Health Benefits Program, (RIN3206–AG66) received on July 17, 1996; to the Committee on Governmental Affairs.

EC–3513. A communication from the Deputy Associate Administrator for Acquisition Policy, Office of Policy, Planning and Evaluation, General Services Administration, transmitting, pursuant to law, the report of fifteen rules entitled ''Federal Acquisition Circular 90–40,'' received on July 18, 1996; to the Committee on Governmental Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. PRESSLER, from the Committee on Commerce, Science, and Transportation, with an amendment:

S. 1839. A bill to authorize appropriations for fiscal year 1997 to the National Aeronautics and Space Administration for human space flight; science, aeronautics, and technology; mission support; and Inspector General; and for other purposes (Rept. No. 104–327).

By Mr. HATCH, from the Committee on the Judiciary, with an amendment in the nature of a substitute:

S. 1734. A bill to prohibit false statements to Congress, to clarify congressional authority to obtain truthful testimony, and for other purposes.

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. DORGAN (for himself and Mr. BYRD):

S. 1978. A bill to establish an Emergency Commission To End the Trade Deficit; to the Committee on Finance.

By Mr. JEFFORDS:

S. 1979. A bill to amend the Social Security Act to help disabled individuals become economically self-sufficient and eligible for health care coverage through work incentives and a medicare buy-in program, and for other purposes; to the Committee on Finance.

By Mr. LAUTENBERG:

S. 1980. A bill to prohibit the public carrying of a handgun, with appropriate exceptions for law enforcement officials and others; to the Committee on the Judiciary.

By Mr. CRAIG:

S. 1981. A bill to establish a Joint United States-Canada Commission on Cattle and Beef to identify, and recommend means of resolving, national, regional, and provincial trade-distorting differences between the countries with respect to the production, processing, and sale of cattle and beef, and for other purposes; to the Committee on Finance.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. DORGAN (for himself and Mr. BYRD):

S. 1978. A bill to establish an Emergency Commission To End the Trade Deficit; to the Committee on Finance.

THE END THE TRADE DEFICIT ACT

Mr. DORGAN. Mr. President, I am pleased today to come to the floor with my colleague and friend, Senator BYRD from West Virginia, to introduce a piece of legislation that we feel is important and timely. It is a piece of legislation that we have discussed for many months and are now prepared to introduce in the hope that we would be able to do the things necessary to allow it to become law between now and the end of this legislative session.

Simply put, this piece of legislation deals with a deficit. There has been a great deal of discussion in the Congress in recent years about deficits, almost all of it dealing with the question of budget deficits. Those deficits are a problem and have been a problem, and we have tried in a number of ways, both on the Democratic side and on the Republican side, in different kinds of approaches, to bring down the budget deficit.

I am pleased to say a substantial amount has been accomplished. The budget deficit has been reduced almost in half in the last 3 to 4 years. The budget deficit is down and is coming down. In fact, a report just last week by the Congressional Budget Office was an extraordinarily optimistic report about further reductions in the budget deficit.

However, there is another deficit that almost no one speaks about. It is called the merchandise trade deficit, and it is growing and getting larger. We are going to introduce a piece of legislation today that establishes a commission. It asks that an emergency commission to end the trade deficit be impaneled to review economic and trade policies, tax and investment laws and other incentive and restrictions that affect trade, with the hope that recommendations can be made that Congress will be able to embrace to not only reduce this trade deficit but also to end the trade deficit.

I will offer a couple of charts to show my colleagues what has happened with respect to the trade deficit. We have had 20 consecutive years of trade deficits, totaling $1.8 trillion. Last year, we had the largest negative trade balance in history. This chart shows, and the red demonstrates, the merchandise trade deficit.

These are troublesome because trade deficits must be repaid with a lower standard of living in the United States. You can make a more direct case on national budget deficits. That is money people owe to themselves, and except for the maldistribution of the debt, it is not such a big deal. I do not make that case on the trade deficit, but some economists might. Nobody can make a case with respect to the trade deficit, except this: Trade deficits must be and will be repaid by a lower standard of living in this country. And they must be repaid someday.

This chart shows what has happened to the trade deficits. There has been very little discussion in the Congress about what is causing the trade deficit, in what direction it is headed, and how to begin to develop some policies to address it.

The trade deficit also represents some other underlying problems. These deficits mean that we are buying more from abroad than we are selling to other countries. It means that jobs that normally would have been created in our country are created elsewhere. It means jobs are moving from our country to foreign countries. Less opportunity here, more opportunity abroad.

When you see these kinds of policies that inherently weaken our manufacturing base and sap our economic strength, you have to be prepared to say that this is a serious problem for this country. We must address it. Just as we have been addressing the other deficit, the budget deficit, so, too, we must address this issue of 20 years of growing merchandise trade deficits.

The next chart is a chart that shows that projections by econometric firms and forecasting firms tell us that the trend line by Data Resources indicates that the merchandise trade deficit will reach over $330 billion by the year 2006, 10 years from now. Wharton Econometrics projects a doubling of the trade deficit by the year 2010.

These are the forecasting groups who say, ''Here is what we think will happen to the merchandise trade deficit.'' They see a doubling of the trade deficit. This is Data Resources: $331 billion by the year 2006. Clearly, that is a course that this country should not accept. Clearly, we ought to do something about it.

The next chart. The United States, in a very few short years, has moved from being in the position of the world's largest creditor Nation to being the world's largest debtor Nation. That has happened in a very short period of time. This is an astounding change in our country's economic position.

Now, think of this as a neighborhood, and you look at one house over near a driveway with very nice shutters, a manicured lawn, a pretty home, with five or six cars sitting outside in the driveway. You think to yourself, gee, that person is really doing well—except the person is very close to going under, because it is all borrowed money. That is what is happening with our merchandise trade deficit, and why we are going from the largest creditor Nation in the world to being the largest debtor Nation in the world.

The next chart I want to show describes our trade deficit by country. You will see the largest trade deficit, by far, is with Japan. We have had this for a long while. It is continuing and abiding and does not seem to change. It was nearly $60 billion last year. China was $34 billion. Canada and Mexico together were about $33 billion. A very substantial problem. Six countries make up 94 percent of our country's trade deficit.

Now, part of the problem is that these countries have not completely opened up their borders to our goods. Yet, they ship their goods to our country in wholesale quantities. When we want to move goods into their countries, we are told that we are doing better. But we are not doing good enough

because our manufacturers, businesses, and workers cannot get our products into those countries on nearly the same basis as they move their products into our country.

One common myth with respect to this trade issue is that what we are importing into this country is really the product of cheap labor, and that low-skill, cheap labor products are being sent into this country. Not true. Not true at all. Seventy-five percent of what the U.S. imports are high-tech and value-added manufactured goods: Automobiles, automobile parts, electronics, office machines, telecommunications. That is what is coming into our country. It is not trinkets produced with low-wage labor. Rather, it is high-tech, value-added manufactured goods.

I want to show one additional chart that describes that in the past 25 years the imports of manufactured goods into our country has risen and risen and risen. Today it is at the point where imports now equal 56 percent of our manufacturing capacity. That means imports today are equal to over one-half of our domestic manufacturing capacity.

No wonder the purchasing power of hourly and weekly wages in this country for the vast majority of working Americans are back down to levels, in some cases, in constant dollars, to the 1950's and 1960's. That kind of downward pressure means fewer jobs in this country, and the jobs that exist in the manufacturing sector pay less and have less security.

Now, if you take this trade deficit and calculate it with respect to the common calculations about jobs, they talk about 20,000 jobs per $1 billion in exports. If we export $1 billion worth of American goods, they say that means we created 20,000 additional jobs. If you would use the same formula, it should be equally true that, for $1 billion worth of imports, someone else had the 20,000 jobs and we did not. That means that last year's trade deficit represents a loss of somewhere around 3.5 million good jobs. Just the increase in that trade deficit from 1994 to 1995 would mean a loss of 166,000 jobs.

What we propose today—Senator BYRD and myself, and, hopefully, others who will join us—would be an emergency commission to end the trade deficit. We would propose that this commission review five broad areas of trade policy concerns: The manner in which the Government establishes and administers our fundamental trade policies and objectives, No. 1; No. 2, the causes and consequences of the persistence and the growth of the overall trade deficit, as well as the bilateral trade deficits; No. 3, the relationship of U.S. trade deficits to the competitive and comparative advantages within the global economy; No. 4, the relationship between the growth of direct investment both into and out of the United States and the trade deficit; finally, No. 5, the development of policies and alternative strategies to achieve a systematic reduction of the trade deficit and, hopefully, an end to the trade deficit.

