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## Senate

The Senate met at 9:30 a.m., and was called to order by the President pro tempore [Mr. THURMOND].

The PRESIDENT pro tempore. Today's prayer will be offered by our guest Chaplain, Rev. William B. Mann V, pastor, Our Savior's Way Lutheran Church in Ashburn, VA.

### PRAYER

The guest Chaplain, Reverend William B. Mann, V, Pastor of Our Savior's Way Lutheran Church, Ashburn, VA, offered the following prayer:

Let us pray:

Ruler of all, we thank and praise You for this Nation which is our home. We thank and praise You for permitting this Nation to survive armed conflicts, cold wars, threats and rumors of war, and the uncertainties of this nuclear age.

We ask You to urge the leaders and the people of our Nation to pursue always the search for human freedoms. We ask You to bless with wisdom the lawmakers of our Nation, to regulate our Government that it will offer hope and freedom to all who swear allegiance to it.

Forgive us for our waste of natural resources, for the neglect of our own rights and the rights of others. Enable us to conduct ourselves honorably as citizens and to manage the affairs of Government sensibly. Permit this Nation to prosper and to fulfill Your purpose to the good of all. This we ask in the name of our Lord and Savior. Amen.

### RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The able majority leader, Senator LOTT, is recognized.

Mr. LOTT. Thank you, Mr. President. Good morning to you.

### SCHEDULE

Mr. LOTT. Mr. President, we had announced last night the intention to have a vote at 9:15, but the amendments that were involved in that vote were agreed to and were accepted on a voice vote, so it was not necessary to have a recorded vote.

This morning, the Senate, though, will resume executive session to consider the nomination of Alan Greenspan to be Chairman of the Federal Reserve Board. Under the order, there will be 3 hours of debate on the nomination, with the vote to occur at 2 p.m. today. Following that vote, the Senate will dispose of the remaining Federal Reserve nominees.

Also today, the Senate will resume consideration of S. 1745, the Department of Defense authorization bill. We did make substantial progress on the bill yesterday, and I hope we can continue with amendments and short time agreements during today's session as well. We would like to complete action on the DOD bill this week if at all possible. We will continue working through the afternoon with votes until early evening.

We will recess or leave for the day in time for an event at the White House tonight, and then we will, after consultation with the Democratic leader, make some announcement later today about exactly what will happen on Friday. We will be in session, and we will have to assess where we are as to whether or not there will be votes at that time.

Mr. President, I yield the floor. Seeing no Senator seeking recognition at this point, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. JEFFORDS). 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.

### EXECUTIVE SESSION

#### NOMINATION OF ALAN GREENSPAN, OF NEW YORK, TO BE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to executive session to consider the nomination of Alan Greenspan, which the clerk will report.

The assistant legislative clerk read the nomination of Alan Greenspan, of New York, to be Chairman of the Board of Governors of the Federal Reserve System.

The Senate resumed consideration of the nomination.

The PRESIDING OFFICER. There are 3 hours of debate equally divided.

The minority leader is recognized.

Mr. DASCHLE. I thank the President, and I wish him good morning.

Mr. President, let me begin by commending the distinguished Senator from Iowa, Senator HARKIN, for demanding our careful consideration of the nomination of Alan Greenspan for another term as Chairman of the Federal Reserve Board. The Senate has the duty and the obligation to thoroughly review the record of any nominee to such a key post. No one has met that obligation more consequentially than has Senator HARKIN, or has made a greater contribution to this debate.

This debate over Federal Reserve policy, while seemingly distant to many Americans, actually affects the lives of every American family. It affects families trying to buy a house or to make a payment on one. It affects families trying to buy a new car, farm families trying to get a loan to put in next year's

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



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crop, small business people trying to get a loan to operate their businesses for yet another year. Even more fundamentally, it affects whether millions of Americans will have a job at all and whether those without jobs can find one.

In judging nominees for the Federal Reserve, their records are the most important factor to consider. Despite some reservations, I believe Mr. Greenspan's performance justifies his reconfirmation.

Congress has mandated that the Federal Reserve conduct its monetary policy to "promote effectively the goals of maximum employment, stable prices and moderate long-term interest rates." We must judge Mr. Greenspan by how well he has fulfilled this mandate and, I must say, his record is mixed.

Back in 1990, under the direction of Chairman Greenspan, the Federal Reserve failed to act quickly enough in lowering interest rates when a recession hit in the summer of that year. Recently released transcripts show that as late as October, Mr. Greenspan still insisted there was no recession. The Fed's failure to understand and respond to the recession made it last longer and run deeper. That recession hit farmers and families in my own State of South Dakota especially hard.

Thankfully, the economy turned around in 1993, and it has remained strong and steady ever since, with inflation remaining under control. That sustained recovery grew out of the President's economic plan of that year, and that plan passed Congress, I remind all of our colleagues, without a single vote from the other side.

While Democrats in Congress and the President led the 1993 fight for the economic plan, Mr. Greenspan helped that plan realize success. He offered encouraging words during the plan's consideration, which helped it gain credibility in the financial markets.

Following its enactment, the Federal Reserve kept interest rates down for a while. As Mr. Greenspan noted later:

The actions taken [in 1993] to reduce the federal budget deficit have been instrumental in creating the basis for declining inflation expectations and easing pressures on long term interest rates.

So the results speak for themselves. Since 1993, nearly 10 million jobs have been created. These are nearly eight times more private-sector jobs than were created during the entire Bush administration. These are not just any jobs: more than two-thirds of them are high-wage positions—the kinds of jobs you can raise a family on and plan for the future.

Along with jobs, the overall U.S. economy has grown steadily. Again, the Democrats' 1993 economic plan sparked a real turnaround. During the previous 4 years, economic growth averaged just 1.3 percent. But since 1993, the economy has grown by more than twice that rate, averaging more than 3.2 percent each year.

We have cut the deficit in half in the last 4 years. As many of us remember, the deficit stood at a whopping \$290 billion in 1992. This year, we have cut the deficit to \$130 billion, according to the Congressional Budget Office. Our plan created 4 consecutive years of deficit reduction for the first time since the 1940's.

It remains an open question whether Mr. Greenspan's more recent policies have raised interest rates too high again. Few people realize that in 1 year, from 1994 to 1995, Mr. Greenspan increased the Federal funds rate seven times. In fact, his actions helped to double interest rates over that period of time.

Here are the figures: In February 1994, the Federal funds rate was 3 percent; in February 1995, it doubled to 6 percent. Every homeowner, every farmer, probably most Americans, know what doubling interest rates can mean. Since that time, despite any indication that inflation was threatening to rise, the rate has dropped by only three-quarters of a point, to 5.25 percent.

Senators HARKIN and DORGAN have made a good case before the Senate that Mr. Greenspan has tended to place a higher priority on fighting inflation than creating jobs.

Mr. Greenspan needs to reconsider whether by lowering interest rates the economy could expand more quickly without triggering inflation. Indeed, a number of prominent business leaders and economists argue that unemployment, currently at 5.6 percent, could be pushed to as low as 5 percent without affecting inflation at all. Taking this step would generate an additional 600,000 jobs. This strikes me as a plausible and worthwhile goal which Mr. Greenspan and the entire Federal Reserve should take very seriously.

After all, jobs are a critical part of the Federal Reserve's mandate. Jobs also top the list of priorities for most American families. Jobs are certainly on the top of the list of every member of the Democratic caucus.

I am deeply concerned that many of our colleagues on the other side, led by the distinguished Senator from Florida, Senator MACK, and our former colleague, Senator Dole, have proposed dropping jobs as a Federal Reserve priority. The Federal Reserve generates perhaps the most important economic policy decisions of this country. To remove jobs from their mandate would prove devastating to American workers.

The Mack-Dole bill would limit the Fed to considering only inflation when making its decisions. It directs the Fed to ignore unemployment and focus solely on price stability. Imagine putting this question to a family sitting around a kitchen table: Do you think the most powerful economic institution in this country should be more or less concerned about creating jobs? You can bet the family would say, "Focus more on jobs—more on jobs—not less."

Clearly, one powerful group places a higher priority on controlling inflation than on promoting economic growth. Wealthy investors, wealthy bondholders are hurt far more by small increases in inflation than by increases in unemployment. They are the major constituency for an initiative of this kind. I believe the Fed should pay more attention to working families who are feeling a growing sense of economic insecurity in this country.

While the statistics I have outlined show a strong economy, when I go home I hear a lot of anxiety from farmers, small businesspeople, and families just trying to make a living wage. In fact, wages have stagnated for many middle-class working families. Every year it seems harder and harder just to make ends meet.

The simple fact is that if there is a crunch out there, it is the Fed's crunch.

We need a Federal Reserve to serve as an ally, not an opponent, in the fight for more high-wage jobs. If we really mean to raise living standards and fight for higher wages, the Federal Reserve should consider lowering interest rates now, this year, this month.

But monetary policy is only one part of economic policy. Democrats in Congress are promoting an agenda that goes even further to address the insecurities so many people rightly feel today.

We are fighting for paycheck security, starting with raising the minimum wage now.

We are committed to health security and to controlling health care costs that are eating up workers' compensation gains.

We are developing a legislative package to promote retirement security so that economic security can last a whole lifetime.

At the same time, we have a plan to balance the budget without damaging the economy and without hurting those who need help the most.

As Mr. Greenspan himself advocates, we must continue to invest in education, training, and technological development. The Democratic plan makes those investments in America's future.

On balance, Mr. Greenspan's successful partnership with us in the wake of the 1993 plan merits my support for his reconfirmation. As he himself has noted, the 1993 economic plan "was an unquestioned factor in contributing to the improvement in economic activity that occurred thereafter."

Still, he should take heed of the arguments made so effectively by Senators HARKIN and DORGAN that he needs to do more to promote economic growth. Our goal must be to extend the economic recovery to all Americans—not just the stock and bondholders of Wall Street, but the families and the shops on Main Street.

Essentially, the record of the past 4 years shows that we have created economic growth and jobs. I can support

Mr. Greenspan's nomination, but with the caveat that jobs should remain as one of the Fed's top priorities. The hard-working people of this country deserve an agenda that continues to raise their standard of living. That ought to be the responsibility not only of the Congress, but of the Federal Reserve Board as well. I yield the floor.

Mr. REID addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada is recognized.

Mr. REID. One of the things that mystified me in regard to the work that we have done—

The PRESIDING OFFICER. I am sorry to interrupt you. The Senator from Iowa controls the time.

Mr. HARKIN. I yield whatever time he may consume to the Senator from Nevada.

Mr. REID. I thank Senator HARKIN.

One of the things that has mystified me during the work I have been involved in and the study by the General Accounting Office has been the lack of attention by the press and others about what we have found through the General Accounting Office regarding how the Fed is run.

Senator HARKIN, Senator DORGAN, and others, have talked a lot about monetary policy. I respect them and join with them in those statements.

But what I want to talk about today again for a few minutes is what the General Accounting Office found in their study of the Fed. Mr. President, if I were on the Senate floor talking about one of the Federal agencies having overspent their budget, there would be cries for an investigation.

