August 8, 1995; that following the prayer, the Journal of proceedings be deemed approved to date, the time for the two leaders be reserved for their use later in the day, and the Senate then immediately resume consideration of H.R. 4, the welfare reform bill, status quo until the hour of 12:30 p.m.; I further ask unanimous consent that the Senate recess from the hours of 12:30 to 2:15 p.m. for the weekly policy conferences to meet.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

PROGRAM

Mr. GRASSLEY. Also, on behalf of the leader, for the information of all Senators, the Senate will resume consideration of the welfare bill tomorrow at 9 a.m., status quo until the hour of 12:30. Rollcall votes can be expected to occur during Tuesday's session of the Senate, possibly in relation to the welfare reform bill or the Department of Defense authorization bill. All Members should expect a late night session on Tuesday in order to make progress on both of those bills.

ORDER FOR RECESS

Mr. GRASSLEY. Mr. President, on behalf of the leader, if there is no further business to come before the Senate, I now ask unanimous consent that the Senate stand in recess under the previous order following the remarks by Senator DASCHLE and my remarks.

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

OPERATIONAL SUPPORT AIRLIFT AIRCRAFT

Mr. GRASSLEY. Mr. President, I would like to take about 5 minutes or less to discuss an item that I will be bringing up on the defense authorization bill. I have what you might consider a very minor amendment but one that gets at the basic issues that I have been trying to present to my colleagues on mismanagement in the Department of Defense.

My amendment deals with the fleet of executive aircraft and the VIP helicopters. Most of these airplanes are known as the operational support airlift aircraft.

I want my colleagues to know that this amendment comes from studying positions taken by people within the Defense Department or outside the Congress of the United States. So my amendment does not come from an idea that I dreamed up.

My position rests on sound ground because I think it is a studied position made by a lot of people that we in this Congress ought to respect. It is based on two very recent reports: a Department of Defense IG report dated June 1995; a GAO report also dated June 1995. But that is not all. My thinking on this issue is based upon a mountain of Department of Defense studies. And these all point in one direction, that we should cut the number of planes in this operational support airlift fleet.

I would just like to tell my colleagues where I am trying to go with this amendment. During the upcoming debate that will happen later on this week on the Defense authorization bill, I am going to talk about a long string of Department of Defense reports and recommendations to cut the OSA fleet.

In February 1993, the Chairman of the Joint Chiefs of Staff, Gen. Colin Powell, recommended a reduction of this fleet of aircraft. In September 1994, the Chief of Staff of the Air Force, General McPeak, recommended a reduction in this fleet of aircraft. In May of 1995, the Department of Defense Commission on Roles and Missions recommended a reduction in the OSA fleet of aircraft.

The Department of Defense Commission on Roles and Missions was chaired by Mr. John P. White. Mr. White recommended reductions in the OSA fleet just before becoming Deputy Secretary of Defense.

Mr. President, this issue has been studied to death, not by CHUCK GRASSLEY's own research, but by my merely reading report recommendations made by people within the Department of Defense by people at the General Accounting Office, people that we ought to have some respect for.

So how many studies does it take to cut a Pentagon program? The Chairman of the Joint Chiefs of Staff, the Chief of Staff of the Air Force, and now the Deputy Secretary of Defense have all recommended cuts in this fleet of VIP aircraft. I think that most Members of this body would respect the judgment of people like Colin Powell, General McPeak, and Deputy Secretary of Defense White. When they say that this ought to be done, then it seems to me we ought to do it.

It kind of bothers me that these recommendations, once they are made, just do not happen. Why do we have to do it in the Congress? Why do I have to bring it to the attention of my colleagues to make it happen? When I got done reading the May 1995 roles and missions report, I decided to write a letter to Mr. White. My letter to Mr. White is dated July 12, 1995. I hoped Mr. White might be willing to help me develop a plan to downsize this fleet of aircraft. I want to know if he would be willing to work with me in developing a plan to carry out his own recommendations.

Mr. White's reply to my letter is dated July 31, 1995. I ask unanimous consent to print this correspondence in the RECORD.

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

U.S. SENATE,
Washington, DC, July 12, 1995.

Hon. JOHN P. WHITE,
Deputy Secretary of Defense, Pentagon, Washington, DC.

DEAR MR. SECRETARY: I am writing to you about the need to reduce the Department of Defense's (DOD) fleet of Operational Support Airlift (OSA) aircraft.

The DOD Inspector General and General Accounting Office (GAO) have just concluded independent reviews of how these aircraft are used and how much these operations cost the taxpayers. Copies of those reports are attached for your consideration. Both clearly indicate that many of these flights are wasteful and unnecessary.

The GAO found, for example, that the Andrews AFB, Maryland to Wright-Patterson AFB near Dayton, Ohio is the heaviest traveled OSA route. Both locations are readily served by commercial airlines offering LOW government contract airfares. Continental and United Airlines have 5 to 6 flights each way between Washington and Dayton every workday. The one-way airfare on Continental is $98.00. The cost to move comparable numbers of passengers from Andrews to Wright-Patterson on an OSA C–21 aircraft is at least 3 to 4 times higher than on Continental Airliners—if all appropriate expenses are included.

There is no way to justify the use of military aircraft for routine travel between destinations like Washington, D.C. and Dayton, Ohio. Unfortunately, the bulk of OSA flights are between cities like Washington and Dayton—cities connected by convenient and efficient commercial airline service. In most cases, this service is provided by government contract carriers at discount prices.