This would be an 11-member commission. It would have 16 months to present its report to Congress and the President. We do this today because we think it is time—probably past the time—to be thinking of what these trade deficits and what the projections of where the trade deficits are going to go will mean to this country.

As I conclude, Mr. President, I want to make a point. I am honored to have Senator BYRD join me in this endeavor, and I hope very much that, by the end of this year, this will be law and we will have a commission to evaluate this and make recommendations to the Congress.

The minute someone comes to the floor of the Senate and begins talking about trade and talking about trade deficits, two things happen: One, people start to yawn. They say, ''Well, this is so boring. It is uninteresting.'' They do not want to talk about it. Or, two, they immediately rise on their haunches, and say, ''Well, what you are is someone who wants to close America's borders; you are some kind of a isolationist; a xenophobic stooge who doesn't understand the complexities of international trade.''

I do not want to close America's borders. I want more trade—not less trade. I want expanded opportunity for American products and workers. But I want to finally make sure that we reduce and finally eliminate the trade deficit, and have some balance in trade by deciding that it is important that America shall not be taken advantage of in international trade.

For 50 years our trade policy was our foreign policy. And we would do this and that and the other thing to help various countries as a matter of foreign policy. Lets look at the first 25 of those 50 years. Let's look at income in this country for workers. After all, that is what really matters. At the end of the day have we increased the standard of living for the American worker and the American family. If you look at the first 25 of those 50 years their incomes went steadily upward because we had a trade policy that was really just foreign policy and we still beat everybody else in the world with one hand tied behind our back. In the first 25 years, incomes went steadily upward with an increasing standard of living. What about the second 25 years. Look at the graph. What you will see is a steady diminution of income and security for American workers.

Often people sit around their supper table talking about their lot in life. They are working harder and working more hours. More people in the family are working. And, adjusted for inflation, they are making the same or less than they were 20 years ago.

The fact is we must do something to try to strengthen and maintain a strong manufacturing base in this country. And the circumstances that relate to this chronic and growing trade deficit tend to undermine America's manufacturing capability. No country—none—will ever remain a world economic power unless it retains its manufacturing base. That is what is slowly eroding and being washed away by these chronic, troublesome trade deficits.

Senator BYRD and I do not propose solutions or strategies that would have us withdraw from the global economy, or have us retreat from the world trade system. But we do insist it is in this country's best interest to achieve a balance of trade and to end these chronic trade deficits that injure our country's well-being and lead to a decreased standard of living in America.

Mr. President, the future of our Nation is being undermined by a problem that simply is not getting adequate attention or concern. There are those who do not even acknowledge that it is a problem, despite the fact it has reached record proportions.

Our Nation's trade deficit is one of the twin deficits that this country must address. Today the trade deficit is the larger twin, yet most of our attention is still focused on the Federal budget deficit. We need to solve these twin deficit problems, because together and individually they are threatening the economic security of Americans.

Today I am introducing legislation to address this crucial problem. The End the Trade Deficit Act will establish a commission to develop plans to end the trade deficit in the next 10 years, and establish a competitive trade policy for the 21st century which will not only increase production and manufacturing in our country, but also job opportunities, and wages.

Just as balancing the budget has come to represent the need to take a more disciplined approach to deciding our national priorities, our goal in ending the trade deficit must be to develop a more disciplined approach in deciding and carrying out our Nation's trade policies.

Our trade deficit is symptomatic of larger economic conditions and questions that must be addressed. My purpose in this legislation is not simply to get rid of the red figures at the bottom of our trade ledger. Instead, it is to help develop the national economic and trade strategies which will rebuild the American economy and the American dream.

GROWTH OF TRADE DEFICIT

Many economists predicted that our trade deficit would disappear as we reduced our Nation's budget deficit. That is not what is happening. The fact is that in the past few years we are bringing down our budget deficit. Yet, we have recorded back to back record merchandise trade deficits during the past 2 years. Our budget deficit is going down while our trade deficit continues to grow.

Last year, the United States experienced its 20th consecutive annual merchandise trade deficit. During these

past two decades we have piled up a total merchandise trade deficit of $1.8 trillion.

The trend line in the growth of this deficit should be of great concern to the American people. Last year we had the largest negative merchandise trade balance in the history of the United States. The $175 billion merchandise trade deficit was larger than the $164 billion federal budget deficit.

An econometric forecasting firm, Data Resources, Inc., is projecting that our Nation's merchandise trade deficit will continue to grow reaching new records in the next few years. Based on long-term trends, Data Resources is forecasting that the merchandise trade deficit can be expected to almost double during the next 10 years to $331 billion. Wharton Econometrics is forecasting that the U.S. merchandise trade deficit will double by the year 2010.

As a result of our twin deficits, the United States has shifted from being the world's largest creditor nation to the world's largest debtor nation. Our country has gone from a net creditor position of over $250 billion in the early 1980's to a net debtor position of over three-quarters of a trillion dollars by the mid-1990's. The positive net international asset position that we had built up over the past 100 years was eliminated in a short 6-year period during the 1980's.

We used to earn $30 billion annually on our international assets. Now we are paying something in the neighborhood of $11 billion to service this international debt.

IMPORTANCE OF TRADE DEFICIT

The persistence and growth of our trade deficit is not just a concern of academics and ivory tower economists. It is a question of fair trade and fair competition. It is an issue of American jobs and the purchasing power of American wage earners. It is a matter of what opportunities we will have for our future.

Today the bulk of the products that we import are not labor-intensive goods. Instead our merchandise trade deficit consists primarily of high-technology, manufactured items. Autos, office equipment, electronic goods, and telecommunications equipment make up three-fourths of the imports.

Imports of manufactured goods have increased from 11 percent of the total U.S. manufacturing gross product to over 50 percent. This means that rather than expanding our own manufacturing base in this country, we are importing more of our manufactured goods from abroad. It means that we are shipping jobs overseas.

The bottom line is that we are shifting from a manufacturing, production-based economy with high wages, to a service-based economy with low wages. No wonder the purchasing power of hourly and weekly wages of the vast majority of working Americans are back down to levels we haven't seen since the 1950's and 1960's.

Together with the record merchandise trade deficit this past year, the value of the U.S. dollar fell to its weakest level in history. Yet, despite the weakening dollar, our trade deficit has continued to mount.

Neither the American consumer nor the American economy is making any long-term gains by the continuing trade deficit and the devaluation of the dollar. Instead, they represent an erosion of both our sovereignty and our economy.

CAUSES OF TRADE DEFICITS

Our merchandise trade deficit is a result of a serious trade imbalances with a handful of countries. Six countries comprise 94 percent of the U.S. merchandise trade deficit. This includes Japan, China, Canada, Mexico, Germany, and Taiwan. Over one-half this trade deficit is with only two countries: Japan and China.

Our trade relationships are most accurately described as unilateral free trade. As a nation we have opened our borders wide open to almost anything and everything that can be produced anywhere. Unfortunately we pay little attention to the conditions under which these goods have been produced or if the competition is fair.

At the same while the United States has one of the most open borders and open economies in the world, this Nation faces significant barriers in shipping American goods abroad. As a result, these negative trade balances do not reflect the actual competitiveness or the productivity of the American economy. Yet, there is no question that we are one of the most competitive economies in the world.

Instead most of our bilateral trade deficits effectively illustrate the barriers that continue to exist despite hundreds of new trade agreements in recent years. As documented annually in the reports of the Office of the U.S. Trade Representative reciprocal market access remains an elusive goal.

ENDING THE TRADE DEFICIT

As a nation we need to bring the same attention and the same commitment to working on the trade deficit that we are giving to reducing our budget deficit.

It has been a quarter of a century since the last comprehensive review of national trade and investment policies was conducted by a Presidential commission. In these past 25 years we have had only 3 years in which the United States has had trade surpluses.

We have witnessed massive worldwide economic and political changes in the past 25 years. These changes have profoundly affected world trading relationships.

The cold war has ended. It is no longer necessary or even prudent for U.S. trade policy to take a back seat to our foreign policy objectives.

Regional trade relationships including the European Union and the North American Free Trade Agreement are redefining political, economic, and trading geography. The Uruguay round of negotiations under the General Agreement on Tariffs and Trade has resulted in the creation of the World Trade Organization.

Globalization is part and parcel of the increased mobility of capital and technology that is reshaping comparative and competitive advantages among nations of the world.