Let us take a closer look. If you really look at what the Fed has done, it is not just a question of overspending their budget, it is a question of their spending being uncontrolled.

For example, within the Fed itself you are reimbursed for travel in many different ways. Unlimited travel expenses are reimbursed. You have a foyer going from a few thousand square feet to 20,000 square feet. That is just the entry room to one of their buildings. There is nothing in it except marble.

The General Accounting Office only peeked at their perks. But what they did find when they took a peek is that, for example, in the Fed system you can get a security system. You know, their vice presidents have them, vice chairmen have them. They have security systems for reasons I do not understand. Some of them have door-to-door travel.

We do not, I indicate again, Mr. President, know exactly what they have. A preliminary report that was issued by the General Accounting Office, their final report, only confirmed further what is going on at the Fed, but nobody seems to care. If this were an agency of the Federal Government or State government, people would be raising their hands.

One of the big things they are looking at now on the House side—it has

not hit here yet; I assume it will—is whether Members of Congress, when they go to receptions, sit down and eat a sandwich. If they do, it is a violation of the rules. If they stand, it is OK. If you sit, it is not. That is what we are looking at here. With the Fed, they can do whatever they want to do. It is not a question of sitting or standing. They can do just about anything they want to do.

The Fed operating costs have grown considerably: 50 percent between 1988 and 1994. Salary costs increased 44 percent, travel costs increased 66 percent during that same period of time, but nobody seems to care.

This is an organization that has no oversight. This is an organization that does not have an annual audit. This is an organization that keeps \$3.7 billion in a trust fund, a slush fund. They call it a rainy day fund. Why? They said, "We might need it sometime." In 79 years, they have never needed it. The \$3.7 billion should be returned to the Federal Treasury. They still have the \$3.7 billion. No one seems to much care that they have the money stashed away.

We are going to begin markup of this year's appropriation bills over in the Senate. We are going to get our allocation and then look at military construction and then the defense spending bill, maybe foreign operations. We are going to be fighting for dollars just for little projects. I have a project for \$55,000, but we will have trouble funding it. It is extremely essential to saving a lake in Nevada, extremely important to an Indian tribe in Nevada. We probably cannot get that money. Yet, the Fed has \$3.7 billion there for no purpose, and nobody seems to care.

The final report of the General Accounting Office, Mr. President, was issued yesterday. "The Federal Reserve System: Current and Future Challenges Require Systemwide Attention." They are not going to have any "systemwide attention" because Members of this body do not seem to care about what is going on at the Fed. This final report issued yesterday confirmed everything found in the preliminary report.

The real news here, in my opinion, is the Fed's unwillingness to accept any of the recommendations made by the independent study. The report demonstrates the absolute arrogance of a tremendously powerful entity that believes it is unaccountable to mere taxpayers. It has every reason to believe that it is unaccountable, because it is.

The Fed has chosen to reject these recommendations. That is their prerogative. We, as a legislative body, have let them get away with it. It is really just a rejection of taxpayer requests, that is all.

The Fed may think they need not bother themselves with these requests from the taxpayer for greater efficiency, and it appears maybe they are right. It is obvious that those of us who believe this nomination should not go

forward, we are going to lose, but we are gaining ground. We are going to get more votes than last time. I know that, because I am one of the people that is going to join those who feel that the Fed needs some direction change.

We are not going to go away quietly. We are going to say our piece here today, and then we are going to come back in the weeks ahead with legislation. We are not going to wait until the next nomination process comes through. We are going to go through with the legislation, and we are going to continue.

We are going to call for an annual audit. We are going to call for some of the things that the General Accounting Office thinks should be done. We are going to keep talking about this until the American public gives other Members of this body and the other body the backbone to go forward and do something.

Taxpayers, and I believe this Congress, should no longer tolerate the inefficiency, the mismanagement, and questionable accounting procedures of the Fed. I repeat: inefficiency, mismanagement, and questionable accounting procedures.

Greenspan and the Fed have an unlimited budget. They can spend money however they want. There is no oversight, no investigations, no audits. Budgets can be exceeded within house. What difference does it make? They control the money.

We have heard numerous times that the Fed has said, "We will put the brakes on the economy." I think we should put the brakes on the Fed. That would be the better way to approach this.

Also, the General Accounting Office talks about conflicts of interest, talks about how they let contracts. I repeat, if this were done in the private sector or in another agency of Government, it would be scandalous. But the Fed just does it and turns their head the other way and goes on with their business.

The report raises the legitimate questions about fiscal management within the Fed. Important questions need to be answered, and they have not been answered. They have been requested, but they simply do not answer them, just like they did not answer most of the questions that the General Accounting Office presented.

This report is about ensuring greater accountability to the American taxpayer and improving fiscal responsibility. The Fed has pocketed \$3.7 billion in taxpayer money. It claims this quietly held fund is necessary to cover systemwide losses that it has never had and never will have. In its 79-year history, the Fed has never operated at a loss. Excessive salaries increased by 44 percent; 120 top Fed officials earned more than the Chairman in 1994, increasing excessive expenditures; benefits increased by 89 percent since 1980 and were found to be more generous than any other Federal agency; travel expenses, I repeat, increased by 66 percent.

Board members travel in high style, to say the least. Travel reimbursement policies vary from bank to bank, and they are permitted to reimburse either on a per diem or actual costs basis. There is no conformity, no uniformity. A uniform travel reimbursement policy would unquestionably yield greater savings to the taxpayer.

Mr. President, as far as I am concerned, the most important thing is the need for an independent audit. To date, there has been no comprehensive audit of our central banking system. We need permanent annual independent audits. There is a double standard. This report demonstrates the double standard that is practiced by the Federal Reserve. While counseling others to decrease their spending, the Fed has increased theirs.

I conducted a meeting. Mr. Greenspan was there, and he was asked the question: What is the most important thing to do? Cut spending. I guess for every place except the Fed, because while we have cut and hacked away at these budgets coming through here, theirs has done everything but balloon up and fly away. They are bloated. They are gluttonous.

Congress heeded the advice of the Fed and took painful but necessary steps to get the deficit under control, but they did not. The Fed staffing grew, while the rest of the Government shrunk by 2 percent. We tightened our fiscal belts, and the Fed sat down to enjoy all you can eat, in response to the report, that "we are not interested, we will run our own show, you leave us alone."

The Fed has powerful defenders willing to turn a blind eye to any criticism. This General Accounting Office report provides a tough prescription that some may find hard to swallow. But I believe the alternative to treatment is simply an unfair cost to the taxpayer who would continue to be forced to pay.

I yield the floor and express my appreciation to the Senator.

Mr. D'AMATO addressed the Chair.

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

Mr. D'AMATO. Mr. President, I want to point out that I think when the Banking Committee considered the nomination of Chairman Greenspan some 4 years ago, there was only 1 vote cast in opposition to Mr. Greenspan. That opposing vote was this Senator. There were no other votes cast against him.

So I rise today to say that I am pleased that the concerns that I had with respect to Chairman Greenspan were proven to be wrong. The Chairman has done a most diligent job—in spite of the failure of the Congress to address the problems of the people of this Nation in a forthright, intelligent way, as it relates to dealing with our spending.

Throughout his tenure, the Chairman, even during turbulent political times, has remained constant and true.

Some can be critical—regardless of whether the Congress is in control of the Democrats or Republicans, or split, or regardless of the stewardship of the Presidency, be it Republican or Democrat. However, absolutely essential to the well-being and the economic growth of this country was a necessity to reduce our deficits and to demonstrate that we were going to do this for real, not with make-believe numbers, because we have seen that too often.

Indeed, I remember well the years 1979 and 1980, with inflation rates that made it impossible for small businesses and entrepreneurs to invest in plants or equipment and working middle-class families to purchase homes. I recall fear, consternation, panic. Chairman Greenspan understands and remembers well the lessons of that inflation. It was devastating to the morale of the people of this Nation, to our economic well being, and to our leadership at home and abroad.

With that in mind, he has kept a steady hand at the wheel, instead of taking the politically expedient course of saying: Slash the discount rate. Slash it and let us pump up the money supply and, with that action, create doubts in the domestic and global business community about our resolve against inflation. These doubts will result in the kind of inflation where they used to change the prices of the canned goods so fast they would put one sticker on top of the other. Today, they would not do that. You would not even know they were doing it because they would do it by way of the computer markings. But in the late 1970's, people saw those price changes, felt their effects, and understood the results. I hope we have not forgotten those lessons.

In the late 1970's and early 1980's, prime interest rates were over 20 percent. Who could buy a house? That is the kind of thing we can very easily have today if the Federal Reserve overreacts. What experts does the Congress have who are talking about slashing the interest rates? The politicians who want to go home and say, "We are going to give you everything for nothing." Why do we not cut the discount rate to 1 percent? How about a half-percent? How about a quarter percent? It is now about 5¼ percent. I will tell you what will take place if interest rates are unnecessarily cut while the economy is near its productive capacity. The cuts will fuel a speculative market, inflation and long-term interest rates will soar and young people who want to purchase homes will not be able to buy them.

Mr. President, I am going to make some more remarks. I know the chairman of the Budget Committee is here and he has a very difficult schedule. I believe he would like to speak. I am ready to yield the floor to my distinguished colleague for as long as he wants so that he might make some remarks. But I intend to come back to this debate.

Let us not hold responsible the Chairman of the Federal Reserve for our failures, the failures of the Congress of the United States to address the problems we have. Congress wants to be all things to all people, and never wants to cut anything. Members of Congress want to spend and spend, and then come into this Hall and say that the reason we are having the slowness in economic growth is because Alan Greenspan, in a mean-spirited or shallow way, does not want to cut the discount rate. If you really believe cutting the discount rate is going to solve all of the problems of the Nation, let us cut it. I have not heard people come forth and say that is going to be the answer. I have not seen any economists of any note say that is going to create long-term economic growth. I mean, this is nonsense—absolute, pure pap.

I have to tell you something. If you are really going to get down to saying, let us not confirm Mr. Greenspan because economic growth has not been fast enough, that would be like saying that the Chicago Bulls should not resign Michael Jordan because the Bulls did not beat Seattle fast enough by sweeping Seattle in four games. That is nonsense for the Chicago Bulls, and not confirming Chairman Greenspan would be the equivalent.

We have steady growth now. We have not had the kind of cycle that many have predicted because the economy is in the steady hands of someone who has not yielded to the expedience resorted to by many in politics.

I yield the floor.

Mr. DOMENICI addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, I may speak for a shorter period of time than I thought. My voice seems to be having a little trouble today. Mr. President, in a few hours, the U.S. Senate will confirm three appointees to the Federal Reserve Board. I am very confident that we will do that. We will do it because, to do otherwise, would be foolhardy.

First of all, I am delighted to take this opportunity not only to speak on behalf of Alan Greenspan's renomination as Chairman of the Federal Reserve, but to congratulate him on a masterful job in his previous term—most recently, guiding the economy into the sixth year of expansion.