Mr. White, I bring this particular issue to your attention for one simple reason. As the Chairman of the most recent "Commission on Roles and Missions of the Armed Forces," you concluded that "there are too many OSA aircraft . . . and recommended changes to eliminate excess capacity and save money." Your findings and recommendations—as presented in the May 1995 report—are fully consistent with a long list of similar DOD studies. All agree on one point: Inventories of OSA aircraft exceed wartime requirements. Reductions are now in order.

Well, Mr. Secretary, shortly after recommending cuts in the OSA fleet, you became the Deputy Secretary of Defense. So this is where "the rubber meets the road." It's time to make the cuts that you recommended. I have developed my own plan for "eliminating excess capacity and saving money." A copy of my plan is attached for your review. It would reduce the OSA fleet by 50 percent by the end of fiscal year 1997 and would save about $550 million annually, according to the Congressional Budget Office.

I would be the first to admit that it is very difficult for Congress to successfully legislate a solution to a problem like this—without the cooperation of the department involved. I would much prefer to work with you in developing a more acceptable solution. With that in mind, would you please review my plan and make any suggestions you consider appropriate. I would like to be in a position to offer a proposal when the defense authorization and appropriations bills are brought to the Senate floor for debate.

Your cooperation in this matter would be appreciated.

Sincerely,

CHARLES E. GRASSLEY,
U.S. Senator.

DEPUTY SECRETARY OF DEFENSE,
Washington, DC, July 31, 1995.

Hon. CHARLES E. GRASSLEY,
U.S. Senate, Washington, DC.

DEAR SENATOR GRASSLEY, This is in response to your letter of July 12, 1995, concerning your proposed amendment to the Defense Authorization Bill for Fiscal Year 1996 to reduce the Department of Defense's Operational Support Airlift (OSA) aircraft fleet.

As a result of the Commission on Roles and Missions recommendation, the Chairman, Joint Chiefs of Staff is conducting a study to validate the size of the OSA fleet needed in wartime, based on supporting two major regional conflicts (MRCs) which occur nearly simultaneously. During this study, slated for completion this fall, the Joint Staff will evaluate Service and Theater CINC-stated-requirements to avoid unnecessary duplication or overlapping requirements. At the same time, we are implementing a plan under which the Transportation Command will closely monitor the peacetime scheduling and patterns of use of these aircraft.

On the basis of these efforts, we will determine the most effective and efficient organizational structure to schedule, maintain, and operate the fixed-wing OSA fleet based upon a combination of wartime effectiveness and peacetime efficiency. Until I see the results of these analyses, it would be premature for me to endorse a legislative approach.

Sincerely,

JOHN P. WHITE.

Mr. GRASSLEY. Mr. President, quite frankly, Mr. White's letter to me is a disappointment. Mr. White says that the Chairman of the Joint Chiefs of Staff "is conducting a study to validate the size of the OSA fleet in wartime." Now the committee has signed off on this approach. Another study is

a delaying tactic. I think that is all it is, quite frankly.

I said a moment ago our OSA fleet has been studied to death. As chairman of the Department of Defense Commission on Roles and Missions, Mr. White concluded that the fleet of airplanes was too big and that it should be cut down to size. Well, this is where the rubber meets the road. Mr. White is the top dog over in the Pentagon now. He occupies a very top position. Mr. White is now in a position to give some direction and guidance, and his recommendations in the roles and missions report tells me that he already knows what that direction should be.

So what is he waiting for? The time has come to stop studying the issue. More study is a waste of time and, most important, a waste of money. The Department of Defense, under Mr. White's direction, should develop a plan to downsize this fleet of aircraft. How many of these airplanes are really needed? How should the fleet be managed? How should the Department dispose of the unneeded airplanes? Those are the questions that must be addressed.

I do not see my amendment as the magic solution, by the way. My amendment was merely a starting point. I am not convinced that my proposed number, whatever I might pick, whether it be 20 percent, 30 percent, 40 percent, or 50 percent, might be the right number. But I do not think we can settle for ignoring the recommendations of Colin Powell, the recommendations of General McPeak, the recommendations of the roles and missions report under Mr. White's directive. I do not believe we can ignore the General Accounting Office that there are more airplanes than are needed. Only 9 percent of these planes were used in the Persian Gulf war. It is time to downsize the fleet. I think that we ought to take a first step this year during the debate on the defense authorization bill to make a downpayment on the recommendations that have been made by Colin Powell, General McPeak, and by Mr. John White. I want to see us start down the road in that direction, the direction proposed by the Deputy Secretary of Defense, White, and I want that first step to be meaningful and to be significant.

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

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

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

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

FAMILY SELF-SUFFICIENCY ACT

The Senate continued with the consideration of the bill.

Mr. DASCHLE. Mr. President, few debates have had greater importance than the one we have begun this week. A number of us have been working now for many months in preparation for this debate. I want to thank Members on both sides of the aisle for the work that has been done thus far, and let me in particular commend the ranking member of the Finance Committee, Senator MOYNIHAN, for his leadership and the continued effort he has made to bring us to this point.

I also feel the need to, again, reiterate my gratitude to Senators BREAUX and MIKULSKI for the leadership they have given our caucus on the issue of welfare reform; Senators DODD and KENNEDY for all of the help they have given us with regard to the need to consider children as we deal with this issue; and Senators MOSELEY-BRAUN and CONRAD on the Finance Committee for their efforts.