While other nations and many multinational companies are enjoying the fruits of globalization, the United States is not realizing the full opportunities or benefits of its competitive capacity and productivity.

Unilateral free trade no longer serves the interests of the American people, if it ever did. We need fair rules and reciprocal market access if our competitive economy is to thrive within a global system. I am not calling for trade restrictions. Rather I am calling for expanded trade, but with rules that are fair.

EMERGENCY COMMISSION

The United States is once again at a critical juncture in trade policy development. The persistence and growth of the trade deficit must be reversed. We must identify the causes and consequences of our trade deficit.

Rather than allowing our trade deficit to double during the next 10 years, we need to develop a plan which would end the trade deficit in that time period. That is why I am introducing a bill with Senator BYRD today to establish an Emergency Commission To End the Trade Deficit.

The purpose of this Commission is to develop a comprehensive trade strategy to eliminate the merchandise trade deficit by the year 2006 and to develop a competitive trade policy for the 21st century.

The bill directs the Commission to develop the necessary strategies to achieve a trade balance that fully reflects the competitiveness and productivity of the U.S. economy while improving the standard of living for the people of this country.

It would require the Commission to examine our national economic policies, trade laws, tax laws, investment policies, and all the other legal incentives and restrictions that are relevant to the trading position of this country.

The Commission would look at five broad areas:

First, the manner in which the Government of the United States establishes and administers the Nation's fundamental trade policies and objectives.

Second, the causes and consequences of the persistence and growth of the overall trade deficit, as well as our bilateral trade deficits.

Third, the relationship of U.S. trade deficits to the competitive and comparative advantages within the global economy.

Fourth, the relationship between investment flows, both into and out of the United States, and the trade deficit.

Fifth, the identification and evaluation of policies and alternative strategies by which the United States can

achieve the systematic reduction of the trade deficit and the improvement of the economic well being of its people.

This Commission would consist of a blue-ribbon panel of leaders from a broad spectrum of the economic life of our Nation. The members would be appointed by the President and the leadership of Congress. They would be given the responsibility to study the situation, gather necessary data, conduct at least seven public hearings, and evaluate strategies to end the trade deficit.

The Commission would be required to present its final report not later than 16 months following the enactment of this bill. The final report would outline its findings and conclusions, and provide a detailed plan for reducing our Nation's trade deficits together with recommendations on administrative and legislative actions that may be required to achieve that goal.

The Commission's report would be submitted to the President and the Congress for review, consideration, and implementation. To facilitate the Commission's report through Congress, this bill would have the House Ways and Means Committee and the Senate Finance Committee conduct hearings on the report within 6 months after it is submitted to Congress.

TIME FOR CHANGE

Today it is apparent that we do not have a consensus about where we should go with our national trade policies. We are not even sure whether we have the necessary tools to effectively achieve our trade goals.

Most importantly, we do not have a good set of alternatives and strategies to place before the American people so that they can effectively participate in making the decisions that are shaping their future.

It is time to develop a new trade strategy for the twenty-first century. We can get started on this path by making our first goal to end the trade deficit. Once we have set that goal, then we need the strategies to get there. That is why I believe it is time for such a commission.

I am pleased that Senator ROBERT BYRD is cosponsoring this legislation. I hope others will join us in this effort and look forward to working with them in moving forward on this critically important agenda for our future.

Mr. President, let me now yield the floor. The Senator from West Virginia under the unanimous-consent agreement would also like to address the piece of legislation that we will introduce in the Senate today.

Mr. BYRD. Mr. President, how much of the 30 minutes are remaining?

The PRESIDING OFFICER. The Senator has 18 minutes remaining.

Mr. BYRD. Mr. President, I ask unanimous consent that should I need an additional 5 minutes under the same terms and conditions that I be allowed to have that time.

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

Mr. BYRD. Mr. President, I am pleased to join with the very distinguished Senator from North Dakota in introducing an ambitious new effort on the matter of our nation's persistent and growing trade deficit. This legislation—as the distinguished Senator has already explained—would establish a Commission to take a broad, thorough look at all important aspects of trends involving, and solutions to, the growing U.S. trade deficit, with particular attention to the manufacturing sector.

The trade deficit, as my colleagues know, is a recent phenomenon, with large annual deficits only occurring within the last 15 years, or so, as my colleague has explained. Between 1970 and 1995, the U.S. merchandise trade balance shifted from a surplus of $3.2 billion to a deficit of $159.6 billion. It did not reach sizeable levels until it jumped up to $52 billion in 1983. As my colleague has suggested, projections by econometric forecasting firms indicate long term trends will bring this figure to $300 billion or more within the next 10 years. No one is predicting a decline in the near future. And this is bad news. Thus, unless we act, our trade deficit will soon exceed our annual appropriations for the Department of Defense.

This legislation is committed to a goal of reversing that 10-year trend. The goal of the commission is to ''develop a national economic plan to systematically reduce the U.S. trade deficit and to achieve a merchandise trade balance by the year 2006.''

While it is not clear what the particular reasons for this growing trade deficit may be, nor what the long term impacts of a persistently growing deficit may be, the time is overdue for a detailed examination of the factors causing the deficit. We need to understand the impacts of it on specific industrial and manufacturing sectors. Furthermore, we need to identify the gaps that exist in our data bases and economic measurements to adequately understand the specific nature of the impacts of the deficit on such important things as our manufacturing capacity and the integrity of our industrial base, on productivity, jobs and wages in specific sectors.

We debate the trade deficits frequently. Both Senator DORGAN and I have participated in these debates. I voted against NAFTA. I voted against GATT, and for good reasons which are becoming clearer.

So we debate these deficits frequently. We moan about them. We groan about them. We complain about them. But if we do not understand the nature, impacts and long term vulnerabilities that such manufacturing imbalances create in our economy and standard of living, we are in the dark. It appears to me that debate over trade matters too often takes on the form of lofty rhetorical bombast of so-called ''protectionists'' versus so-called ''free traders.'' But I would suggest that neither side knows enough about what is really transpiring in our economy, given the very recent nature of these annual persistent deficits.

Certainly we know that the deficit reflects on the ability of American business to compete abroad. We want to be competitive. Certainly we know that specific deficits with specific trading partners causes frictions between the United States and those friends and allies. This is particularly the case with Japanese, as we are well aware, and is becoming quickly the case with China. It is clear that the trade deficit has contributed to the depreciation of the dollar and the ability of Americans to afford foreign products and American products as well. Less clear, but of vital importance, is the relationship of the trade deficit to other important policy questions on the table between the United States and our foreign trading partners. Attempts by the United States to reduce tariff and non-tariff barriers in the Japan and China markets, which clearly restrict access of U.S. goods to those markets, have been crippled by the intervention of other, more important policy goals.

During the cold war, the U.S.-Japan security relationship had a severe dampening effect on our efforts to reduce the myriad barriers in Japan to U.S. exports. The same effect appears to have resulted from our need for the Japanese to participate in our treasury bill auctions. This becomes a closed cycle—the need to finance the trade deficit with foreign capital, resulting in regular involvement of the Japanese government in our treasury bill auctions, seems to dampen our efforts to push the Japanese on market opening arrangements. Naturally, without reciprocal open markets, the trade imbalance remains exaggerated between the U.S. and Japan, prompting further need for Japanese financial support to fund our national debt. Thus, some argue that the need for Japanese involvement in financing our national debt hurts the ability of our trade negotiators to get stronger provisions in the dispute settled last year over the Japanese market for auto parts.

Similar considerations appear to prevail in negotiating market access with the Chinese in the area of Intellectual Property rights. While our Trade Negotiator managed a laudable, very specific agreement with the Chinese last year in this area, the Chinese were derelict in implementing it, leading to another high-wire negotiation this year to avoid $2 billion of trade sanctions on the Chinese, and to get the Chinese to implement the accord as they had promised. Again, it is unclear whether the Chinese will now follow through in a consistent manner with the implementing mechanisms for the Intellectual Property agreement belatedly agreed to in the latest negotiation. Intellectual Property is an area of great potential for U.S. exports to China. The Chinese have promised major action against piracy of CD's, movies, and other products, and to permit co-production

of audiovisual products and joint ventures regarding artists. This is a major test case of our ability to obtain appropriate access to the great Chinese market. We need to monitor it carefully. The highly trumpeted mantra about how the U.S.-China relationship will be one of the most important, if not the most important, U.S. bilateral relationship for the next half century, has a chilling effect on insisting on fair, reciprocal treatment, and good faith implementation of agreements signed with the Chinese government.