While many will try to take credit for the upbeat economy right now and for its consistency, I believe it is a reflection of the anti-inflationary policies, which began under Paul Volcker and have continued under Alan Greenspan. Let me repeat. I believe no institution, including the Presidency, including the Congress, deserves more credit for the 6 years of sustained growth in this economy than the Federal Reserve Board, headed by Alan Greenspan. By keeping inflation low, businesses and households alike are able to make investments and savings decisions with greater certainty, permitting more efficient functioning of

the economy. Households have been spared the tragedy of having inflation erode their savings nest eggs, while countless home buyers have benefited from lower long-term interest rates which have followed the Fed's disinflationary policies.

Of note, the Volcker/Greenspan tenure has seen economic growth in 12 of the last 13 years. Furthermore, Chairman Greenspan has played a very important role in enhancing banking regulation, ensuring that depositor safety is maintained in the midst of sweeping technologic breakthroughs in electronic banking, smart cards, and home banking.

I am somewhat amazed by Chairman Greenspan's critics, who argue that he is responsible for the low 2.1-percent level of trend economic growth. Now I am as intent upon boosting long-run growth as anyone here. But, it is important to realize that the solution to this long-term growth, which we want, and a higher rate of GDP growth than we have had, does not rest with the current Fed. Numerous academic studies have shown that the best way for central banks to boost growth is by targeting price stability. The United States is already very close to price stability right now, with inflation at or below 3 percent for the last 4 years. As such, there is little more that the current Fed can do to boost long-run growth further. The same was not true in the mid to late 1970's, when rampant inflation was having negative impact on investment and savings decisions. Such economic turmoil prompted a switch in 1979, from an easy money policy to a strong anti-inflation regime under then Chairman Volcker, followed by Chairman Greenspan. This switch brought inflation down over 12 percentage points in 6 years and gave rise to the second longest expansion this century during the 1980's. However, it is this very successful policy of reducing inflation that Chairman Greenspan's critics would change, and charge him with doing less than a good job. This is ironic since excessive monetary easing now would actually harm growth, not enhance it as some will claim. With the economy at full potential, an easing now would only provide a short-run boost, before inflationary pressures resurfaced. This would necessitate subsequent tightening and economic slowdown. It is precisely this type of feast or famine monetary policy that injects economic uncertainty and constrains long-run growth and causes a rollercoaster in the economy instead of sustained growth over long periods of time.

We want more growth. I do, and I talk to more and more people, and they all seem to think we should have more growth than the 2.1 to 2.3 percent GDP growth of late. Just as an explanation, our gross domestic product is like a big pie, perhaps a big cherry pie. What happens is when the pie is getting smaller, you have a recession. When it is growing, you have more jobs, better pay,

more resources to split and divide among the various activities, including our working peoples' salary paychecks. This must grow or we have stagnation.

Mr. President, 2.1 to 2.2 percent added to that cherry pie is not sufficient. But what we must do is to urge that the Federal Reserve do just what it has been doing and then we, as policymakers, must do at least four things.

First, we must balance our budget within a reasonable period of time; stop using up the savings of the American people to pay for the debts of our country, rather, making it available for growth and to enhance productivity.

Second, we must throw away the tax policies of today. Throw out the tax laws and start over with a brand new set of tax policies that are progrowth, proinvestment, prosavings—simpler, easier to administer, and not so onerous on American business. We must cut taxes wherever we can.

Then we must take a serious look at all the regulations in the country, and where we find regulations that are not needed, take those burdens away from the economy, thus making room for growth.

And last, we must totally reform the education system of America. There is no question that the education system is not working. There are many who are not getting educated sufficiently for the jobs of today. There are many who need retraining, reeducating. The system seems to be floundering.

I think, just as we need a reform in fiscal policy, we need a reform in education so we can do a better job of helping people get ready for jobs in this economy. I note just today in the paper that some companies are paying a bonus to attract people to come to work in the beginning jobs in our economy, the startup jobs. We need to do a better job of training people, getting them educated enough to take the jobs and then move up to better jobs.

So, it seems to me, we should not say to the Federal Reserve Board: You should do all this and cause the growth, with the obvious problem that that can produce superinflation. We have seen it. We saw the day, in the waning months of the Carter administration, when, if you went to a grocery store you would see, right in the aisles of the grocery store, people changing the prices of food every day because inflation was so high that they had to have their clerks changing prices every single day. That was happening throughout the economy.

America needs low inflation to have sustained economic growth. America does not need a Federal Reserve Board that loosens up the money supply to invite inflation, or pushes interest rates down when they do not belong any further down, just for the sake of a spurt in growth only to be followed by very, very negative impacts on our people.

So, instead of blaming the Federal Reserve, we ought to look clearly at

ourselves. We ought to look at what we spend our money for, how much we tax our people. Are we spending enough of the tax dollar in productive activities or are we spending it just exchanging money between our citizens? Do we have an education system that is feeding into our production machine students of all ages ready to take the jobs that we have today, with retraining and high skills being required? Do we have regulations that are too severe, that are not worth the costs that we are imposing?

If we were to do this for ourselves, none of us would be here looking for excuses by blaming the Federal Reserve Board that has caused 6 years of sustained growth, has gotten rid of the roller coaster, gotten rid of the idea that once you have growth you have to have a precipitous downturn that goes way down and lasts for a while. This Federal Reserve has slowed those peaks, which I think is worth a huge amount to the average working man and woman in America.

So, today, I am hopeful in a few hours from now we will overwhelmingly support Alan Greenspan. I will put my remarks in the RECORD regarding the other two candidates, whom I will support. I do not know their effectiveness as Federal Reserve Members because they have not been there. But it does appear to me the President has chosen two others who will, in complement with Alan Greenspan and the others, make a good team to keep America on the right path.

At present, the Fed's main challenge is to preserve low inflation and to keep the economy as close to its potential growth as it can. By doing so, the Fed can ensure that any economic downturns are mild and short-lived. Greenspan has succeeded in this regard, keeping the 1991 recession very shallow, despite widespread pressures in the banking sector. In fact, unemployment rose to only 7.7 percent in 1992, well below the double digit levels seen in the early eighties. Furthermore, with a preemptive strike on inflation in 1994, he was able to achieve an economic soft landing in 1995. He removed any nascent inflationary pressures, allowed firms to pare back their inventory overhang without precipitating a recession and set the stage for continued trend growth of 2.1 to 2.2 percent in coming years.

For those who would still argue that the Fed should run an easier policy in efforts to boost growth, I recommend a trip down memory lane. Remember back to the 1970's. Twice during this period, inflation topped 12 percent in conjunction with oil price shocks. However, the primary driver of these sustained inflation gains was not commodity prices per se, but the Fed's reaction to them. In both cases, then Fed Chairmen Burns and Miller pursued easy money policies to cushion the economy from the impact of the oil shocks. While well-intentioned, such policies exacerbated the situation by

ingraining inflation expectations, driving bond yields above 13.5 percent, plunging the dollar, and discouraging investment. There were direct human costs as well. In addition to skyrocketing mortgage rates and the plunging value of private savings, real average hourly earnings fell 3 percent in 1974, and another 2 percent in 1975. After making fractional gains in the late 1970's, they fell another 2.9 percent in 1979 and 4.7 percent in 1980. Clearly, this is not a period upon which we can look back with any favor.

Economic studies have shown that such large inflation spikes do curtail long-run economic growth, because of the disruption to business and consumer savings and investment decisions. Recent crosscountry surveys have shown that a 10-percentage-point increase in inflation per year is consistent with a 0.2 to 0.3 percent lower per capita GDP. Other studies show even larger negative effects. This highlights the economic risks if inflation had remained at high levels into the 1980's.

With the economy on the brink of economic crisis in 1979, President Carter appointed Paul Volcker as Fed Chairman that fall. Realizing the gravity of the situation, Volcker tightened credit appreciably, using money supply targeting as his compass. While there was a painful period of economic adjustment during 1980-82, the situation would have been far worse had inflation continued to spiral out of control. Post 1982, the benefits of the Fed's policy soon became evident. The economy entered the second longest recovery of this century, which lasted from the end of 1982 to the middle of 1990 and the onset of Iraqi-United States military tensions. The economic statistics from the 1980's recovery are nothing short of remarkable. GDP growth averaged 3.7 percent—20.8 million jobs were created. Median family earnings rose over 10 percent. All of this occurred as inflation was finally brought under control, falling from 14.5 percent in 1980 to below 2 percent by 1986, and remaining at relatively low levels thereafter. Interest rates followed suit, with the Federal funds rate falling from highs of roughly 20 percent in 1981 to just under 6 percent in 1986. Indeed, the 1980's recovery might well have extended beyond 1990 had it not been for gulf war tensions and the savings and loan crisis.

There was another essential element to the 1980's recovery, as well, that I haven't mentioned yet. Under Ronald Reagan, we had a government that was committed to reducing the tax and regulatory burden on the American people. Via the tax reform acts of 1981 and 1986, individual effective income tax rates fell 13 percent. Such benefits were well dispersed—the lowest 40 percent saw their individual tax rates fall 31 percent between 1980 and 1990, while the top 40 percent saw a 9-percent decline.

As we entered the nineties, however, only half of the successful recipe for

1980's growth remained. We still had a Federal Reserve committed to low inflation under the tenure of Alan Greenspan. This ensured that growth would remain close to potential with minimal economic disruption. However, what we lost was the pro-growth, low tax, less regulation philosophy of Government. Instead, we inherited President Clinton's high tax, large Government approach. This combination has kept trend growth steady but artificially depressed.

In a reversal of Reagan's efforts to scale back Government intrusion in peoples' lives, President Clinton and congressional Democrats passed the largest tax increase in history in 1993. It saddled average Americans with higher gas prices and lower Social Security take-home benefits, it hurt businesses by altering deductions, and it boosted marginal tax rates for EITC recipients and higher income individuals alike. Thus, it is not surprising that productivity under President Clinton has averaged only 0.5 percent, well below the post 1973 average of 1.1 percent. Such meager productivity growth has kept real wages stagnant, giving rise to much of the economic angst which so many workers have experienced. Just to emphasize this point, real average hourly earnings were \$7.40 when Clinton took office and are the same \$7.40 today despite 3 years of growth during this period. Furthermore, real median family earnings were lower in 1994 than they were at the bottom of the last recession. The only one consolation is that President Clinton's massive Government takeover over the health sector never occurred. Had it materialized, I fear that productivity, savings, and standards of living would have been even worse than they are. For that, we have congressional Republicans to thank.

Lackluster productivity growth stresses the need for more substantive action on the part of policymakers. One effort that I have devoted enormous effort to is reducing the budget deficit. By bringing the budget to balance in 2002, CBO estimates that growth will be boosted by an additional 0.4 percent over this time period. It will free up savings for investment, it will allow citizens to keep more of their hard earned money, and it will boost standards of living—the overriding goal of all policy. Now some will say that President Clinton shares this goal too, and note that the deficit has declined since he took office. However, I would first call attention to the President's fiscal year 1996 budget, in which he proposed a deficit of \$195 billion in the year 2000. He only hopped onto balanced budget efforts after the Republican Congress championed this issue.