Let me also cite the tremendous cooperation and support that we have been given from the administration, Democratic Governors, and local officials. For many months now, all of them, and many more within our caucus, have come forth to give us their best ideas and to produce what we hope will be one of the best work products that we have had since this Congress has begun.

Mr. President, the result of that effort has been a remarkable degree of unity within our caucus about the need for welfare reform and about the way we bring it about. We support a new concept which we call Work First, a concept which incorporates many very critical principles that we as Democrats feel strongly about, that we as Democrats can unite on and reach out to our Republican colleagues and hope that, working together, we can achieve meaningful welfare reform on a bipartisan basis this year.

First and foremost, as we consider those principles, Mr. President, our belief is that the emphasis needs to be put on work; that we end welfare as we know it; that we abolish the old infrastructure; that we create the incentives and the opportunities that must be created if, indeed, we are going to put work first.

So we begin by requiring that all able-bodied people go to work, get jobs, obtain the skills, do what is necessary to ensure that they break their dependency on welfare. We recognize that in order to do that, we have to provide tools that do not exist today. So as we abolish the AFDC Program and the old JOBS Program, we recognize that new tools must be put in place if indeed we are going to give people opportunities and the real hope that they can break that cycle of dependency, that they can go out with confidence and get the jobs that they need to get.

We also recognize that even though it may not be a part of welfare reform, it is very difficult to tell anybody today that they are to go out and get a minimum-wage job, work 40 hours a week, 52 weeks a year, and still be below the national poverty level. That is unacceptable.

If we are going to make work pay, we have to provide not only the economic incentives, but the opportunities and the confidence necessary so that indeed we can break the cycle of poverty, as well as the cycle of dependency. Breaking the cycle of poverty, hopefully this year, will mean an increase in the minimum wage, to ensure that men and women can work 40 hours or more a week and not be condemned to poverty in spite of their best efforts.

The second principle, Mr. President, is a recognition that there are impediments to ending welfare as we know it and to getting those jobs that exist today. We must address those impediments if indeed we are going to get the job done. Our belief is that the two most critical impediments are the fear of losing their health insurance and the lack of adequate child care.

First, they fear that once they get a job, especially if it is a minimum-wage job, they will lose their health insurance, they will have no protection for themselves or their children, because Medicaid will no longer be provided.

They also know that they have a Hobson's choice of getting a job or staying on welfare and taking care of their children. They do not want to be in a position of saying, I want to get that job, I want to go out into the private sector and obtain a good, meaningful, good-paying job—but I do not want to leave my children at home unattended. What am I going to do with my kids? How many families would be willing to leave their young children at home while they went out to get a minimum-wage job, which is, in part, what we are asking people to do today. That, too, is unacceptable. We cannot ask a young parent to do that. We have to find a way to ensure that their legitimate concerns are addressed in terms of health care, as well as in terms of child care.

So what we do in our Work First plan is extend Medicaid for another year to give people the opportunity to create the financial means to buy their health insurance. We do the same thing with child care. We tell them, look, we are going to care for your children, we are going to find a way, working with the States, to create the infrastructure necessary to see that your children are cared for. We are not going to effectively force you to leave them at home. We are not going to make you leave them unattended. We recognize how many problems are created at home when there is no adult supervision. That is the second principle—recognizing the impediments to work today and dealing with them.

The third principle is to ensure the safety net for children continues. Children should not be required to pay for the problems created by their parents. If we are going to break the cycle of dependency, it ought to be the goal of every Senator to strengthen the child, to give them the care, the direction, the nutrition, the protection that they need so that they never find themselves on welfare in the first place. Creating that mechanism of ensuring that children are protected has to be a fundamental principle of welfare reform, regardless of what else we do with their parents looking for work.

A fourth principle is to recognize today that we actually penalize husbands for staying at home and staying

married. We actually penalize them for living at home and playing the role of father. Today, if a welfare recipient is married, that person is ineligible for the full benefits created through the welfare system. That is wrong. So we eliminate the penalty for married welfare recipients. We say we want to encourage families to stay together. We want the mother and father in that house together. We want to do everything we can to preserve the family unit.

We require tough child enforcement mechanisms and expand job placement and training for absent fathers. We have had the opportunity to consult with scores of people from around the country, and the word we get time and time again from virtually every expert is that if indeed you really want to stop welfare dependency, if you want to break out of the problems we have today, you have to find ways to keep the family together. We want to do that. We do that by eliminating the penalty for married welfare recipients, strengthening child support enforcement, encouraging absent fathers to stay home and to get the job skills they need, without penalizing them.

Fifth, Mr. President, we recognize, as so many people have alluded to today, that if we are going to do this, we recognize the big differences between and among States. Ohio and South Dakota are dramatically different in many respects. South Dakota's largest city is about 125,000 people. We have only 10 communities with more than a thousand people, and 300 communities with fewer than a hundred people. We recognize that welfare in South Dakota is vastly different from welfare in other parts of the country. So we must give States the flexibility and the opportunities to create new mechanisms that adapt to the problems, needs, and concerns of people within each State. We recognize that the current system is too constrained, is too prescriptive, is too dictatorial in coming up with ways to allow States the opportunity and the freedom and flexibility to do what they know, in many cases, has to be done to combat the problems in the welfare system.