It will only be when we truly understand the specific impacts of this large deficit on our economy, particularly our industrial and manufacturing base, that the importance of insisting on fair play on the trade account will become clear.

Finally, the legislation being introduced by the distinguished Senator from North Dakota, [Mr. DORGAN], requires the Commission to examine alternative strategies which we can pursue to achieve the systematic reduction of the deficit, particularly how to retard the migration of our manufacturing base abroad, and the changes that might be needed to our basic trade agreements and practices.

These are the purposes of the Commission that Senator DORGAN and I are proposing in this legislation. And I join with him in welcoming other Senators to cosponsor this legislation.

We can either continue to blunder along without a clear sense of the importance of the U.S. manufacturing base or of how to protect and enlarge upon that base or we can begin now to gather the data that will lead us in the right direction for the future of U.S. trade policy.

In other words, we can put up the right fences now or deal with a very sick economy and an ever-spiraling trade deficit which may take our economy right over a very dangerous cliff in the years ahead.

Mr. President, there is an old poem that was written by Joseph Malins many years ago which I think aptly describes the situation we are in.

FENCE OR AN AMBULANCE

'Twas a dangerous cliff, as they freely confessed,
Though to walk near its crest was so pleasant;
But over its terrible edge there had slipped
A duke and full many a peasant.
So the people said something would have to be done,
But their projects did not at all tally;
Some said, ''Put a fence around the edge of the cliff,''
Some, ''An ambulance down in the valley.''

But the cry for the ambulance carried the day,
For it spread through the neighboring city;
A fence may be useful or not, it is true,
But each heart became brimful of pity
For those who slipped over that dangerous cliff;
And the dwellers in highway and alley
Gave pounds or gave pence, not to put up a fence,
But an ambulance down in the valley.

''For the cliff is all right, if you're careful,'' they said,
''And, if folks even slip and are dropping,
It isn't the slipping that hurts them so much,
As the shock down below when they're stopping.''
So day after day, as these mishaps occurred,
Quick forth would these rescuers sally
To pick up the victims who fell off the cliff,
With their ambulance down in the valley.
Then an old sage remarked: ''It's a marvel to me
That people give far more attention
To repairing results than to stopping the cause,
When they'd much better aim at prevention.
Let us stop at its source all this mischief,'' cried he,
''Come, neighbors and friends, let us rally;
If the cliff we will fence we might almost dispense
With the ambulance down in the valley.''

''Oh, he's a fanatic,'' the others rejoined,
''Dispense with the ambulance? Never!
He'd dispense with all charities, too, if he could;
No! No! We'll support them forever.
Aren't we picking up folks just as fast as they fall?
And shall this man dictate to us? Shall he?
Why should people of sense stop to put up a fence,
While the ambulance works in the valley''

But a sensible few, who are practical too,
Will not bear with such nonsense much longer;
They believe that prevention is better than cure,
And their party will soon be the stronger.
Encourage them then, with your purse, voice, and pen,
And while other philanthropists dally,
They will scorn all pretense and put up a stout fence
On the cliff that hangs over the valley.
Better guide well the young than reclaim them when old,
For the voice of true wisdom is calling,
''To rescue the fallen is good, but 'tis best
To prevent other people from falling.''
Better close up the source of temptation and crime
Than deliver from dungeon or galley;
Better put a strong fence round the top of the cliff
Than an ambulance down in the valley.

I commend the Senator from North Dakota for his studious approach to this question and for choosing the route of prevention over the ambulance down in the valley. I am pleased to join him in offering this proposal for the consideration of the Senate, and I hope that many of our colleagues will join us, and that we can secure passage of the proposal before the 104th Congress adjourns sine die this fall.

Mr. President, I thank my colleague for his courtesy in allowing me to join in cosponsoring this very important legislation. I thank him for his courtesy in securing the time on this day and for his yielding to me that I might add to the record. I yield the floor.

I yield back such time as I may have.

By Mr. JEFFORDS:

S. 1979. A bill to amend the Social Security Act to help disabled individuals become economically self-sufficient and eligible for health care coverage through work incentives and a medicare buy-in program, and for other purposes; to the Committee on Finance.

THE WORK INCENTIVE AND SELF-SUFFICIENCY ACT OF 1996

• Mr. JEFFORDS. Mr. President, I introduce the Work Incentive and Self-Sufficiency Act of 1996. I believe that few people are returning to work after becoming eligible for Social Security disability income [SSDI] not because they can no longer find gainful employment, but because of a greater systemic problem we face as a nation. What I am referring to is this country's current schizophrenic national disability policy.

The laudable policy we set forth in the Americans With Disabilities Act of 1990 [ADA] which requires that resources be provided to promote functioning and work for people with disabilities, as well as, income support for those who cannot work or whose ability to work is very limited, are not well integrated into our current SSDI and SSI programs. This is a very complex problem that we must deal with if we ever expect to get our Federal deficit under control.

I remember when we reported the ADA out of the Labor and Human Resources Committee, the committee made explicit that the goals of this law were to provide people with disabilities with: equality of opportunity, full participation, independent living, and economic self-sufficiency. Disability is not just a characteristic of individuals, but is a description of how well someone is able to fit into our society which includes his or her capacity to work. To provide for a clear and consistent national disability policy we must make sure that the incentives, and goals of our public programs, SSDI, SSI, Medicare, and Medicaid work in conjunction with the private sector.

Many disabled individuals would like to return to work, but they are heavily penalized for there efforts to do so. For example, some courts have determined that if a person qualifies for SSDI, but then wants to try to go back to work and can't find a job, they have no cause of action under the ADA. I believe that the greatest disincentive for disabled individuals to return to work is the fear of losing their health care coverage. These individuals literally may not survive without health care coverage. Their condition often requires immediate utilization of health services and they cannot go, for, even for a short period of time, without the security of knowing they have guaranteed health coverage. It is understandable that they would prefer not to work if it will jeopardize this lifeline.

Also in the labor market, despite the ADA, there is a disincentive to hire or maintain the disabled employee. The disabled employee will likely have a chronic high cost illness and if the employer offered a health plan they would be covered under this plan. It is important to keep in mind that all employer group health plans, both insured and self-insured, are covered under ERISA.

Under ERISA, the employer currently has substantial flexibility in not only the benefits it chooses to cover, but also the types of plan design features it uses. Some employers have used plan design features which will carve out any high cost individual from coverage under the employee benefit health plan.

With no where else to turn, disabled individuals once again become dependent upon public sector health care plans. This cost-shift from the employer health plans to the public health plans was the main argument I made during debate on the Health Insurance Reform Act when I brought my amendment on the lifetime caps to the floor. Employers, by limiting the maximum benefits they will pay for employees in a lifetime, actually set the point where their costs will end and Government expenditures begin. In the private market, health plans usually decide how much risk they will assume and then they reinsure the rest. In this case, the private market uses the Government-run health plans as the reinsurer of last resort.

According to previous testimony by the General Accounting Office [GAO] no more than 1 of every 1,000 SSI and DI leave the rolls for work as a result of the Social Security Administration's assistance. These programs need to place a greater focus on the rule the employer can play in getting people rehabilitated and back to work. Once an individual becomes disabled the link with their current employer is disrupted and often terminated. If there were incentives, particularly early in the process, for the employer to remain involved the chances of returning to work would go up markedly.

The employer could focus on accommodating a valuable employee rather than on replacing him. Employers could assist their workers in getting assessed for rehabilitation services immediately instead of waiting for the SSI or SSDI programs to first complete the application process and then making a referral for such services. If the employer were to keep in closer contact it would have better opportunity to prepare for any unique assistance the individual might ultimately need like a personal assistant or other assistance technology.

The Work Incentive and Self-Sufficiency Act of 1996, is designed to address two significant problems in the Social Security Disability Income [SSDI] Program: If individuals with significant disabilities cannot keep their health coverage when they return to work, and if that work does not leave them financially better off, they cannot afford to go back and work, and leave the cash assistance they receive under SSDI or SSI. It is not only the cash assistance they receive from benefits that is critical, it is the health coverage they obtain through becoming Medicare eligible.

Let us look at the numbers. The average monthly SSDI check is $630; some who were in the work force longer at higher earnings receive more while many others receive less. At the current minimum wage of $4.25 per hour, a person working full time—176 hours per month, or 8 hours per day for a standard 22 days—will earn $748. This is not much money, but if you assume a slightly better than minimum wage or some overtime at 1.5 times regular wages, then take home pay from work replaces the cash assistance that is lost.