Furthermore, I would argue that most of the current deficit reduction and economic growth has occurred in spite of President Clinton not because of him. If one looks at CBO's projection of the 1995 budget deficit when Presi-

dent Clinton took office and compares it to actual numbers, some interesting facts appear. A full 50 percent of this deficit reduction stems came from technical factors, notably from the resolution of the thrift crisis. Another 11 percent came from economic growth, a tribute to Fed Chairman Greenspan more than anything else. The remaining chunk stemmed from higher taxes and user fee hikes. Less than 1 percent came from spending cuts. Now some will argue that debate over why the deficit has fallen is just partisan sniping. Far from it, however. It is crucial to know how the deficit came down in order to assess whether it will stay down. The path of deficit reduction that I have just described does not bode well for future progress. We can't rely on savings from thrift crisis resolution forever. We can't assume that the economy will always be a positive for deficit reduction.

In addition to a balanced budget, there are other needed components for long-run growth strategy as well—overall tax reform and enhanced education and job training opportunities are critical. The current U.S. Tax Code is designed to favor consumption over savings so it should be no surprise that it has given the United States one of the lowest overall savings rates in the G-7. We must alter our Tax Code to favor savings by increasing IRA's and allowing businesses to expense their investments.

We also need to be as concerned with human capital as we are with physical capital. We must look for innovative ways to enhance the training that our children and workers receive. As technology advances, job advancement will be linked to skill levels more and more, serving to widen income differentials unless action is taken. States should be encouraged to experiment with a variety of voucher programs at the primary and secondary level. It does no good to put emphasis on postsecondary education if secondary schools are turning out students without adequate reading and writing skills. We must also work to facilitate the transition of many workers between jobs. This can be done by using State job training vouchers as well as encouraging consortiums of small businesses to provide training to their workers collectively. This has already been done successfully with small business pension programs.

And lastly and very importantly, we must ensure that the Federal Reserve continues to follow an anti-inflationary policy. We should give our full support to Chairman Greenspan as he endeavors to keep inflation low and growth centered around longrun trend. We, as policymakers, should be the ones trying to boost trend growth from here, not the Fed.

Alan Greenspan has done an exceptional job since he first assumed the Chair in 1987, and will undoubtedly



continue this track record if reappointed. I encourage all my colleagues to give their full and unwavering support for Chairman Greenspan's reappointment.

I thank my friend, Senator D'AMATO, chairman of the Banking Committee, for yielding. I thank the Senator.

Mr. D'AMATO. Mr. President, I think if anybody has earned the respect of our colleagues on the issues of the Federal budget and domestic spending, it is certainly Senator DOMENICI. It is imperative that we not attempt to attribute slow economic growth to the Fed. That is an easy political ploy, whether it be used by Democrats or Republicans.

I think Senator DOMENICI is absolutely correct. In the area of failing to balance the budget, that is the failure of Congress; that is the Executive's failure; that is the failure of past administrations and the present administration, past Congresses and the present Congress. We have all failed to develop and implement which will bring even greater confidence and economic stability, domestically and worldwide.

If we want interest rates to come down and create better investment opportunities, we need a Tax Code which encourages savings to bring about more capital formation, leading to more jobs and more opportunity. Obviously, as the Senator has touched on, the fact is that we are failing in our educational system to meet the challenges of retraining and providing a trained labor pool. Many businesses cannot get the qualified personnel that they need. As a matter of fact, we hear those who are opposed to some of the proposed immigration reforms because, they say, the reforms would make it impossible to get the kind of talented work pool needed from outside the United States. This is a fact.

So for us to say, well, the reason we do not have a better growth rate than 2.5 or 2.2 percent is because of Chairman Greenspan or that he is opposed somehow to greater economic growth is just fallacious.

Let me address, if I might, the question of the GAO report. We are going to look into this. It is important. Chairman Greenspan acknowledged that the report has touched on a number of areas where they believe they can do better.

I must comment on this business of saying that there is a \$3.7 billion slush fund. The Federal Reserve turns over about \$20 billion a year in earnings to the Treasury and keeps a reserve—let us say it is \$4 billion. To say that this reserve is a slush fund is just not correct. It is wrong. Let me tell you why. You need to understand the nature of this reserve. This is the central bank of the United States. We have had all manner of occasions where the financial system experiences stress and crises. Sometimes there are even significant costs to the taxpayer. For example, we saw in the savings and loans de-

bacle \$150 billion of taxpayers' moneys being needed to end that crisis. We have seen worldwide situations that developed when our central bank and others have to move in quickly. We have in terms of deposits insured by the Federal Government roughly \$4 trillion—\$4 trillion—in the American system. Let me say that the Fed surplus of \$4 billion represents one-tenth of 1 percent of those deposits. That is not a tremendous amount for the central bank to hold in the event it has to deal with an emergency. My colleagues who run around and banter that the Federal Reserve has a \$3.7 billion fund with some unknown purpose need to understand the ramifications of dealing with a financial system that includes \$4 trillion in deposits insured through the FDIC.

I think it is rather irresponsible to somehow equate holding this reserve to the people's money being negligently managed. Indeed, Mr. Greenspan is known as the world's preeminent central banker. President Clinton did not nominate Chairman Greenspan because he is a Republican or a Democrat or a partisan. He nominated him because he deserved the position and he has been universally applauded for his overall performance of the last 8 years.

I want to include at the end of my remarks a number of editorials which illustrate the overwhelming support that Mr. Greenspan enjoys. Again, if we want to do something to bring about more growth, then let us see that the Congress manages the business of the people in a more effective, more efficient way. There is room for agreement and disagreement as to how we can do better, but let us put our own fiscal house in order and we will get interest rates down for the long term. We do not need false stimulation that will give some temporary relief for short-term borrowing costs but ultimately create inflation of double digits once again, causing long-term interest rates to rise so that young families are denied the opportunity of purchasing homes and businesses are unable to figure out their long-term borrowing costs.

That is not the kind of management our Nation needs. We need steady, prudent management of our economy. Most importantly, we have to see that the Congress of the United States makes the necessary reforms in our current tax system which does not reward savings or investment and in fact penalizes savings. Our tax system and our complex system of regulations help retard economic growth and expansion. We have an educational system that has too many bureaucrats and not enough money coming into classrooms and not enough choice for people to make in educating their children. This is particularly true in poor inner cities where we find that the working poor are trapped and do not have the ability to send their children to schools that can give them meaningful educational opportunities to enable them to com-

pete. We have become a nation entrapped in the bureaucracy that comes out of Washington.

So, Mr. President, I rise to strongly support the nomination of Chairman Greenspan. I ask unanimous consent that the articles I have alluded to be printed in the RECORD.

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

[From the Financial Times, Jan. 29, 1996]

#### RENOMINATING MR. GREENSPAN

The identity of the person who will hold what is arguably the most powerful post in the United States will shortly be known. If the present incumbent, a major figure in domestic politics, survives the peculiarly American ritual of nomination then a landslide victory can be all but assured. Unfortunately for President Clinton, whose practical authority and command depends so much on the co-operation, often not forthcoming, of others, the position concerned is chairman of the Federal Reserve Board and the person is Mr. Alan Greenspan.

The chairman's present term expires on March 2 and he has indicated a willingness to accept a third period as the world's most important central bank chief. Since his initial appointment by President Reagan in 1987, Mr. Greenspan has built a formidable reputation for himself. He has managed to combine a reputation for vigorous economic orthodoxy with Wall Street and world markets whilst in practice proving rather more flexible than that image would suggest. He has mastered the art of being a political figure whilst not looking one. His genuine internationalism, and capacity to innovate, have earned high praise within the G7 and beyond.

#### LITTLE OPTION

It is not surprising then that the president not only should renominate him but almost certainly will. Given a Republican Senate, Mr. Clinton has precious little option but to back the current chairman. This is compounded by the failure of previous White House efforts to acquire influence on the Fed through more aggressive nominations.

The first Clinton appointment, Ms. Janet Yellen, was perceived as insufficiently orthodox and has been a marginalised figure throughout her tenure. Mr. Alan Blinder, elevated to vice-chairman, and widely touted as the favoured candidate for chairman, never recovered from a speech that questioned the minimisation of inflation as the board's exclusive mission. He announced his return to academia this month. The president has still to find a replacement for Mr. John LaWare, who quit last year, that the Senate will accept. The administration will be playing with congressional fire again if, as suggested, it offer Mr. Felix Rohatyn as Mr. Blinder's replacement.

#### GOOD FORTUNE

Whether Mr. Greenspan is wise to court further office is another matter. Central bank governors require luck as well as judgment and he has had an unusually large share of good fortune over the past nine years. To stretch that record for another four years is surely tempting fate.

Yet he must consider the short-term signs to be encouraging. Given last weeks' agreement, the federal government—and hence his office—will at least be open on March 2. It took the merest hint of a credit downgrading from Moody's for previously gung-ho congressional Republicans to make assuring noises on the debt ceiling.

In the medium term, if any multi-year bargain on the federal budget deficit is reached, deliberately restricting fiscal options, then

monetary policy and the control of it will become even more significant. Were this fiscal shift enshrined in a balanced budget amendment to the American Constitution, that enhanced significance would become permanent. The Federal Reserve Board is likely to be an increasingly important body in the 21st century.

In such circumstances, the prospective re-nomination of Mr. Greenspan is especially appropriate. The president would be well advised to announce his intentions immediately.

[From the Washington Post, May 9, 1996]

#### FED UP

A President nearing the end of his term can expect to have a hard time moving nominations through the Senate, especially if the other party is in the majority. The party reasons that, if only it waits, its candidate may win the next election and be the one to fill the job. It may therefore come as no surprise that President Clinton's nominations of Alan Greenspan to be chairman, Alice Rivlin to be vice chairman and economist Laurence Meyer to fill a vacancy on the Federal Reserve Board are stalled—except that it isn't Republicans doing the stalling.

The nominations are being held up by a small group of Democrats led by Sen. Tom Harkin. Their complaint is that Mr. Greenspan, in his zeal to suppress inflation, has kept the economy from growing as fast as it should and thereby cost the country—working people in particular—jobs and income. Sooner or later they are expected to relent; they don't expect to deny him the nomination so much as to call attention to their argument and—who knows?—possibly soften up the board and cause it to alter course a little.

It's fair enough to make the argument if they want to, and Republicans earlier went much further in deflecting altogether the nomination of investment banker Felix Rohatyn as vice chairman; they argued he was too pro-growth. Of course, the Democrats said in response that it was wrong to make a capable nominee a pawn in a political dispute—and that's as true in this case as it was in that.

All three of these people are excellent choices whose instincts will keep them well within the envelope of acceptable policy. There will always be a debate about how fast the economy can safely be allowed to grow and where the balance point exists between the risks of renewed inflation and lingering slack. The more success the Fed has had in combating inflation lately, the more that risk has seemed to recede, but that hardly means the board's policy has been wrong.