Next, we want to combat teen pregnancy. Here, too, there is no secret, magical, one-size-fits-all solution. We realize, as Senator MOYNIHAN and others have spoken about many times, we have no way of knowing for sure what we can do to break the cycle of illegitimacy, to ensure that teen parents will not continue in the practices and the direction they often take at an early age. We want to stop children from having children. We want to create whatever mechanisms are necessary to ensure that children are children first and parents second. To do that, we require that teen mothers, if unfortunately they become pregnant, stay in school and stay at home; and that, in those cases where home is not the appropriate place, they be given second-chance home opportunities, living in an environment that is loving, caring, protective, and reassuring. Second-chance homes can do that.

We believe very strongly that whether it is at home or whether it is in a new home, teen mothers cannot be put by themselves, cannot be forced to take all of the responsibilities that comes with rearing a child, with little or no resources, and expected to rear that child properly. That does not work.

So once a child has a child, and that child has a child, and that cycle goes on and on, it is no wonder we have the incredible delinquency problems and the problems with childhood abuse and the many serious problems that come with it.

Finally, we recognize that there are many loopholes in the Food Stamp and SSI Programs that we believe have to be addressed. We clamp down on waste and abuse and recognize there are ways not only to save money but to administer these programs much more effectively. So we believe that, through all of these principles, we can enact a substantial degree of reform and bring about a change in welfare to the degree that it has never been brought about before. We are optimistic that in working with these principles, we can do a great deal to change the direction of welfare as we know it in this country.

I believe that, in many cases, the Work First plan stands in contrast to the bill offered by many of our Republican colleagues. The latest version of the Republican bill is a significant improvement over the Finance Committee draft that passed a couple of months ago. But I would cite among the many differences between Work First and the current Republican plan four fundamental differences that I think have to be addressed.

The first has to do with work. We both recognize that work has to be a priority. We both recognize that we have to put new emphasis and a new direction to the opportunities there are for work. The big difference, of course, comes in resources. Both of us have a requirement that, by the year 2000, 50 percent of those people on welfare will be required to work. Fifty percent.

I am told today that about 10 percent of those people on welfare ultimately get jobs. So we are asking for a 5-fold increase in our success rate in the next 5 years. A 5-fold increase, from 10 percent to 50 percent. I am not talking about ''participation.'' I am talking about actual work.

Today we judge our success largely by participation. That is, if you come into the office and you demonstrate you are looking for a job, you can qualify for all the welfare benefits that may be provided.

We say participation is not good enough anymore. Now what we want to do is say you really have to have a job before we consider this case closed. You have to be out there working prior to the time we are willing to call this particular case a success.

The problem is that, to obtain that 5-fold increase in the next 5 years, I believe we will need resources to do it. It is not just going to happen. We are talking about providing skills. We are talking about education. We are talking about a new infrastructure which will make welfare offices employment offices.

If we are going to do that, the States and the Federal Government must work in partnership to ensure that we can accomplish all that we know we can accomplish in a very short period of time. A five-fold increase in real jobs is a major responsibility.

The difference between the Democratic bill and the Republican bill is that over the next 5 years, the Republican bill will cut $70 billion in the assistance to be provided to the States to do just that.

What we are telling the States through the Republican bill is that we want you to get the job done, but we will cut $70 billion in resources before you are given the chance to do it.

Mr. President, I do not see how that is possible. If, over the course of this debate, we can figure out how we can ask the States to accomplish five times what they are doing today with $70 billion less in resources, that explanation, I think, is one the Governors will want to hear for themselves.

The second major difference between the Republican plan as it has been presented and the democratic Work First plan is our emphasis on children. There are about 14 million welfare recipients today. Mr. President, 9 million of the 14 million are children. We believe if those children are going to be cared for, if those children are going to get out of this incredible dependence they find themselves in as a result of being born into welfare families, then indeed we have to ensure that they are nourished, they are given the education, they are given the loving care they need and deserve. If they are given all those things we had when we were growing up—we had the encouragement, we had the nutrition, we had the education, we had the loving care—then maybe they will have a fighting chance. The reality is that these children are too often born into situations where none of that exists.

Mr. President, I think it is very critical if we want to ensure that those children have a chance, then it seems critical to me that we create and ensure that the safety net continues for those children, so they never have to face what their parents are facing.

Second, as I said a moment ago, it is so important that if we are honest and serious about telling mothers they have to get a job—telling young mothers and fathers, for that matter—it is not going to be enough to be dependent upon welfare in perpetuity, if that is going to happen, we have to realize that 60 percent of all AFDC families have at least one child under the age of 6. Mr. President, 60 percent of all AFDC families today have one child at least under the age of 6.

In a recent study, these families said that the biggest reason they cannot go out and get a job is because there is no one there to take care of that child. We do not want a bill that says we are going to have to leave them at home if indeed you want benefits at all. This ought not be what we call the home-alone bill. We do not want to see children left without protection and care.

The big difference here is how do we handle child care? In addition to the safety net, not punishing children, how do we ensure that those children are taken care of when the parents leave in the morning to go to work? No one can tell me that we will ever solve this problem if we do not resolve that one. Child care and welfare reform are inextricably linked. We cannot have one without the other. People need to understand that. It is too much to ignore. We must have some realization of the

essential connection between child care and welfare reform.

The third big difference, Mr. President, has to do with funding. I mentioned earlier that there is a $70 billion reduction in the availability of funds. The Republican bill freezes funding at 1994 levels for the next 7 years. We are told that is a $70 billion reduction. That is just the beginning. It is not just the amount of money but how that money is provided.