However, that cash assistance brings with it several noncash supports. The most well-known of these is health coverage, which comes through Medicare for SSDI beneficiaries and through Medicaid for SSI recipients. Other noncash supports include long-term supports under Medicaid, vocational rehab, or other programs, food stamps, rental assistance, home heating assistance, and a variety of discounts and reduced fares on public services, among other supports. The cost of replacing these noncash benefits for individuals with significant disabilities is often double or even triple the value of the cash assistance that is lost.

The major assumptions are that individuals with significant disabilities can qualify for health coverage, much less afford to pay for it themselves, and private providers for long term supports can be located and afforded. The reality is that individuals with disabilities are often not able to locate health coverage that meets their needs, or if they can find coverage, it comes with either high deductibles and premiums, services exclusions, preexisting conditions limits, and/or yearly or lifetime caps on benefits.

The same is true for the long term supports required by some individuals with significant disabilities such as quadriplegia or cerebral palsy. Many individuals with disabilities can work if they have the assistance of another person to perform activities of daily living that are required to prepare for work such as bathing, dressing, eating, transferring from bed to chair or using the bathroom. The difficulty is not with necessarily with working, but with locating and paying the support workers needed to prepare for and to perform work.

Currently, when an SSDI beneficiary earns $500 monthly, that person demonstrates the capacity to work at the substantial gainful activity [SGA] level. If this work is sustained for 9 consecutive months, the individual no longer meets the first criteria for work disability eligibility: the incapacity to perform substantial gainful work in the national economy. Thus, proceedings are begun to end cash assistance. But, since take home pay equals or exceeds cash assistance, there is no problem.

Or is there? One month individuals with significant disabilities are earning $748 from wages, less taxes, $630 from cash assistance, and receiving noncash benefits ranging in value from $1,200 to $1,800. The next month these individuals with significant disabilities are earning $748 from wages, less taxes, and from this amount now are expected to purchase up to $1,800 in medical coverage, long term supports, food, rent, and other necessities. It does not require sophisticated cost/benefit calculations here to draw the conclusion that individuals with significant disabilities are being punished if they attempt to work.

There are some basic solutions to this problem. First, continue health coverage for those who are on SSDI after they return to work. Second, make work pay by allowing low income former SSDI beneficiaries to receive benefits that gradually reduce as their take home pay increases. The Work Incentive and Self-Sufficiency Act of 1996 is designed to implement both of these solutions. First, it allows SSDI beneficiaries to keep their Medicare coverage if they return to work. If they take a job that does not offer health coverage, Medicare remains their primary insurance. If they find a position that does offer health insurance, they have the option to purchase Medicare coverage to use as supplementary coverage. Working beneficiaries would purchase this coverage on their own through premiums that rise on a sliding scale.

Second, it allows SSDI beneficiaries to keep part of their cash assistance after they return to work. Rather than losing the entire amount once they earn $500 a month, they would lose $1 of cash benefits for every $2 in wages they earn that is above $500 a month. This is similar to, but not the same as, the rule that allows individuals over 65 who are retired on Social Security to earn wages and continue to receive retirement income and Medicare.

Third, it allows some individuals to apply only for Medicare coverage but not cash assistance. This would offer some workers who acquire a disability during their working years the option to purchase Medicare coverage and continue working. The Medicare coverage could be either their primary or supplemental coverage.

At this point some will ask, ''Won't that increase already rising costs of benefits?'' Actually, no. Extending health coverage to those who return to work will not increase costs essentially because so few people are leaving the disability program for work. In fact, enabling people who were former beneficiaries or recipients to keep this health coverage would lead to some of them eventually being covered by private health insurance, thus reducing costs. It will also lead to a reduction in the amount of SSDI and SSI cash assistance paid as reentering workers replace benefits with wages, and pay taxes on those wages.

Employers would not be required to purchase any additional insurance or to report any additional information to the Government. Individuals with disabilities would assume the responsibility to exercise the option to purchase

Medicare and pay the Medicare premiums. Considering the very important role employers have in assuring our Nation's policy goal to self-sufficiency for individuals with disabilities I am especially pleased to have a letter from Michael R. Losey, president and CEO of the Society for Human Resource Management [SHRM]. SHRM is and I quote, "fascinated by your proposal that would provide employment incentives to individuals with disabilities * * * SHRM looks forward to working with you and your staff to promote employment and reemployment incentives for those with disabilities." I would also like to thank both Fred Grandy, president and CEO of Goodwill Industries International, Inc., and the Consortium for Citizens with Disabilities Task Force on Social Security, especially the cochairs, Tony Young, Marty Ford and Rhonda Schulzinger, for their letters of support for this bill. Mr. President, I asked unanimous consent that these three letters be inserted into the RECORD.

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

SOCIETY FOR HUMAN RESOURCE MANAGEMENT,
Alexandria, VA, July 18, 1996.

Senator JAMES M. JEFFORDS,
Hart Building,
Washington, DC.

DEAR SENATOR JEFFORDS: On behalf of the Society for Human Resource Management (SHRM), I am writing to commend you for your efforts to address the employment and reemployment needs of individuals with disabilities. SHRM is the leading voice of the human resource profession, representing the interests of more than 70,000 professional and student members from around the world.

SHRM is committed to equal employment opportunity in all employment practices, including hiring, training, compensation, benefits, promotion transfer, termination, and reduction in force, for all individuals without regard to disability. SHRM is committed to these policies because of our firm conviction that adherence to these principles is sound management practice and contributes significantly to the success of our membership and our members' organizations.

As a result, SHRM is fascinated by your proposal that would provide employment incentives to individuals with disabilities. Faced with the loss of much-needed health care coverage or minimal financial support, many individuals who could continue making contributions as employees, are actually discouraged from going back to work. It is clear that the private and public sectors should work together to increase opportunities for all Americans.

SHRM looks forward to working with you and your staff to promote employment and reemployment incentives for those with disabilities.

Sincerely,

MICHAEL R. LOSEY, SPHR,
President & CEO.

CONSORTIUM FOR CITIZENS WITH DISABILITIES TASK FORCE ON SOCIAL SECURITY,
July 18, 1996.

Hon. JAMES JEFFORDS,
U.S. Senate,
Washington, DC.

DEAR SENATOR JEFFORDS: The undersigned members of the Task Force on Social Security of the Consortium for Citizens with Disabilities support the principles set forth in the Work Incentive and Self-Support Act of 1996 to enable individuals on Social Security Disability Insurance to return to work.

The Consortium for Citizens With Disabilities (CCD) is a working coalition of more than 100 national consumer, service provider, parent and professional organizations that advocate on behalf of people with disabilities and their families. The work of the Consortium in conducted by Task Forces in various policy areas such as health care, education, employment, technology, housing, civil rights, social security, and budget and appropriations.

The Work Incentive and Self-Sufficiency Act of 1996 is designed to address two significant problems in the SSDI program: If individuals with significant disabilities 1) cannot keep their health coverage when they return to work and 2) if that work does not leave them financially better off, they can not risk or afford to go back to work, and leave the cash assistance they receive under SSDI.

There are some basic solutions to this problem. First, continue health coverage for those who are on SSDI after they return to work. Second, make work pay by allowing low income former SSDI beneficiaries to receive benefits that gradually reduce as their take home pay increases. The Work Incentive and Self-Sufficiency Act of 1996 is designed to implement both of these solutions.

First, it allows SSDI beneficiaries to keep their Medicare coverage if they return to work. If they take a job that does not offer health coverage, Medicare remains their primary insurance. If they find a position that does offer health insurance, they have the option to purchase Medicare coverage to use a supplementary coverage. Working beneficiaries would purchase this coverage on their own through premiums that rise on a sliding scale.

Second, it allows SSDI beneficiaries to keep part of their cash assistance after they return to work. Rather than losing the entire amount once they earn $500 a month, they would lose $1 of cash benefits for every $2 in wages they earn that is above $500 a month. This is similar to (but not the same as) the rule that allows individuals over 65 who are retired on Social Security to earn wages and continue to receive retirement income and Medicare.

Third, it allows some individuals to apply only for Medicare coverage but not cash assistance. This offers some workers who acquire a disability during their working years the option to purchase Medicare coverage and continue working. The Medicare coverage could be either primary or supplemental coverage.

We thank you and your lead staff person on this issue, Elaina Goldstein, for the outstanding leadership demonstrated toward enhancing the employment of individuals with disabilities through this bill. This is extremely important legislation for individuals with disabilies. The CCD is eager to work with you and your staff to enact this legislation.

If you have any questions regarding this subject, please call one of the Co-Chairs shown at the bottom of this letter.