Our own sense is that the board has both less latitude and less fine control over the economy than some of the rhetoric surrounding its decisions would suggest. Its ability to tilt in the direction of growth is further constrained by Congress itself, or by the elected branches generally. The budget deficits they have compiled in recent years have given the board little choice but to lean on the brakes as an offset. Mr. Greenspan seems to us to have done a good job of navigating a narrow channel. As Mr. Harkin's own president is fond of saying, the unemployment and inflation rates are both pretty low just now.

But the real point is that those who believe the mix of risks in the economy has changed a little in recent years, so that it would be both safe and beneficial to shoot for a slightly higher rate of growth, can make that argument in the confirmation process, as to some extent they already have. Merely putting nominations on hold is obstructionism, not debate. It is time for the Senate to liberate Mr. Clinton's three nominees and take a vote.

[From the Washington Post, June 3, 1996]

#### A JOB FOR THE SENATE

If the Senate has some time to kill when it reconvenes this week—and the Senate is always killing time—we have a suggestion. It could debate and vote on the president's choices to complete the Federal Reserve Board. They have been held up too long.

It was in February that Mr. Clinton announced his intention to nominate Alan Greenspan to another term as chairman of the seven-member panel, Alice Rivlin to be vice chairman and St. Louis economist Laurence Meyer to fill a vacancy. The paperwork went up a few weeks later, the Banking Committee held a hearing March 26 and sent the nominations to the floor the next day. They've languished since because of opposition on the part of, not the majority Republicans, but a handful of discontented Democrats led by Iowa's Tom Harkin.

The opponents think that, in its zeal to suppress inflation, the Fed in recent years has kept the economy from growing as rapidly as it safely could. The slower growth has cost the country income and jobs; so they believe, and in part they blame Mr. Greenspan. It's the ancient argument: Which is the greater danger, the risk of renewed inflation or the consequences of economic slack? Mr. Harkin and the others on his side believe the latter, and want to use the debate on the nominations as a consciousness-raising session. The argument has had to do with how much time they'll be given, but surely that can be worked out. They ought to get it done.

Our own sense has been that the Fed has done a pretty good job of late of steering between the risks of inflation and slack; the inflation and unemployment rates are both pretty low. Its maneuvering room in this regard has also been constrained by Congress itself. The country has had a wide-open fiscal policy in recent years; the deficit is its emblem. The Fed has had little choice but to offset it. The pro-growth types in both parties complain about a policy of constraint that they themselves have helped to force.

Sure, the Senate ought to debate these issues. They're a lot more important than much of what it does debate. But it ought not hold these nominations hostage in the process. The president has chosen well. The nominees are qualified. The senators can talk all they want, and they usually do. But time now to vote as well.

[From the New York Times, June 8, 1996]

#### THE UNFAIR WAR ON ALAN GREENSPAN

Senator Tom Harkin of Iowa has single-handedly blocked a vote to confirm Alan Greenspan's reappointment as chairman of the Federal Reserve Board. Mr. Greenspan will no doubt be approved, eventually. But the annoying delay could grow worse if, as is now threatened, his confirmation is tied to that of a number of controversial judicial nominations.

The truth is that Mr. Greenspan's record, by testimony of liberal and conservative economists alike, deserves high praise, not Mr. Harkin's thoughtless barbs.

Mr. Harkin accuses Mr. Greenspan of needlessly shackling the economy, and there are some economists and businessmen who agree with him. But the record says otherwise.

The economy has grown during seven of the eight years that Mr. Greenspan has led the Federal Reserve Board. Unemployment has steadily declined. So has inflation—an unusual combination of good outcomes. What Mr. Harkin criticizes is the fact that the steady growth rate has, by comparison with the 1950's and 60's, been relatively slow—about 2.5 percent per year. Mr. Harkin wants growth of 3 or 4 percent.

The sobering fact is that the Fed has no say over long-term growth and employment. Growth is limited to about 2.5 percent a year

because of slow population growth and productivity growth, two trends over which the Fed has almost no control. What the Fed does control is the amount of money circulating through the economy, which determines how fast prices rise. The best way the Fed can make sure the economy grows as fast as possible is to remove the fear of inflation from the decisions to work and invest that are made by ordinary citizens. On that score, Mr. Greenspan's record has been very good.

It is true that the Fed can, when the economy is in a temporary lull, bring down interest rates in an attempt to spur investment and boost economic activity back up to capacity levels. But there are fairly strict limits on how far the Fed can go. At some point—economists disagree where—unemployment falls so low that wage and price inflation begin to soar.

Mr. Harkin asserts that the economy could operate without threat of inflation at an unemployment rate well below the current level of 5.6 percent. That may be true. But even if the Fed turned activist, and Mr. Greenspan's critics turned out to be right about inflation, the impact on the economy would be modest and temporary. If, for example, the Fed nudged unemployment down to 4.5 percent, it would mean only that the economy could grow a bit quicker, around 3.5 percent, for about two years. Then growth would slip back down to its long-run potential of 2.5 percent.

A case can be made, in hindsight, that the Fed has erred in the direction of caution the past couple of years. But the errors have been slight and the impact small. The important fact is that Mr. Greenspan has kept the economy on a steady course through turmoil on Wall Street and a war in the Persian Gulf. Mr. Harkin's carping is not just annoying. It is wrong.

[From the Dallas Morning News, Oct 8, 1995]

#### FEDERAL RESERVE—GREENSPAN DESERVES 4 MORE YEARS AS CHAIRMAN

The job of Federal Reserve Board chairman requires a steady hand, which is why President Clinton should reappoint Alan Greenspan to a third four-year term.

The Fed's main mission is to preserve the value of the nation's currency by managing the money supply. In this, the Fed has performed extremely well under Mr. Greenspan's direction, and often in difficult circumstances. Prudent Fed adjustments of short-term interest rates have helped to keep inflation low during more than four years of unbroken economic growth.

Not that Mr. Greenspan has been without controversy. Mr. Clinton has been known at times to resent his anti-inflation hawkishness. President George Bush felt Mr. Greenspan waited too long to lower interest rates, when a well-timed lowering might have provided an economic stimulus to aid his doomed re-election effort.

But in general, Mr. Greenspan has led the Fed to sound decisions. Despite the fact that his prior appointments were by Republicans, Mr. Clinton should reward him for his impartial and intelligent deliberations.

The choice is important. Over the next six months, Mr. Clinton must fill three vacancies on the Fed's seven-person board of governors. At the same time, Congress is expected to try seriously to eliminate the 26-year string of federal budget deficits.

Because the deficit may at last vanish, the temptation will be for Mr. Clinton to appoint inflation doves. That's not necessarily bad, if Congress actually balances the budget. The



nation may need a looser monetary policy to stimulate investment and jobs while the economy adjusts to smaller government.

But, in that event, financial markets will demand a chairman who is a known and respected quantity, a proven inflation fighter, a seasoned dealer with congressman and presidents. Mr. Greenspan is that choice.

If Mr. Clinton deems Mr. Greenspan capable, he should be able to reappoint him. Besides, Mr. Greenspan's 14-year term as a Fed governor doesn't expire until 2002. As long as he's on the board, he should be able to serve as chairman.

The choice is clear: Give the green light to Greenspan.

Mr. D'AMATO. Not to overuse a good statement, but I am going to do it again, Chairman Greenspan has been a success. He should be rewarded, and the people should be protected. He has actually won the championship, much like the Chicago Bulls, and winning that economic championship has not been easy. It has not been a knockout in every sense. He did not sweep the series. But, again, refusing to confirm Mr. Greenspan because economic growth has not been fast enough or high enough would be like the Chicago Bulls saying we are not going to sign Michael Jordan because the Bulls did not sweep in four games but just won the championship in a way that did not meet the expectations of all the critics.

I yield the floor.

Mr. HARKIN. Mr. President, I yield 20 minutes to the Senator from North Dakota.

Mr. DORGAN. Mr. President, I had a real good sleep last night so I am well rested and I hear quite well. I heard apparently the Senator from New York compare, was it the Federal Reserve Board to the Chicago Bulls? Did the Senator from New York just compare the Chicago Bulls championship basketball team to the Federal Reserve Board?

Mr. D'AMATO. I did not hear the last comparison that the Senator asked me to comment on.

Mr. DORGAN. I just said I had a good sleep, and I am hearing fairly well this morning. I thought I heard the Senator say that the Federal Reserve Board is kind of like the Chicago Bulls, and apparently one was referring to the fact that the Federal Reserve Board has been champions in winning this battle against inflation and the Chicago Bulls are the world championship basketball team, and I thought, well, maybe I did not hear very well.

Mr. D'AMATO. That is true. I think the Federal Reserve has done an excellent job. They have put us on a strong and steady course, and I would compare that course to any worldwide, to all the other major economies, the Japanese, the Germans, et cetera. I would say that the failure to make an economic sweep comes from the Congress and the failure of us to do our jobs, coupled with the White House—not just this White House but other White Houses as well.

Mr. DORGAN. I thank the Senator for yielding on that point. I thought, heck, I guess I do not understand this

debate. If the Fed is like the Chicago Bulls, where is the Dennis Rodman? There would be no one down at the Fed who would be countenanced as having contrary views.

The Federal Reserve Board, as you know, operates behind closed doors and in secret. It is the last dinosaur in our Government making monetary policy decisions that affect everyone. We talk a lot about taxes on the floor of the Senate. When the Fed hikes interest rates, there is a tax imposed on every single American, with no debate or democratic process about whether the families in America should pay these taxes.

There is a tax imposed on every single American when the Fed says behind closed doors, "We're going to keep the Federal funds rates higher than it should be."

Why?

"Because we, as a group of economists and bankers and others who run the Federal Reserve Board are worried about inflation."

What inflation? Five years in a row inflation has come down, not gone up. That is not, I say to my friend from New York, a function of the behavior of the Federal Reserve Board.

The global economy has put downward pressure on wages. Why? Because the global economic system is saying that our largest corporations are international citizens. These corporations say we want to consign America's work force, at least the lower two-thirds of the work force in America, to compete with 2 or 3 billion other people around the world, some of whom are willing to work for 10, 12 or 25 cents an hour. This puts downward pressure on wages.

Mr. D'AMATO. Will my colleague yield for an observation?

Mr. DORGAN. I will be happy to yield.

Mr. D'AMATO. First of all, let me say Mr. President, I believe my colleague has brought up, absolutely correctly, the need to have a thorough, thoughtful discussion and review of how the Federal Reserve conducts its business. And I, as Chairman of the Banking Committee which has jurisdiction, promise you that discussion and review. I also welcome your active participation.

My colleague and friend, Senator DORGAN, has not been a Johnny-come-lately to scrutinizing the Federal Reserve. Senator DORGAN has been thoughtful in addressing a number of issues, and just recently brought to the chairman's attention one of his concerns. I wanted to stop at this point and say the Senator is correct. We have to examine the Federal Reserve's operations and look at how much secrecy and confidentiality is required. Senator DORGAN and I both understand there are certain instances where confidentiality is unquestionably warranted, in order to avoid speculative actions in financial markets. I think Congress has to thoughtfully look at these issues and examine them in light of the world

markets we have and in light of the communications we have.