There is no needs determination in the Republican bill. That is, there is no system by which the more severe the situation, the greater the resources. It is all done on a formula. That formula is really based on a first-come-first-served theory.

A block grant is sent out based upon this formula. Whether or not it is enough, the money is there so long as it is available. If there are more people than there are funds, it will be up to the States to decide who gets it. There is no match requirement. States are not required in any way, shape or form to come up with a reciprocal amount of money—some supplemental amount, some pool of resources—that would enable them to benefit from the resources provided at the Federal level.

No needs determination, no match whatever. A formula that is determined in Washington, not based on severity, not based on the number of people on welfare, not based on the degree to which there are imaginative approaches being employed.

Mr. President, there is a very significant difference in the approach used by the Republican plan and the approach incorporated in the Work First plan.

Our view is that need ought to determine availability; that in some cases there is a greater need, regardless of population, for a lot of different reasons. We ought to take that into account prior to the time we arbitrarily make some formula decision that may or may not help some States.

Finally, there is also a big difference with regard to the availability of assistance for teenage pregnancy. The Republican bill makes assistance to be provided for curtailing teenage pregnancy simply an option to the States. They can do it or not. Regardless of their choice, there is no funding available to the States to do whatever it is they may do. Whatever they do, they are on their own. One can guess what choice most States will make under such circumstances.

There is encouragement to use second-chance homes. There is encouragement to require that teenagers be required to stay in school or at home, but there is no funding. No availability of additional resources to see that might be something we should look at.

Mr. President, at least on those four principles, we have some fundamental philosophical differences that I think have to be addressed if, indeed, we are going to succeed in breaching the differences in arriving at a bipartisan bill some time this Congress.

Let me make two final points with regard to welfare reform. First of all, as we can see from the debate already today, and for that matter last Saturday, this ought to be a lively debate, a spirited debate, a debate in which very good points are raised—likely on both sides. I sincerely hope that Members of the Republican caucus will look at the Work First bill. I have every expectation they will consider even voting for it, at some point, given the significant new concepts incorporated in it.

I hope we can have a good debate but I hope we do not arbitrarily decide this thing can be resolved—this whole debate can be resolved—in a matter of a couple of days. I do not think it can be. This is one of the most consequential debates we will be taking up this year. It has broad ramifications. And if we do it right we may not have to visit this issue again for a long time to come, at least as it relates to our infrastructure. So I do not think we ought to be rushed into final passage. I do not think our success ought to be judged by how few days we actually take to resolve these differences and debate these points and come up with the best piece of legislation. So I sincerely hope we can have a good debate and not arbitrarily come to any conclusion as to how long a good debate may take.

Finally, let me say I hope it can be a bipartisan effort. I do not see it as necessarily a Democratic or a Republican issue, but it is going to be hard to be bipartisan if Republicans engage, once again as they did earlier this year, in negative political attacks when the debate has barely begun. It is wrong and deeply disappointing that Republicans would attack five Democratic Senators who have participated in the debate, who have made significant contributions to this effort, who may differ in some cases with Republicans on how we resolve these outstanding issues—but in good faith participate in the debate—and then be attacked politically simply because they may disagree. I would add that they have been attacked erroneously. Some of the attacks now being leveled against five of my colleagues in the Democratic caucus are wrong. They are outright fabrications. I hope the media take the time to look into the claims and then check the facts, because if they do they will find that not only are these attacks wrong and shortsighted, but they simply do not represent the facts or the voting records of those who have been the subject of these unfortunate attacks in the last couple of days.

We can do this either way. I recall vividly some of the criticism Republicans had last year, for the partisan nature of some of the debate on health care. I recall how unfair they thought it was when some of the debate was politicized. On the other side, there was great concern about the Harry and Louise ads. We heard a lot about targeted ads in States and districts around the country. Both sides raised a lot of questions about whether or not that was the right way to debate an issue as important as health care was.

It was wrong then and it is wrong now. It is wrong now to politicize this debate at the very beginning of what I hope will be an opportunity for us to deal with this issue in a productive, meaningful way, coming to some resolution sometime this session of Congress to one of the most important and challenging issues of our day—welfare reform. I believe we can do it. I believe we can work together and, in spite of some of our deep differences philosophically, overcome those differences and come up with a plan that works a lot better than the one we have today.

That is not going to happen if we contaminate the debate with sharp political attacks against Members on either side. So I hope cooler heads will prevail, and I hope those responsible for those ads will have second thoughts and the good common sense to pull them before it is too late.

Mr. President, noting no other interest in debate, I yield the floor.

RECESS UNTIL 9 A.M. TOMORROW

The PRESIDING OFFICER. Under the previous order, the Senate now stands in recess until 9 a.m., Tuesday, August 8, 1995.

Thereupon, the Senate, at 8:14 p.m., recessed until Tuesday, August 8, 1995, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate August 7, 1995:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

JOHN A. KNUBEL, OF MARYLAND, TO BE CHIEF FINANCIAL OFFICER, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, VICE G. EDWARD DE SEVE.

EXTENSIONS OF REMARKS

AMERICAN INDIAN TRIBES WILL BE SILENCED UNDER THE LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1995

Mr. MILLER of California. Mr. Speaker, I am appalled at the message that the Republican Congress is sending to all of the American Indian and Alaska Native tribes of this country. It is saying that not only do we regard you as just another set of interest or lobbying groups, but we don't want to hear from you either.