Sincerely,

TONY YOUNG,
American Rehabilitation Association,
Co-Chair.

RHODA SCHULZINGER,
Bazelon Center for Mental Health Law,
Co-Chair.

MARTY FORD,
The Arc,
Co-Chair.

COSIGNING ORGANIZATIONS

American Rehabilitation Association.
Bazelon Center for Mental Health Law.
Goodwill Industries International.
International Association of Psychosocial Rehabilitation Services.
National Association of Protection & Advocacy Systems.
National Community Mental Health Care Council.
National Easter Seal Society.
National Mental Health Association.
National Multiple Sclerosis Society.
The Arc of the United States.
United Cerebral Palsy Association, Inc.

GOODWILL INDUSTRIES INTERNATIONAL, INC.,
July 16, 1996.

Hon. JAMES M. JEFFORDS,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR JIM: On behalf of the Goodwill Industries network, I congratulate you on the introduction of the Work Incentive and Self-Support Act of 1996.

This important legislation incorporates two reforms long advocated by Goodwill Industries to assist Social Security Disability Insurance (SSDI) beneficiaries to return to work. First, we believe that no individual should suffer a loss of income when leaving the SSDI rolls. By allowing a SSDI beneficiary to retain a portion of cash benefits when they re-enter the work force, your legislation will remove this major disincentive. Secondly, Goodwill Industries recognizes that loss of medical insurance is a significant impediment confronting SSDI recipients who want to work. Again, the Work Incentive and Self-Support Act of 1996 addresses this disincentive by permitting an individual to apply for Medicare coverage while working, or to purchase medical coverage with premiums based on income level.

Enclosed is a copy of testimony presented last year to the House Ways and Means Subcommittee on Social Security that discusses Goodwill Industries' recommendations for reforming the SSDI program in greater detail.

Please let me know how Goodwill Industries can assist you in securing enactment of the Work Incentive and Self-Support Act of 1996.

Sincerely,

FRED GRANDY,
President & Chief Executive Officer.

Enclosure—Social Security Testimony.

WORK INCENTIVE AND SELF-SUFFICIENCY ACT OF 1996—Section-by-Section Analysis

Intent of Legislation: To Create a Consistent Disability Work Incentive Policy for Social Security Disability Insurance Beneficiaries and Conform with the National Disability Policy Established with the Passage of the Americans with Disabilities Act (ADA).

OVERVIEW

The intent of this bill is to create a work incentive policy for Social Security Disability Income (SSDI) beneficiaries. The model that has been used is the 1619(a)(b) SSI/Medicaid provisions. SSDI and Medicare are amended to provide the same incentive as the 1619 model which is to make sure a person who goes off the DI roles will not be worse off. The key reason, according to the GAO in their report to Senate Select Committee on Aging issued this past April, why many people who can work but do not is because they can not obtain health care coverage because of their disability. Therefore, a buy-in to the Medicare program is paramount in this bill. Although a Medicare buy-

in program currently exists it has not been a success.

This bill repeals the current trial work period and extended period of eligibility and replaces them with the 1619(a)(b) model provisions. Second, we allow people to purchase Medicare if they meet the current medical listing test in SSDI. The buy-in is on a sliding scale.

Lastly, the bill also includes the Medicare-Medicaid Integration demonstration project was that was included in the 1995 reconciliation bill and repeals the Medicare/Medicaid Data Bank.

SECTION 2: RETURN-TO-WORK PROGRAM FOR SOCIAL SECURITY DISABILITY INCOME BENEFICIARIES

(A) Benefit reductions based on income

Current law: An allowed SSDI/Medicare beneficiary who returns to work loses eligibility for DI cash assistance when achieving Substantial Gainful Activity (SGA). SGA is defined as earnings from wages or salaries that equal or surpass $500 monthly (for non bind disabled beneficiaries) that are earned continuously for nine months or longer. Beneficiaries can shelter some income from the SGA calculation by using work incentives such as the Impairment Related Work Expense offset.

Revision: An allowed SSDI/Medicare beneficiary who returns to work has their DI cash assistance reduced by $1 for every $2 earned beginning when achieving Substantial Gainful Activity (SGA). SGA is defined as earnings from wages or salaries that equal or surpass $500 monthly (for non blind disabled beneficiaries) that are earned continuously for nine months or longer. Beneficiaries can shelter some income from the SGA calculation by using work incentives such as the Impairment Related Work Expense offset. This creates an incentive similar to the cash continuation provisions for 1619(a).

(B) Benefit reductions for those who are dually eligible

Current law: An individual who is dually eligible for SSDI and SSI and who returns to work loses eligibility for both DI cash assistance and Medicare when achieving Substantial Gainful Activity (SSA). SGA is defined as earnings from wages or salaries that equal or surpass $500 monthly (for non blind disabled beneficiaries) continuously for nine months or longer. Beneficiaries can shelter some income from the SGA calculation by using work incentives such as the Impairment Related Work Expense offset. This individual would have their SSI cash assistance and Medicaid coverage continued under the 1619(a) and (b) program.

Revision: An individual who is dually eligible for SSDI and SSI and who returns to work would have their SSI cash assistance and Medicaid coverage continued under the 1619(a) and (b) program, and, when achieving SGA the individual has their DI cash assistance reduced by $1 for every $2 earned. Reductions in cash assistance are taken first from SSI and secondly from SSDI.

(C) Required continued disability status

Current law: An individual who is an allowed SSDI/Medicare beneficiary receives a Continuing Disability Review (CDR) at intervals of either three, five, or seven years depending on whether their allowed class is Medical Improvement Expected (MIE = 3 years), Medical Improvement Possible (MIP = 5 years) or Medical Improvement Not Expected (MINE = 7 years). The individual must continue to meet criteria of: 1) earning less than $500 per month in wages or salaries; 2) having a medically determinable physical or mental condition that has lasted or is expected to last 12 or more months; 3) being unable to perform any job in the national economy.

Revision: An individual who is an allowed SSDI/Medicare beneficiary receives a Continuing Disability Review (CDR) at intervals of either three, five, or seven years depending on whether their allowed class is Medical Improvement Expected (MIE = 3 years), Medical Improvement Possible (MIP = 5 years) or Medical Improvement Not Expected (MINE = 7 years). The individual must continue to meet criteria of having a medically determinable physical or mental condition that has lasted or is expected to last 12 or more months through a condition or combinations of impairments which meets or equals the requirements of the Listings, including functional equivalents, who, except for earned income meets the disability definition. This incentive is similar to 1619(a) provisions regarding Medicaid.

(D) Repeal of trial work period

Current law: An individual who is an allowed SSDI/Medical beneficiary receives SSDI cash assistance after a five month waiting period and receives Medicare coverage after a two year waiting period. If the individual returns to work and earns $500 or more per month (Substantial Gainful Activity), cash assistance and no cost Medicare continues through a nine month Trial Work Period and a three month transition period.

Revision: Continuing disability status, gradual decline of cash assistance, and a sliding scale buy-in to Medicare make the Trial Work Period unnecessary.

(E) Repeal of extended period of eligibility

Current law: An individual who is an allowed SSDI/Medicare beneficiary receives SSDI cash assistance after a five month waiting period and receives Medicare coverage after a two year waiting period. If the individual returns to work and earns $500 or more per month (Substantial Gainful Activity), no cost Medicare continues through a nine month Trial Work Period and a Three month transition period. Beginning in month 13, an Extended Period of eligibility continues Medicare for 36 months if the beneficiary elects to pay the full cost of both the Part A and Part B premiums.

Revision: Continuing disability status, gradual decline of cash assistance, and a sliding scale buy-in to Medicare make the Extended Period of Eligibility unnecessary.

(F) Reaffirmation of disability status

Current law: An individual who is an allowed SSDI/Medicare beneficiary receives a Continuing Disability Review (CDR) at intervals of either three, five, or seven years depending on whether their allowed class is Medical Improvement Expected (MIE=3 years), Medical Improvement Possible (MIP=5 years) or Medical Improvement Not Expected (MINE=7 years). The individual must continue to meet criteria of: (1) earning less than $500 per month in wages or salaries; (2) having a medically determinable physical or mental condition that has lasted or is expected to last 12 or more months; (3) being unable to perform any job in the national economy.