I also want to indicate to you that we have responded to the concerns raised by Senator DORGAN in his letter. I do not know if you have gotten a response to your recent inquiry regarding to some of the very disturbing reports on the Los Angeles branch of the San Francisco Federal Reserve. These reports discuss irregularities which involve hundreds of millions of dollars. I have asked the Federal Reserve to respond to these reports. I ask unanimous consent that Senator DORGAN's letter and my letter to the Federal Reserve be printed in the RECORD.

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

U.S. SENATE,

Washington, DC, June 18, 1996.

Hon. ALFONSE D'AMATO,

Chairman, Committee on Banking, Housing and Urban Affairs, Washington, DC.

DEAR MR. CHAIRMAN: I'm writing to urge that the Senate Banking Committee hold a hearing to thoroughly examine the troubled currency reporting practices recently uncovered at the Los Angeles Branch of the Federal Reserve Bank in San Francisco.

According to recent press reports, Federal Reserve employees at the Los Angeles branch bank knowingly engaged in an ongoing practice of falsifying cash reports sent to the Board of Governors. It is my understanding that the Federal Reserve Board uses this information to help determine the level of money in circulation, to assess currency needs in different parts of the country and for other important reasons.

In the last three months of 1995, there reportedly were errors in currency and coin activities that totaled more than \$178 million. It is alleged that this practice has occurred for years and was actually condoned, if not directed, by bank management.

This is simply outrageous if the reports are anywhere near accurate. I think that Federal Reserve officials ought to fully explain to the American people if there are mismanagement and accounting lapses at the Los Angeles branch bank, and tell us what steps, if any, are being taken to prevent this from happening in the future. I also believe the matter should be fully audited by the General Accounting Office. One thing is clear: if we ultimately find out that money is actually missing at the branch bank, American taxpayers are the real losers. That's why we can't allow the Federal Reserve Board to simply brush this matter aside and allow it to become just another case of business as usual when questions arise about Federal Reserve oversight.

Again, I urge you to hold hearing to examine this matter at the first available opportunity.

Thank you for your consideration of my request. I look forward to hearing from you soon.

Sincerely,

BYRON L. DORGAN.

U.S. SENATE,

COMMITTEE ON BANKING HOUSING,  
AND URBAN AFFAIRS,  
Washington, DC, June 7, 1996.

Hon. ALAN GREENSPAN,

Chairman, Board of Governors of the Federal Reserve System, Washington, DC.

DEAR CHAIRMAN GREENSPAN: I am concerned about recent news reports concerning the operations of the Los Angeles branch of the Federal Reserve.

I urge you to look into the published accounts, to prepare a complete report and explanation, and to expect to utilize the materials in connection with hearings and public discussion of the GAO's final report on the Federal Reserve Board Operations.

Sincerely,

ALFONSE D'AMATO, *Chairman.*

[From the New York Times, June 4, 1996]

# FED LOOKS INTO CASH DISCREPANCIES AT BRANCH

(By Dow Jones)

WASHINGTON, June 3—The Los Angeles Federal Reserve bank branch appears to have had trouble counting its money, and a report published today said that cash reports sent to Washington had been doctored to conceal discrepancies totaling tens of millions of dollars.

The alteration of the documents, disclosed in The Wall Street Journal today, was confirmed, The Journal said, by an executive of the San Francisco Fed bank, which oversees the Los Angeles branch. The executive said the discrepancies were being investigated.

Internal documents showed that in the 1995 fourth quarter, employees were "forcing" balances that did not add up, so that the reports sent to the Fed board would appear correct.

Current and former employees say the practice has been going on for at least a year in the cash-handling operation and that far larger discrepancies may have occurred over time. The Los Angeles branch runs one of the largest Federal cash vaults, putting money into circulation and destroying old currency.

But none of the people familiar with the situation said there was evidence that cash was missing.

The apparent management lapses in one of the Fed's most basic and important functions may prove an embarrassment for the central bank at a time when it is already under fire from the General Accounting Office for its spending and management practices, particularly at some of the Fed's 12 district Fed banks.

Although there was no evidence that other branches had problems akin to the Los Angeles branch's, the incident may renew questions about Fed bank management as its chairman, Alan Greenspan, awaits Senate confirmation for a third term.

On Friday, Representative Henry B. Gonzalez, a Texas Democrat and longtime Fed critic, asked the Government Accounting Office, an investigative arm of Congress, for an emergency audit of the Los Angeles cash unit. He asserted that senior managers in Los Angeles had known of "deliberate falsifications" of the cash reports.

The chief operating officer of the San Francisco Fed, John F. Moore, confirmed that "there were some reports that contained inaccuracies that were identified by management in January."

"There were months when the report had to be completed before deadline when they sent it up without substantiating certain numbers," Mr. Moore said.

The Fed board uses cash reports from district banks to track the level of currency in circulation, to order new cash from the United States Mint and to monitor how much has been destroyed and for other statistical purposes.

According to an internal compliance report prepared in January by the staff at the Los Angeles branch, discrepancies varied sharply from month to month. In November 1995, for example, the report sent to the Fed board claimed \$61.8 million more than it should have; in December, the figure was too low by \$111.1 million.

[From the American Banker, June 4, 1996]

# FED BRANCH ACCUSED OF JUGGLING BOOKS

(By Bill McConnell)

WASHINGTON—Managers at the Los Angeles branch of the Federal Reserve Bank of San Francisco falsified their books to cover up accounting errors, Rep. Henry Gonzalez charged Friday.

John Moore, first vice president and chief operating officer at the San Francisco Fed, denied any official coverup, but told The Wall Street Journal that the Los Angeles branch sent incorrect cash reports to Washington. He did not return phone calls Monday.

Rep. Gonzalez, publicizing problems at the Fed's L.A. branch, said on Friday that his staff had uncovered more than \$178 million in accounting errors there during the fourth quarter. An aide to the House Banking Committee's ranking Democrat said the branch may have submitted false reports for as long as two years.

The investigation uncovered a variety of mistakes at the branch, which operates one of the government's largest vaults. Errors included \$28 million in misclassified cash shipments from the Bureau of Printing and Engraving and \$2 million in dollar coins recorded as paper currency.

Rep. Gonzalez asked the General Accounting Office to investigate the branch's currency operations.

[From the Wall Street Journal, June 3, 1996]

# LOS ANGELES FED HAS MONEY TROUBLES

(By John R. Wilke)

WASHINGTON.—The Los Angeles Federal Reserve branch appears to have had some trouble counting its money, and has doctored cash reports sent to Washington after finding discrepancies totaling tens of millions of dollars.

The altered reports were confirmed by an executive of the San Francisco Fed bank, which oversees the Los Angeles branch. He said the discrepancies are being investigated. Internal documents show that in the 1995 fourth quarter, employees were "forcing" balances that didn't add up so that the reports sent to the Fed board would appear normal.

Current and former employees say the practice has been going on for at least a year in the cash-handling operation and that far larger discrepancies may have occurred over time. The Los Angeles branch runs one of the largest federal cash vaults, putting money into circulation and destroying old currency.

The apparent management lapses in one of the Fed's most basic and critical functions could prove to be an embarrassment for the central bank at a time when it is already under fire from the General Accounting Office for its spending and management practices, particularly at some of the 12 district Fed banks.

Although the problems appear to have been confined to the Los Angeles branch, the incident could renew questions about Fed bank management as its powerful chairman, Alan Greenspan, is awaiting Senate confirmation to a third term.

Rep. Henry Gonzalez, a Texas Democrat and longtime Fed critic, asked the GAO late Friday for an emergency audit of the Los Angeles cash unit. He charged that "deliberate falsifications" of the cash reports were known to senior managers in Los Angeles.

John F. Moore, chief operating officer of the San Francisco Fed, confirmed that "there were some reports that contained inaccuracies that were identified by management in January." He said local managers apparently continued the practice even as

they tried to correct the problem, deliberately sending misleading reports to the Fed board.

"There were months when the report had to be completed before deadline when they sent it up without substantiating certain numbers," he said.

Mr. Moore said that no cash was actually missing from the bank. "We balance to the penny all the money coming in and out of the bank everyday." Other Fed employees said that given the huge discrepancies, this assertion couldn't be proved unless separate manual cash tallies were checked. "If they are forcing the balances on these reports, you still have to establish where that cash is," one said. However, none of the people familiar with the situation said there was evidence of missing cash.

According to an internal compliance report prepared by the Los Angeles branch staff in January, discrepancies varied sharply from month to month. In November 1995, for example, the report sent to the Fed board claimed \$61.8 million more than it should have; in December, the figure was too low by \$111.1 million.

The Fed board uses cash reports from the district banks to track the level of currency in circulation, order new cash from the U.S. Mint, monitor how much has been destroyed, and for other statistical purposes.

Mr. Moore said that there was a \$178 million difference "between what our compliance group was able to add up and what was sent to the board" in the cash reports in the 1995 fourth quarter. But he insisted: "This is a statistical problem, not a financial one."

[From the USA Today, June 4, 1996]

# CRITIC SAYS FED JUGGLED ITS BOOKS

Federal Reserve employees were ordered to falsify reports to cover up \$179 million in discrepancies, a longtime Fed critic alleged Monday.

Rep. Henry Gonzalez of Texas, senior Democrat on the House Banking Committee, claims Fed employees used accounting gimmicks to cover discrepancies in Fed reports the last three months of '95.

The employees work at the Fed's Los Angeles branch, one of the nation's largest currency processing centers. The General Accounting Office has been asked to investigate the allegations, Gonzalez says.

He says the accounting gimmicks covered up shortages of \$5.8 million in October and \$111.1 million in December between two different reports.

In November, the report that was changed actually came in \$61.8 million higher than another report. That left a net shortfall of \$55 million for the three months, although there are no accusations of missing money.

John Moore—chief operating officer of the San Francisco Fed, which oversees the Los Angeles branch—says there have been report inaccuracies.

But new procedures have been put in place to correct the problems, Moore says.

Mr. D'AMATO. Mr. President, I am not suggesting for one second that while I support Mr. Greenspan as Chairman that we should not take a careful look at the practices of the Federal Reserve that, in some cases, are so esoteric. I think we have an obligation to review this, and I say to you, I will support such an endeavor.

Mr. DORGAN. I appreciate that. I think that is a helpful response.

Let me frame this issue the way it should be framed. I said before, and I want to say again, this is not personal with me. In fact, I admire Chairman

Greenspan. I think he has performed a substantial amount of service for this country. I disagree fundamentally with the monetary policy that is now employed by the Federal Reserve Board, because I think it artificially restricts economic growth in this country in a way that is unwarranted. I think it serves interests that are not the interests of the producers and workers. It serves the money center bank interests. I think they are fighting a ghost foe. The Fed's fighting inflation that does not exist and claiming credit for bringing inflation down. Again, inflation is being brought down by the pressures of the global economy. So it is not personal with me.