First, the bill, H.R. 2127, treats Indian tribes like any other special interest or lobbying group. Mr. Istook has said, ''It's only groups which ask for Federal handouts that are covered.'' Is this really how the Republican Congress views Indian tribes? Because the bill language, while it specifically exempts State or local governments, makes American Indian tribal governments fully subject to its speech-chilling provisions. Indian tribes are not special interest groups, or lobbyists—they are sovereign nations. And they are not asking for handouts.

Second, the bill would prohibit Indian tribes and tribal advocates from using any Federal funds to participate in a wide range of activities, including attempts to ''influence legislation or agency action,'' participating ''in any judicial litigation or proceeding,'' even as an amicus curiae, or lending any support to individual or organization that spent more than 15 percent of its expenditures on political advocacy in the previous year. In addition, the bill gags tribes by defining ''influence'' to include any communications with any Member or employee of a legislative body or agency, or with any Government official or employee who may participate in the formulation of legislation or agency action.

Tribes or tribal organizations that engaged in substantial political activity during any of the past 5 years, starting in fiscal year 1996, will lose all of their Federal funding. It is as simple as that. The threshold is 5 percent of the tribe's nongrant funds; in other words, 5 percent of the difference between the tribe's total expenditures and the amount of its Federal funding. Furthermore, any tribe or tribal organization that receives Federal funding will be required to prove by clear and convincing evidence that it has complied with all of the provisions of the bill.

How on Earth does this Congress expect Indian tribes—who depend upon Congress, the Executive, and the courts for protection, and who count upon the Federal Government to uphold its trust responsibility to them—to have any role at all in democratic process? Under this ridiculous scheme, Indian tribes and tribal organizations would be left without any say or recourse in the development of laws, the formulation of agency actions, or the decision-making of courts—unless they are named parties in a case.

For instance, tribes could not consult with the House or the Senate on matters such as the Interior budget, welfare reform, gaming, education, or self-governance. Tribes could not work with the Bureau of Indian Affairs or with the Indian Health Service to improve education, health care, to protect their resources, or otherwise safeguard their rights. Finally, the bill would discourage or prevent tribes from submitting amicus briefs on Indian cases before the Supreme Court.

If this bill had been the law, then few if any of the gains that tribes have made in Congress or the courts in the past 30 years would have occurred. We would not have a Self-Determination Act or a Self-Governance Program. We would not have an American Indian Religious Freedom Act or an Indian Child Welfare Act. There would not be a Native American Rights Fund or an Indian health board in existence.

Let's not kid ourselves. The Republican Members of this Congress knew exactly what they were going when they chose not to exempt American Indian and Alaska Native tribal governments from this bill—they were trying to silence the voice of this Nation's first peoples. There simply is no excuse for this at all.

BETHEL UNITED METHODIST CHURCH: A CENTURY OF CARING CONGREGATIONS

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1995

Mr. BARCIA. Mr. Speaker, August 13 will mark the 100th anniversary of the Bethel United Methodist Church of Akron, MI. This event provides another opportunity for the celebration of congregation and community that has been the hallmark of this place of faith.

I say the celebration of congregation and community because that is precisely how Bethel Church started. From a group of neighbors who met to sing Christian hymns under the leadership of William Parker and became known as the ''Lend A Hand Society.'' With the services of a Methodist minister, Mr. and Mrs. Monroe Highley, Mr. and Mrs. Philander Shaver, Mr. and Mrs. James Irish, two Sherman brothers, and Miss Bessie Fairbanks were baptized, becoming the charter members of Bethel Church.

With the support, donations, and labor of the congregation, Bethel Church was dedicated on Sunday, August 15, 1895. Over the years it operated in different fashions, sharing a minister with the Akron Methodist Church in Saginaw, and then in 1932 becoming part of a three-point charge with Akron and Fairgrove for 4 years, then returning to its affiliation with Akron. A minister was shared with Akron and Unionville in 1969. And finally in 1972 the Detroit conference aligned Bethel Church with the Sutton-Sunshine United Methodist Church in the Port Huron district.

The building itself received many modifications over the years, again from the contributions and labors of its congregation, including some most memorable carpentry work done by Gerald Dunham, a 50-year member of the church. Today, with its 33 members, Bethel United Methodist Church remains as viable and reverent as ever. These members continue to look out for the best for their community and their neighbors. In fact, Carson and Loris Dunham joined a group of lay people that went to Guatemala earlier this year to help build a home in Guatemala City, again showing how love and devotion can manifest themselves in wonderfully simple but life-impacting ways.

As Bethel United Methodist Church looks past its centennial to its activities for its second 100 years, it welcomes its new pastor, the Rev. Don Gotham, as he replaces the interim pastor, the Rev. Douglas Lefler. Mr. Speaker, when consistency and faith can be most important guides for our lives, I believe it is very appropriate to honor those institutions and individuals who have shown us the way by their

NOTICE

Issues of the Congressional Record during the August District Work Period will be published each day the Senate is in session in order to permit Members to revise and extend their remarks.

All material for insertion must be signed by the Member and delivered to the respective offices of the Official Reporters of Debates (Room HT–60 of the Capitol), Monday through Friday, between the hours of 10:00 a.m. and 2:00 p.m.

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life practices. I urge you and all of my colleagues to join me in wishing Bethel United Methodist Church a most joyful and rewarding 100th anniversary, and all of the blessings for many, many more successful years.