Revision: An individual who is as allowed SSDI/Medicare beneficiary receives a Continuing Disability Review (CDR) at intervals of either three, five, or seven years depending on whether their allowed class is Medical Improvement Expected (MIE=3 years), Medical Improvement Possible (MIP=5 years) or Medical Improvement Not Expected (MINE=7 years). The individual must continue to meet criteria of having a medically determinable physical or mental condition that has lasted or is expected to last 12 or more months through a condition or combinations or impairments which meets or equals the requirements of the Listing, including functional equivalents, who, expect for earned income meets the disability definition. This incentive is similar to 1619(a) provisions regarding Medicaid.

SECTION 3: CONTINUED ELIGIBILITY FOR MEDICARE BUY-IN BENEFITS FOR DISABLED INDIVIDUALS

(A) Continuation of Medicare and Medicare buy-in

Current law: An individual who is an allowed SSDI/Medicare beneficiary receives SSDI cash assistance after a five month waiting period and receives Medicare coverage after a two year waiting period. If the individual returns to work and earns $500 or more per month (Substantial Gainful Activity), no cost Medicare continues through a nine month Trial Work Period and a Three month transition period. Beginning in month 13, Medicare continues if the beneficiary elects to pay the full cost of both the Part A and Part B premiums.

Revision: An individual who is an allowed SSDI/Medicare beneficiary who returns to work and earns $500 or more per month (SGA), is in a continuing disability status unless medical recovery is determined as described in paragraph 3 above and receives no cost Medicare until Adjusted Gross Income (AGI) reached $15,000; after this point beneficiaries would pay Medicare premiums of 10% of AGI beyond $15,000. This incentive is similar to the continuation of Medicaid under 1619(b). [The exact Formula is to be determined pending additional research].

(B) Defining the Medicare buy-in conditions

Current law: An individual who is an allowed SSDI/Medicare beneficiary receives SSDI cash assistance after a five month waiting period and receives Medicare coverage after a two year waiting period. If the individual returns to work and earns $500 or more per month (Substantial Gainful Activity), no cost Medicare continues through a nine month Trial Work Period and a Three month transition period. Beginning in month 13, Medicare continues if the beneficiary elects to pay the full cost of both the Part A and Part B premiums.

Revision: An individual who is an allowed Medicare Buy-In beneficiary receives no SSDI cash assistance month, but receives Medicare coverage without a two year waiting period. If the individual returns to work (or remains at work) and earns $500 or more per month (Substantial Gainful Activity), no cost Medicare continues through a nine month Trial Work Period and a Three month transition period. Beginning in month 13, Medicare continues if the beneficiary elects to pay the cost of both the Part A and Part B premiums on a sliding income scale. The beneficiary would receive free Medicare until Adjusted Gross Income (AGI) reached $15,000; after this point beneficiaries would pay a premium of 10% of AGI beyond $15,000. [The exact Formula is to be determined pending additional research].

SECTION 4: MEDICARE BUY-IN PROVISION FOR DISABLED INDIVIDUALS WHO CAN WORK BUT REMAIN ON SSDI BECAUSE THEY CANNOT OBTAIN HEALTH CARE ADEQUATE COVERAGE IN THE PRIVATE MARKET

(A) Creating a new allowed beneficiary class to promote work

Current law: An individual qualifies for SSDI/Medicare if they meet a series of stringent criteria. This criteria includes: 1) earning less than $500 per month in wages or salaries; 2) having a medically determinable physical or mental condition that has lasted or is expected to last 12 or more months; 3) being unable to perform any job in the national economy. In order to meet the criteria of having a medically determinable condition, an applicant must either a) have a condition which meets or exceeds the requirements of the Listings, b) have two or more

conditions which meets or exceeds the requirements of the Listings, or c) meet strict functional criteria for not being capable of performing any job in the national economy, given their condition, age, and education. If these criteria are met, an applicant is an allowed beneficiary and receives SSDI cash assistance after a five month waiting period. Medicare begins after a two year waiting period.

Revision: An individual qualifies for Medicare Buy-In, but not for SSDI cash assistance, if they meet a slightly less stringent test of disability. The applicant would be required to meet criteria that demonstrates having a medically determinable physical or mental condition that has lasted or is expected to last 12 or more months. In order to meet the criteria of having a medically determinable condition, an applicant must either a) have a condition which meets or exceeds the requirements of the Listings, or b) have two or more conditions which meets or exceeds the requirements of the Listings. If these criteria are met, an applicant is an allowed beneficiary and receives Medicare, but without a two year waiting period.

(B) Reaffirmation of disability status

Current law: An individual who is an allowed SSDI/Medicare beneficiary receives a Continuing Disability Review (CDR) at intervals of either three, five, or seven years depending on whether their allowed class is Medical Improvement Expected (MIE=3 years), Medical Improvement Possible (MIP=5 years) or Medical Improvement Not Expected (MINE=7 years). The individual must continue to meet criteria of: 1) earning less than $500 per month in wages or salaries; 2) having a medically determinable physical or mental condition that has lasted or is expected to last 12 or more months; 3) being unable to perform any job in the national economy.

Revision: An individual who is an allowed SSDI/Medicare beneficiary receives a Continuing Disability Review (CDR) at intervals of either three, five, or seven years depending on whether their allowed class is Medical Improvement Expected (MIE=3 years), Medical Improvement Possible (MIP=5 years) or Medical Improvement Not Expected (MINE=7 years). The individual must continue to meet criteria of having a medically determinable physical or mental condition that has lasted or is expected to last 12 or more months through a condition or combinations of impairments which meets or equals the requirements of the Listings, including functional equivalents, who, except for earned income meets the disability definition. This incentive is similar to 1619(a) provisions regarding Medicaid.

SECTION 5: MEDICARE/MEDICAID INTEGRATION DEMONSTRATION PROJECT

SECTION 6: REPEAL OF MEDICARE AND MEDICAID COVERAGE DATA BANK●

By Mr. LAUTENBERG:

S. 1980. A bill to prohibit the public carrying of a handgun, with appropriate exceptions for law enforcement officials and others; to the Committee on the Judiciary.

THE CONCEALED WEAPONS PROHIBITION ACT OF 1996

Mr. LAUTENBERG. Mr. President, today I am introducing legislation that would prohibit individuals from carrying a handgun, concealed or in the open, in public. The bill includes exceptions for certain people authorized to carry handguns under State law, such as law enforcement personnel and duly authorized security officers. Additionally, States could choose to exempt persons whose employment involves the transport of substantial amounts of cash or other valuables.

Also, Mr. President, States could provide exemptions in individual cases, based on credible evidence, that a person should be allowed to carry a handgun because of compelling circumstances warranting an exemption, such as a woman being stalked by someone who is threatening her. However, a simple claim of concern about generalized risks would not be sufficient. It would have to be a specified, credible threat.

Mr. President, common sense tells you that there are more than enough dangerous weapons on America's streets. Yet, incredibly, some seem to think that there should be more. They want to turn our States and cities into the wild, wild west, where everyone carries a gun on his or her own hip, taking the law into their own hands. This is a foolhardy, and dangerous, trend.

The statistics are clear, Mr. President. This country is already drowning in a sea of gun violence. Every 2 minutes, someone somewhere in the United States is shot. Every 14 minutes someone in this country dies from a gunshot wound. In 1994 alone, over 15 thousand people in our country were killed by handguns. Compare that to countries like Canada, where 90 people were killed by handguns that year, or Great Britain, which had 68 handgun fatalities.

Mr. President, the Federal Centers for Disease Control and Prevention estimates that by the year 2003, gunfire will have surpassed auto accidents as the leading cause of injury-related deaths in the United States. In fact, this is already the case in seven States.

It is because we already suffer from an epidemic of gun violence that I have introduced this legislation. The fact is, Mr. President, concealed weapons make people less, not more, secure, You don't have to take it from me. Listen to the real experts: The police officers on the street. There is near-unanimous agreement in the law enforcement community that concealed weapons laws are bad policy.

Arming more people is not the way to make the streets safer. It is a way to get more people killed. Mr. President, the National Rifle Association and its allies may believe that the presence of concealed weapons will scare criminals from committing crimes. To me, just the opposite is true. More likely, criminals will just get more violent.

Think about it, Mr. President. If a criminal thinks that you might be carrying a concealed weapon, common sense tells you that he is much more likely to simply shoot first, and ask questions later.

Perhaps more importantly, concealed weapons will mean that many routine conflicts will escalate into deadly violence. Every day, people get into everything from traffic accidents to domestic disputes. Maybe these arguments lead to yelling, or even fisticuffs. But if more people are carrying guns, those conflicts are much more likely to end in a shooting, and death.

Mr. President, the bottom line is that more guns equals more death. This legislation will help in our struggle to reduce the number of guns on our streets, and help prevent our society from becoming even more violent and dangerous.