In addition to the issues of monetary policy, the GAO raises, I think, some fundamental questions about the mechanics and the operations of the Reserve Board, and I think those need to be examined. And I appreciate the response of the Senator from New York that he intends to do that.

Let me say that the Senator from Iowa, Senator HARKIN, has only asked that there be a debate and a full discussion about Mr. Greenspan's nomination on the floor. We had people in the Senate who said, "Well, what we would like to do is move these nominations by unanimous consent, and we don't have time for a debate."

The Senator from Iowa, I think, has suffered some significant pressures and criticism by people who said, "What are you doing?"

Well, he was not bowed by that, fortunately. He was doing what he thought was right and what I think is right: Asking that this Senate discuss monetary policy.

We are now discussing it, and we are going to have a vote. Mr. Greenspan, I predict, is going to be confirmed by a wide margin. I personally am not going to vote for his reconfirmation for a second term. It is nothing personal, but I think the Fed is marching in the wrong direction.

I am going to read some quotes, but let me first respond to something said by the Budget Committee chairman. He said if the Congress were more responsible in fiscal policy, we would have better economic growth. I heard that before. Let me respond by reading this.

This is a comment by the former Director of the Congressional Budget Office, Robert Reischauer. He is now with the Brookings Institution. He says:

Whether or not the supply-siders think cutting taxes will make the economy grow faster doesn't really matter. . . . If Alan Greenspan thinks the economy can't grow faster than 2.2 percent a year without triggering inflation, it isn't going to happen.

That is Mr. Reischauer. If Mr. Greenspan does not want growth rates higher than 2.2 percent, it is not going to happen. I agree with him.

The Federal Reserve Board believes that unemployment should not drop much below 5.5 percent, maybe even 6 percent, because they worry it will

trigger more inflation. They believe the economy should not grow more than 2 or 2.5 percent a year, because they worry it will trigger more inflation. I have said they view themselves as a set of human brake pads whose sole mission it is to slow down the economy. My Uncle Joe can do that. Maybe we should put my Uncle Joe on the Federal Reserve Board. He does not have any experience, but he could certainly slow down the American economy.

If the Federal Reserve Board believes that its mission is to slow down the economy, then they are doing just fine, because we have an anemic rate of economic growth. Mr. President, 2 or 2.3 percent economic growth is not the kind of economic growth that is going to provide the opportunity and the jobs that the American people need and deserve. The fact is, we can have a better rate of economic growth without stoking the fires of inflation. Inflation is coming down, not going up.

Let me read some quotes, lest you think it is only myself or the Senator from Iowa who believes this. The chairman of the General Electric Co., John Welch, Jr.:

We don't see a connection between the numbers out there and what we feel in our business. There is absolutely no inflation. There is no pricing power at all.

Dana Mead, chief executive of Tenneco, who I believe is also chairman of the National Association of Manufacturers:

I believe very strongly that the Fed should be leaning more toward growth and not be so concerned with the threat of inflation.

I think the numbers support Mr. Mead's contention.

Felix Rohatyn:

There was a time when 2.8 percent growth would be considered a modest rate of growth. Today, it is considered dangerously robust. Most corporate leaders don't agree with this notion of dragging the anchor just as soon as the economy has wind behind it. They understand that we can sustain high growth based on muscular productivity improvements that they are generating in their own businesses.

Mr. President, this is not about idle debate about theory. This is a debate that reaches every home and every worker in this country. A century ago, we would have been debating interest rate policy from barbershops to barrooms all across this country. The Senator from New York is one of the real historians in our country and serving in this body. You read the financial history of this country and the debate surrounding the large economic issues of this country. You read in the last century that monetary policy and interest rates were a predominant political issue in America.

Over two centuries, there has been a wrestling match between those who produce in America and those who finance production in America. There has always been this wrestling match, this tension. One wants to overcome the other. It is about profits and money.

You look at these two centuries of that struggle, and you find you go a decade or two, and one side has an upper hand, those who finance production have the power and wield the power and have the upper hand; then it turns and the pendulum swings, and those who produce have the upper hand.

We are in a period in this country today where those who finance production not only have the upper hand, but have an abiding ally among those who make this country's money policy. It sounds like theory to a lot of people, but what it means is in every household at the end of every month when every American pays their bills, they are paying a tax. It has been imposed on their family by an institution that keeps interest rates higher than they can justifiably be kept in this country today.

These costs of higher interest rates will cost the American people, not \$20, \$50, or \$100 billion, but hundreds of billions of dollars in extra costs coming out of their pockets. Credit card interest rates are higher, the prime rate is higher, business operating loans are at a higher interest rate, all because they come off the Federal funds rate.

The Federal funds rate is higher now than can be justified. There is no doubt about that. There is no real debate about that, in my judgment. They will say it is higher because they are worried about the threat of inflation.

In North Dakota, for example, North Dakotans will pay close to \$400 million over the next 5 years in excess interest costs. That's \$80 million a year in excess interest charges because we have those sitting on monetary policy who manage it in a way that keeps interest rates excessively high in order to restrict the rate of economic growth in our country. I fundamentally disagree with that.

I hope, in the context of having a debate about monetary policy and the Federal Reserve Board, that we can perhaps light the fuse that will result in a larger debate in this country about in whose interest are we conducting monetary policy?

We will have some people stand up in this Chamber and say that the fight against inflation is the only fight that counts. Let us evaluate that for just a moment. What has happened to inflation? Inflation has come down 5 years in a row. It now stands at 2.5 percent, and the current Chairman of the Federal Reserve Board says the 2.5 percent may be overstated by 1.5 percent. If that is the case, we have virtually no inflation in America.

In fact, we have one of the prominent economists in our country, who was born out in my part of the country, Glendive, MT, born not so far from the North Dakota side I was on, Lester Thurow, who is an economist whose views I value. He has written a chapter on the subject in a recent book that I think is interesting. He talks about this interest rate policy and the decision by the Federal Reserve Board to

fight a foe that Mr. Thurow says no longer exist.

"Beliefs," Mr. Thurow says, "change more slowly than reality. Inflation is largely gone, but inflation fighting still dominates central bank policies." He says, every time the Chairman, Alan Greenspan, admitted that the Fed could not point to even a hint of inflation in the current numbers—he said, the Fed could not point to inflation because there was no inflation. The broadest measure of inflation, the implicit price deflator for the gross domestic product fell from 2.2 percent in 1993 to 2.1 percent in 1994. In the third quarter of 1995, it was running at the rate of six-tenths of 1 percent.

If all these factors are put together that he described in this chapter, "The real rate of inflation, outside of the health care sector, was undoubtedly very low, perhaps even negative during the entire period when Alan Greenspan was worried about inflation. Greenspan could not see any inflation in the indexes because there was no inflation to be seen."

I have described my interest and concerns in the construct of money policy. I hope we will have a Federal Reserve policy that at some point would countenance an honest debate, and inside the Federal Reserve Board, and perhaps come to a conclusion that we have twin economic goals in this country—stable prices and full employment. Not one goal, twin goals.

Let me turn just for a moment to the report that was issued by the Government Accounting Office, the "Federal Reserve System, Current and Future Challenges Require Systemwide Attention." This is the report that the Senator from New York alluded to. I will make just a couple brief observations about it.

It moves from the issue of my disagreement with monetary policy to a couple of issues that relate to how the Fed now functions. The Senator from New York pointed out that the surplus that has been accrued down at the Federal Reserve Board is really kind of an innocent surplus.

It is at \$3.7 billion surplus account accrued to meet the needs when the Fed might have a loss. Of course, the Fed has not lost money in the last 79 years, and the Fed in the next 79 years is not expected to lose money. When you are guaranteed by your operations to make money, you are not expected to lose it.

The point that we raised—the point I did not know; and I do not know whether other Senators knew it—is that this surplus, this \$3.7 billion that has been squirreled away by the Federal Reserve Board, has increased by over 70 percent between 1988 and 1994, at the very time the Fed was telling everybody else, "Tighten your belt." They say, "This little rainy day fund we have we want to increase by 79 percent." I say: Wait a second. You have not had a loss in 79 years. You are suggesting that everyone tighten their

belt. Why are you increasing your surplus down at the Fed by over 70 percent?

That is something I hope that the Banking Committee will evaluate. I did not bring the charts today because I presented them previously. I know the Senator from Iowa is also presenting them. But the charts that show the amount of expenditure at the Fed show that they are expending more and more money on employee benefits, travel and other issues.

Mr. President, I ask for 1 additional minute by unanimous consent from Senator HARKIN's time.

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

Mr. DORGAN. Just to conclude, I will not discuss it in any greater detail. But this one-of-a-kind report, which took the GAO over 2 years to complete, shows that at a time when the Federal Reserve Board was saying to everyone else, "Tighten your belts, downsize," they were increasing their expenditures rather substantially.

One would say, if this is the house on the hill that operates in secret, with the shades drawn, you cannot see inside, and we finally discover what is going on inside, aside from monetary policy, and the practices inside are not in keeping with what they are counseling the rest of the Government, I think there is something wrong.

Again, I respectfully say in conclusion I am going to vote against Mr. Greenspan. It is not personal. I admire him. I think their monetary policy is wrong. I think there are very serious management practices that need to be addressed. Mr. President, I yield the floor.

Mr. MOYNIHAN addressed the Chair. The PRESIDING OFFICER. The Senator from New York.

Mr. MOYNIHAN. Mr. President, may I inquire of my distinguished friend and fellow New Yorker, is time being allocated?

Mr. D'AMATO. Mr. President, I certainly yield time to the Senator from New York. I believe he would like to make some remarks in support of Mr. Greenspan. I am wondering if the managers on the other side—if we could not agree to attempt to work out some system whereby we would yield the floor to each other. I would be happy to do that.

Mr. WELLSTONE. Mr. President, I wonder whether I could lean on the other side, and ask unanimous consent to follow the Senator from New York, and we could alternate back and forth.

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

The Senator from New York.

Mr. MOYNIHAN. Mr. President, I rise in emphatic and enthusiastic support for the nomination of the Honorable Alan Greenspan to a third term as Chairman of the Board of Governors of the Federal Reserve System. He is a national treasure. He has served our Nation with principle and wisdom, and as I shall attempt to show in these brief remarks, unprecedented success.

Let me cite four principal reasons he should again be confirmed by the Senate.

The economy is now in the 64th month of an expansion that shows no signs of ending.

Unemployment for May was at 5.6 percent, and has been below 6 percent, which is roughly agreed to be full employment, for almost 2 years.

Inflation is in check, measured by the Consumer Price Index, which economists generally believe overstates inflation. Consumer prices have increased by less than 3 percent per year for the past 4 years. That could, in truth, be more like a 2 percent figure.

Finally, that renowned misery index, the sum of the unemployment rate and the inflation rate, is about 8 percent, the lowest level in a quarter century.