U.S. DAVY CROCKETT TURNS EIGHTY

HON. JAMES A. BARCIA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, August 7, 1995

Mr. BARCIA. Mr. Speaker, our lives have all been affected by heroes of one kind or another. I rise today to pay tribute to one of those heroes who throughout his life has tried to vividly bring history to young and old, Mr. Leslie E. Arndt, of Linwood, MI, who will be celebrating his 80th birthday on August 20.

Leslie Arndt has been known to perhaps millions as ''U.S. Davy Crockett'' for his portrayal of this American hero between 1955 and 1976 in 28 States, Canada, and the 1958 World's Fair in Belgium during a European tour. He was significantly involved in the rededication of Fort Davy Crockett, in Colorado in 1959, honored by the Crockett family at the Alamo that same year, and is an honorary member of the National Descendants of David Crockett.

His love of history of and his dealing with people have been a life-long passion. As an author of three books—with a fourth coming soon—detailing the history of Bay County, MI, his home county and mine, he has helped many understand the important part that history plays in all of our lives.

He also made his own history, serving as founder of the world's first charted community People-to-People chapter in Bay City in 1961, following a program set up by President Eisenhower at a White House conference in 1955. He has also led delegations to give sister cities in Belgium, Germany, Poland, Togo, and Ontario, a better appreciation for what Bay City is all about. And he made sure the people of Bay City got the correct information by working with the editorial Department of the Bay City Times for 30 years as both as copy editor and Saturday columnist.

His granddaughter, Michelle White, tells me she is very proud of her grandfather. She has every reason to be. A man who gives of himself to help others learn and to help others smile is a real treasure. I urge you, Mr. Speaker, and all of our colleagues to join me in wishing Leslie Arndt a most joyous 80th birthday, with the fondest wishes for many, many more.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Meetings scheduled for Tuesday, August 8, 1995, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

AUGUST 9

9:30 a.m.

Energy and Natural Resources

To hold hearings on S. 1054, to provide for the protection of Southeast Alaska jobs and communities.

SD–366

Foreign Relations

To hold joint hearings with the Select Committee on Intelligence to examine the extent of war crimes in the Balkans.

SD–G50

Indian Affairs

Business meeting, to mark up S. 487, to establish a Federal Indian Gaming Regulatory Commission to regulate Indian gaming operations and standards.

SD–106

Select on Intelligence

To hold joint hearings with the Committee on Foreign Relations to examine the extent of war crimes in the Balkans.

SD–G50

Special Committee To Investigate Whitewater Development Corporation and Related Matters

To continue hearings to examine issues relative to the President's involvement with the Whitewater Development Corporation, focusing on certain events following the death of Deputy White House Counsel Vincent Foster.

SH–216

2:00 p.m.

Governmental Affairs

Oversight of Government Management and The District of Columbia Subcommittee

To hold hearings on H.R. 2108, to permit the Washington Convention Center Authority to expend revenues for the operation and maintenance of the existing Washington Convention Center and for preconstruction activities relating to a new convention center in the District of Columbia, to permit a designated authority of the District of Columbia to borrow funds for the preconstruction activities relating to a sports arena in the District of Columbia, and to permit certain revenues to be pledged as security for the borrowing of such funds.

SD–342

AUGUST 10

9:30 a.m.

Commerce, Science, and Transportation

Business meeting, to consider pending calendar business.

SR–253

Energy and Natural Resources

Forests and Public Land Management Subcommittee

To hold oversight hearings to review the implementation of section 2001 (relating to emergency salvage of diseased dead timber on Federal forest lands) of the Fiscal Year 1995 Emergency Appropriations Supplemental and Rescissions bill (P.L. 104–19).

SD–366

Special Committee To Investigate Whitewater Development Corporation and Related Matters

To continue hearing to examine issues relative to the President's involvement with the Whitewater Development Corporation, focusing on certain events following the death of Deputy White House Counsel Vincent Foster.

SH–216

2:00 p.m.

Judiciary

To hold hearings to examine United States Sentencing Commission's cocaine sentencing policy.

SD–226

Monday, August 7, 1995

Daily Digest

Senate

Chamber Action

Routine Proceedings, pages S11715–S11802

Measures Introduced: Six bills and two resolutions were introduced, as follows: S. 1124–1129, and S. Res. 159 and 160. **Page S11785**

Measures Reported: Reports were made as follows:

H.R. 535, to direct the Secretary of the Interior to convey the Corning National Fish Hatchery to the State of Arkansas. (S. Rept. No. 130)

H.R. 584, to direct the Secretary of the Interior to convey a fish hatchery to the State of Iowa. (S. Rept. No. 104–131)

H.R. 614, to direct the Secretary of the Interior to convey to the State of Minnesota the New London National Fish Hatchery production facility. (S. Rept. No. 104–132)

S. 369, to designate the Federal Courthouse in Decatur, Alabama, as the ''Seybourn H. Lynne Federal Courthouse''.

S. 734, to designate the United States courthouse and Federal building to be constructed at the southeastern corner of Liberty and South Virginia Streets in Reno, Nevada, as the ''Bruce R. Thompson United States Courthouse and Federal Building''.

S. 965, to designate the United States Courthouse for the Eastern District of Virginia in Alexandria, Virginia, as the Albert V. Bryan United States Courthouse.

S. 1076, to designate the Western Program Service Center of the Social Security Administration located at 1221 Nevin Avenue, Richmond, California, as the ''Francis J. Hagel Building''.