I hope my colleagues will support the bill, and ask unanimous consent that a copy of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows;

S. 1980

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION. 1. SHORT TITLE.

This Act may be cited as the ''Concealed Weapons Prohibition Act of 1996''.

SEC. 2. FINDINGS.

The Congress finds and declares that—

(1) crimes committed with handguns threaten the peace and domestic tranquility of the United States and reduce the security and general welfare of the Nation and its people;

(2) crimes committed with handguns impose a substantial burden on interstate commerce and lead to a reduction in productivity and profitability for businesses around the Nation whose workers, suppliers, and customers are adversely affected by gun violence;

(3) the public carrying of handguns increases the level of gun violence by enabling the rapid escalation of otherwise minor conflicts into deadly shootings;

(4) the public carrying of handguns increases the likelihood that incompetent or careless handgun users will accidently injure or kill innocent bystanders;

(5) the public carrying of handguns poses a danger to citizens of the United States who travel across State lines for business or other purposes; and

(6) all Americans have a right to be protected from the dangers posed by the carrying of concealed handguns, regardless of their State of residence.

SEC. 3. UNLAWFUL ACT.

Section 922 of title 18, United States Code, is amended by adding at the end the following:

''(y)(1) Except as provided in paragraph (2), it shall be unlawful for a person to carry a handgun on his or her person in public.

''(2) Paragraph (1) shall not apply to the following:

''(A) A person authorized to carry a handgun pursuant to State law who is—

''(i) a law enforcement official;

''(ii) a retired law enforcement official;

''(iii) a duly authorized private security officer;

''(iv) a person whose employment involves the transport of substantial amounts of cash or other valuable items; or

''(v) any other person that the Attorney General determines should be allowed to carry a handgun because of compelling circumstances warranting an exception, pursuant to regulations that the Attorney General may promulgate.

''(B) A person authorized to carry a handgun pursuant to a State law that grants a person an exemption to carry a handgun

based on an individualized determination and a review of credible evidence that the person should be allowed to carry a handgun because of compelling circumstances warranting an exemption. A claim of concern about generalized or unspecified risks shall not be sufficient to justify an exemption.

''(C) A person authorized to carry a handgun on his or her person under Federal law.''.

By Mr. CRAIG:

S. 1981. A bill to establish a Joint United States-Canada Commission on Cattle and Beef to identify, and recommend means of resolving, national, regional, and provincial trade-distorting differences between the countries with respect to the production, processing, and sale of cattle and beef, and for other purposes; to the Committee on Finance.

THE JOINT UNITED STATES-CANADA COMMISSION ON CATTLE AND BEEF ESTABLISHMENT ACT OF 1996

● Mr. CRAIG. Mr. President, I introduce a bill of critical importance to our Nation's cattle producers. The Joint United States-Canada Commission on Cattle and Beef is designed to resolve some of the existing differences in trade practices between the two countries.

As a former rancher, I have a first-hand understanding of the challenges that face the cattle industry. The prolonged down cycle is especially troubling because it affects the livelihoods of thousands of ranching families in Idaho and across the country.

These beef producers are the largest sector of Idaho and American agriculture. Over 1 million families raise over 100 million head of beef cattle every year. This contributes over $36 billion to local economies. Even with the extended cycle of low prices, direct cash receipts from the Idaho cattle industry were almost $620 million in 1995. These totals only represent direct sales; they do not capture the multiplier effect that cattle ranches have in their local economies from expenditures on labor, feed, fuel, property taxes, and other inputs.

Over the years, cattle operations have provided a decent living and good way of life in exchange for long days, hard work, and dedication. While the investment continues to be high, the returns have been low in recent years.

The problems facing the cattle industry in recent years are complex. The nature of the market dictates that stable consumption combined with increased productivity and growing herd size yield lower prices to producers. This, combined with high feed prices and limited export opportunities, has caused a near crisis.

Many Idahoans have contacted me on this issue. Some suggest the Federal Government intervene in the market to help producers. However, many others have expressed fear that Federal intervention, if experience is any indication, will only complicate matters and may also create a number of unintended results. I tend to agree with the latter. Time and again, I have seen lawmakers and bureaucrats in Washington, DC, albeit well-intentioned, take a difficult situation and make it worse. This does not mean that I believe Government has no role to play. I have supported and will continue to support measures of proven value. However, I will continue to follow this situation closely with the hope that free market forces will, in the long run, aid in making cattle producers more efficient, productive, and profitable.

The cattle industry is part of a complex, long-term cycle; however, there are producers who might not survive the short-term consequences. The Beef Industry Assistance Resolution addresses a number of these short term issues. These are issues that were raised at a hearing of the Agriculture Committee that I chaired a few weeks ago.

The resolution has five sections—antitrust monitoring, market reporting, private sector self-regulation, recognition of barriers to international trade, and emergency loan guarantees.

Section 1 encourages the Secretary of Agriculture and Department of Justice to increase the monitoring of mergers and acquisitions in the beef industry. Investigation of possible barriers in the beef packing sector for new firms and with other commodities is encouraged.

Section 2 directs the Secretary of Agriculture to expedite the reporting of existing beef categories and add additional categories. These categories include contract, formula and live cash cattle prices, and boxed beef prices. The Secretary is also encouraged to increase the frequency of captive supply cattle from every 14 to 7 days. I am especially interested in the improved reporting of all beef and live cattle exports and imports. The second section also directs the Secretary to capture data on a previously unrecorded segment of the market—away from home consumption. While this market consumes approximately half of the Nation's beef production, very little is known about it.

Section 3 encourages two very important measures within the private sector. First, meat packing companies are encouraged to fully utilize a grid pricing structure which will provide producers with a more complete picture for the particular type of the cattle they produce. Second, agricultural lenders are encouraged to consider the total asset portfolio, not just cash flow, when evaluating this year's beef loans. Even the best operators will have great difficulty cash-flowing a cattle outfit because of the prolonged period of low prices.

Section 4 recognizes a number of barriers to international trade that adversely affect American beef producers. The section is meant to elevate the importance of all trade issues and specifically references the elimination of the European Union hormone ban and animal health barriers between the United States and Canada.

Section 5 recommends that emergency loan guarantees be made available to agricultural lenders with cattle industry loans. I am disappointed that the President zeroed out funding for this program in his fiscal year 1997 proposal. I have heard from a number of lenders that a high number of loans are questionable for this fall.

The Beef Industry Assistance Resolution is a measure designed to provide immediate, short-term solutions to some of the serious problems facing the cattle industry. I know that a number of my colleagues have legislation pending in regards to the cattle market. I would comment that I see this resolution as a starting point, not an ending point for cattle industry issues.

Mr. President, I ask unanimous consent that the text of my bill be printed in the RECORD.

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

S. 1981

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. JOINT UNITED STATES-CANADA COMMISSION ON CATTLE AND BEEF.

(a) ESTABLISHMENT.—There is established a Joint United States-Canada Commission on Cattle and Beef to identify, and recommend means of resolving, national, regional, and provincial trade-distorting differences between the United States and Canada with respect to the production, processing, and sale of cattle and beef, with particular emphasis on—

(1) animal health requirements;

(2) transportation differences;

(3) the availability of feed grains; and

(4) other market-distorting direct and indirect subsidies.

(b) COMPOSITION.—

(1) IN GENERAL.—The Commission shall be composed of—

(A) 3 members representing the United States, including—

(i) 1 member appointed by the Majority Leader of the Senate;

(ii) 1 member appointed by the Speaker of the House of Representatives; and

(iii) 1 member appointed by the Secretary of Agriculture;

(B) 3 members representing Canada, appointed by the Government of Canada; and

(C) nonvoting members appointed by the Commission to serve as advisers to the Commission, including university faculty, State veterinarians, trade experts, and other members.

(2) APPOINTMENT.—Members of the Commission shall be appointed not later than 30 days after the date of enactment of this Act.

(c) REPORT.—Not later than 180 days after the first meeting of the Commission, the Commission shall submit a report to Congress and the Government of Canada that identifies, and recommends means of resolving, differences between the United States and Canada with respect to the production, processing, and sale of cattle and beef.●

ADDITIONAL COSPONSORS

S. 673

At the request of Mrs. KASSEBAUM, the name of the Senator from Pennsylvania [Mr. SPECTER] was added as a cosponsor of S. 673, a bill to establish a youth development grant program, and for other purposes.

S. 1252

At the request of Mr. ABRAHAM, the name of the Senator from Oklahoma