S. 1124, to authorize appropriations for fiscal year 1996 for military activities of the Department of Defense, to prescribe personnel strengths for such fiscal year for the Armed Forces.

S. 1125, to authorize appropriations for fiscal year 1996 for military construction.

S. 1126, to authorize appropriations for fiscal year 1996 for defense activities of the Department of Energy. **Pages S11784–85**

Family Self-Sufficiency Act: Senate resumed consideration of H.R. 4, to restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence, with a committee amendment in the nature of a substitute, taking action on amendments proposed thereto, as follows: **Pages S11735–84**

Pending:

Dole Modified Amendment No. 2280, of a perfecting nature. **Page S11735**

Senate will continue consideration of the bill on Tuesday, August 8, 1995.

Nominations Received: Senate received the following nominations:

John A. Knubel, of Maryland, to be Chief Financial Officer, Department of Housing and Urban Development. **Page S11802**

Messages From the House: **Page S11784**

Measures Referred: **Page S11784**

Executive Reports of Committees: **Page S11785**

Statements on Introduced Bills: **Pages S11785–90**

Additional Cosponsors: **Page S11793**

Amendments Submitted: **Page S11794**

Authority for Committees: **Page S11794**

Additional Statements: **Pages S11794–98**

Recess: Senate convened at 9 a.m., and recessed at 8:14 p.m., until 9 a.m., on Tuesday, August 8, 1995. (For Senate's program, see the remarks of the Acting Majority Leader in today's RECORD on page S11798.)

Committee Meetings

(Committees not listed did not meet)

NOMINATIONS

Committee on Banking, Housing, and Urban Affairs: Committee ordered favorably reported the nominations of Herbert F. Collins, of Massachusetts, to be a Member of the Thrift Depositor Protection Oversight Board, and Maria Luisa Mabilangan Haley, of Arkansas, to be a Member of the Board of Directors of the Export-Import Bank of the United States.

WHITEWATER

Special Committee to Investigate the Whitewater Development Corporation and Related Matters: Committee resumed hearings to examine issues relative to the President's involvement with the Whitewater Development Corporation, focusing on certain events following the death of Deputy White House Counsel Vincent Foster, receiving testimony from Thomas F. McLarty, Counsel to the President, former Chief of Staff to the President; John M. Quinn, Assistant to the President and Chief of Staff to the Vice President; David R. Gergen, Duke University, Durham, North Carolina, former Counselor to the President; and C. William Burton, Jones, Day, Reavis & Pogue, Washington, D.C., former Deputy Assistant to the President and former Policy and Staff Director for the Chief of Staff to the President.

Hearings continue tomorrow.

House of Representatives

Chamber Action

The House was not in session today. Its next meeting will be held at noon on Wednesday, September 6.

Committee Meetings

WHITEWATER

Committee on Banking and Financial Services: Held a hearing on the failure and resolution of Madison Guaranty Savings and Loan Association and related matters, including allegations concerning White Water Development Corporation and the Executive Branch's handling of the investigation of matters pertaining thereto. Testimony was heard from the following officials of the GAO: Dick Stiener, Director, Office of Special Investigations; and Don Fulwider, Assistant Director, Financial and Economic Crimes; the following former Examiners, Federal Home Loan Bank Board: James Clark and Dawn Pulcer; and Wayne Foren, former Associate Administrator, Investment, SBA.

Hearings continue tomorrow.

NEW PUBLIC LAW

(For last listing of Public Laws, see DAILY DIGEST *p. D956)*

H.R. 2017, to authorize an increased Federal share of the costs of certain transportation projects in the District of Columbia for fiscal years 1995 and 1996. Signed August 4, 1995. (P.L. 104–21)

COMMITTEE MEETINGS FOR TUESDAY, AUGUST 8, 1995

(Committee meetings are open unless otherwise indicated)

Senate

Committee on Foreign Relations, to hold hearings on the drug trade in Mexico and implications for United States-Mexican relations, 10 a.m., SD–419.

Select Committee on Intelligence, to hold closed hearings on intelligence matters, 2 p.m., SH–219.

Special Committee To Investigate Whitewater Development Corporation and Related Matters, to continue hearings to examine issues relative to the President's involvement with the Whitewater Development Corporation, focusing on certain events following the death of Deputy White House Counsel Vincent Foster, 9:30 a.m., SH–216.

NOTICE

For a listing of Senate Committee Meetings scheduled ahead, see page E1697 in today's Record.

House

Committee on Banking and Financial Services, to continue hearings on the failure and resolution of Madison Guaranty Savings and Loan Association and related matters, including allegations concerning White Water Development Corporation and the Executive Branch's handling of the investigation of matters pertaining thereto, 9:30 a.m., 2128 Rayburn.

Next Meeting of the SENATE

9 a.m., Tuesday, August 8

Senate Chamber

Program for Tuesday: Senate will resume consideration of H.R. 4, Family Self-Sufficiency Act.

Senate may also resume consideration of S. 1026, DOD Authorizations.

(Senate will recess from 12:30 p.m. until 2:15 p.m. for respective party conferences.)

Next Meeting of the HOUSE OF REPRESENTATIVES

12 noon, Wednesday, September 6

House Chamber

Program for Wednesday: Legislative program will be announced later.

Extensions of Remarks, as inserted in this issue

HOUSE

Barcia, James A., Mich., E1695, E1696
Miller, George, Calif., E1695

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