In the course of this debate about whether the economy could be growing faster, I believe it ought to be pointed out that 20 or 25 years ago, the figures I have just cited would have been thought unattainable. It would not have been thought within the range of possible economic outcomes, much less economic management and planning, to produce this combination of 5-year, 6-year expansions, full employment near zero inflation. This could be taught in a textbook as an ideal, and with the full and firm understanding that it would not in our lifetimes, perhaps in any lifetime, be achieved. You would measure your performance by the distance between what was ideal and what, in fact, you could do. I do not think we understand—perhaps it is part of our historical distance—how much social learning has taken place in our country and to what consequence, an area which was thought to be absolutely essential to our economic, socio-political well-being, which is employment.

I speak as someone who entered the Kennedy administration in 1961. I was an Assistant Secretary of Labor for Policy Planning. I know what our highest expectations were in those days. I say to you on this floor they never would have contemplated what we have achieved in this last 10 years or so of American policy.

Mr. President, on the front page of the Washington Post this morning there is a story which may be the first such in the history of this Nation. The headline says: "Labor Shortages May Be Slowing Economy." Referring to the latest surveys of regional economic conditions by Federal Reserve Banks, the subheading states: "Fed Finds Firms in Some Regions Having a Hard Time Filling Jobs."

The article begins:

Signing bonuses are nothing new for basketball players and Wall Street traders. But hamburger flippers?

Some fast-food restaurants in St. Louis are now paying as much as \$250 in signing bonuses for new hires, according to the latest Federal Reserve survey of regional economic conditions released yesterday.

Companies all over the country are going to extra lengths to attract workers, the Fed

reports, in the latest sign that the pool of unemployed workers has shrunk to the point that it is limiting economic growth. Unemployment nationally has hovered around 5.5 percent for the past 18 months and in more than half the States this spring it is below 5 percent.

I interpolate, Mr. President, that in Madison, WI, it is now at 1.8 percent. I say that is statistically almost impossible, but that is a fact.

A Minneapolis company is offering a chance at free vacations in Las Vegas for employees who recruit new hires. Temporary employment agencies in Chicago say more employers are snaring their workers for permanent positions. Banks in Salt Lake City are having a hard time finding tellers.

According to the Minneapolis Federal Reserve Bank, a growing number of firms wanting to hire skilled workers have stopped advertising because they got no responses. "Perhaps we should call them 'discouraged employers,' one Minnesota state official quipped.

Again, Mr. President, 30 years ago, 40 years ago, one of the continued concerns, a legitimate one, on the part of a person working in the field of labor statistics was something called hidden unemployment, which referred to workers who had given up looking for work. By definition, you are not in the work force unless you are working or looking for work. These discouraged workers had dropped out of the work force, but represented unemployment, even so.

Now, we have a phrase "discouraged employers." I am not saying the world has transformed itself, but I am saying in a lifetime in this area, this field, I have never heard the term "discouraged employer" before.

The article goes on to say that Minnesota is now one of the 10 States with a jobless rate of 3.9 percent or less. In the Kennedy administration, Mr. President, in the 3d year, the report of the Council on Economic Advisers made a bold and unprecedented assertion of optimism, in an optimistic age. They said, "We call for a national goal of an unemployment rate of 4 percent." It was not going to happen in our lifetimes, but that is what goals are for. Now here it is: more than half the States are under 5 percent, and 10 States are under 4 percent.

According to the Minneapolis Fed, businesses are now looking more at whether people will be available to work at a new plant, than at whether the company can get incentives or tax breaks to build there.

Mr. President, a century and more of State governments, and local governments, offering tax abatements, cash incentives, to bring the firms into their high unemployment areas and, suddenly we are told, "We do not need your tax abatements. Do you have any workers?"

I quote an official from Minneapolis: "This parallels the dilemma that eastern South Dakota has faced for some time. It is difficult to attract new industry when labor seems short."

Mr. President, I simply want to say, sir, if I may repeat, that in a lifetime

of involvement with these matters I have never read such data, or heard such comments. It is a wonderful play on usage—the idea of discouraged employers who cannot find workers. And so, is it inappropriate to attribute these outcomes, in significant measure, to the wisdom and the practical knowledge with which Alan Greenspan has conducted his stewardship of our Nation's monetary policies over the last 9 years? That is not to say—and he would certainly so insist—that he is solely responsible for the performance of the economy in this period.

Without wishing to introduce anything like a partisan note, I still say that much credit is owing to the President, President Clinton, and the 103rd Congress, which enacted a 5-year, \$500 billion deficit reduction in the summer of 1993—\$600 billion, if you include the effects of the decline in interest rates that came about in the aftermath of the 1993 deficit reduction package.

Alan Greenspan himself has testified that there was an inflation premium on interest rates. With the anxiety—just a touch, but sufficient—of a country going into debt as fast as we would do, could it be that we would someday monetize the debt, which is to say, through inflation, wipe it out? Well, that costs you something in interest rates. When it appeared that we were going in a different and better direction, interest rates came down—bringing additional deficit reduction, and all the advantages of lower interest rates across the economy.

Not since the Kennedy-Johnson administrations, in which we had the longest peacetime expansion of 106 months, have monetary and fiscal policy been so well coordinated. We seem to have learned to manage affairs that were previously thought beyond our reach. Yet rather than celebrating, some of us are complaining that we need to accelerate economic growth. And no one can say that slightly faster growth will lead to higher inflation. Almost certainly, that has to be a concern. Ultimately, if it should, there will be an end to the expansion. You will lose more production in a downturn than ever you will have lost by not speeding to the point where you produce a downturn.

Last week, the distinguished junior Senator from Iowa stated that " \* \* \* the bottomline is that Chairman Greenspan has this long history of focusing solely on inflation to such an extent that all focus on expanding our economy has been lost." My good friend added, "We have a mindset at the Fed that 2 percent growth is acceptable, that the economy cannot grow any faster—maybe 2.5, but that is getting close to the limits—but that we cannot have the 3 percent growth of the 1970's or the 4 percent growth of the 1960's. That is the mindset of the Fed." Might I say that, in the judgment of this Senator—and it will be for the Senate itself to make a collective judgment—the issue is not whether 2.5 per-

cent growth is acceptable, but rather, is any higher rate possible?

There are realities in the world of economics, and there are constraints. Economists of every school, every range of opinion, will agree that growth and capacity or potential of the economy is determined by two basic factors: increases in productivity, output per worker hour; and growth in the labor force.

In the February 1996 Economic Report of the President, the Council of Economic Advisers estimated that for the next several years, productivity growth would be about 1.2 percent per year, and the labor force would grow at about 1.1 percent. You put those two numbers together, and you have about a 2.3 percent possible economic growth for the year.

Do not underestimate 2.3 percent, Mr. President. It means that your total economic product doubles every 30 years or so—an experience that is new to mankind. It may sound low, but if you keep it up, you double your wealth every generation. That is what we are now doing. It is recession, and worse, that puts an end to economic growth, if you think in terms of a generation.

The Senator from Iowa correctly noted last week that, in the 1960's, the economy grew at 4 percent a year, and, indeed, it did. But, Mr. President, at that time, the labor force was increasing at 2 percent a year, and productivity was rising at about 2 percent. So you have that 4 percent potential.

That labor force increases at absolute constraint. We have reached about the limit of labor force participation. It used to be a much lower rate than it is now, and the consequence of women entering the work force in larger numbers has kept us going. But we are now at a very small rate of increase. This is a demographic fact—who was born 20 years ago? You cannot change it through manipulating interest rates or demand or supply. The supply is fixed. Yet, our performance in this situation is extraordinary.

We are actually at full employment. We have a period of economic growth, now in its sixth year of sustained economic growth. We have done so without any of the intrusive Federal Governmental measures that have been associated with response to emergencies in the past.

I do not want to hold the floor longer than this. I have tried to make two points, Mr. President. With Dr. Alan Greenspan as Chairman of the Federal Reserve, we have entered a period for which many persons may properly claim a measure of responsibility, but for which he is uniquely held responsible.

We have entered a period of unprecedented growth—full employment, price stability and year after year after year of growth. What more would be asked? Can we not take some satisfaction in our performance as a country, as a society? We have learned to do this.

We have reached the point, Mr. President, which as a sometime Assistant

Secretary of Labor I certainly never thought we would see, and I do not think anybody in Washington 35 years ago would have ever seen, where on the front page of the Washington Post we learn that labor shortages may be slowing the economy—not Alan Greenspan, but, rather, the extraordinary success of accumulated understandings and practices have brought us to the point where there is a shortage of workers, an idea that we would hardly have entertained. And that wonderful phrase—I suppose you have to have been around the subject long enough to appreciate the irony—“discouraged employers.” The idea that in eastern North Dakota, as cited here and elsewhere around the country, employers looking for new plant sites are no longer looking for tax breaks and other incentives. They say, “Are there enough workers for the plant?”

Well, can we not, in the midst of a Presidential election and a lot of distress on all sides, recognize what good fortune we have had as a nation and how much Alan Greenspan has contributed to that good fortune?

I thank the Chair for allowing me this extensive time. I thank my friend, the distinguished chairman of the Banking Committee, for indulging me. I hope he feels I have not gone on too long. But I do say, sir, I have gone on about an event that has never happened before and is worth noting.

I finally ask unanimous consent that the article from the Washington Post be printed in the RECORD.

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

LABOR SHORTAGES MAY BE SLOWING ECONOMY  
(By John M. Berry)

Signing bonuses are nothing new for basketball players and Wall Street traders. But hamburger flippers?

Some fast-food restaurants in St. Louis are now paying as much as \$250 in signing bonuses for new hires, according to the latest Federal Reserve survey of regional economic conditions released yesterday.

Companies all over the country are going to extra lengths to attract workers, the Fed reports, in the latest sign that the pool of unemployed workers has shrunk to the point that it is limiting economic growth. Unemployment nationally has hovered around 5.5 percent for the past 18 months and in more than half the states this spring it is below 5 percent.

A Minneapolis company is offering a chance at free vacations in Las Vegas for employees who recruit new hires. Temporary employment agencies in Chicago say more employers are snaring their workers for permanent positions. Banks in Salt Lake City are having a hard time finding tellers.

According to the Minneapolis Federal Reserve Bank, a growing number of firms wanting to hire skilled workers have stopped advertising because they got no responses. “Perhaps we should call them ‘discouraged employers,’” one Minnesota state official quipped.

In Minnesota, one of 10 states with a jobless rate of 3.9 percent or less, economic development officials say that businesses are looking more at whether people will be available to work at a new plant than at whether the company can get incentives or

tax breaks to build there, according to the Minneapolis Fed. “This parallels the dilemma that eastern South Dakota has faced for some time: It is difficult to attract new industry when labor seems short,” the report said.

Many Fed officials have expressed surprise that, with the unemployment rate so low, there have not been more problems on the inflation front, with wages rising to attract workers. But the Fed’s latest survey turned up only scattered instances in which tight labor markets were causing wages overall to increase rapidly.

Economists and government policy makers aren’t exactly sure why labor costs haven’t begun to rise more rapidly in response to the nation’s low unemployment rate. Some analysts say the best explanation is twofold: Heightened concern among workers about job security in a world of corporate downsizing has made them squeamish about asking for raises. That’s coupled with strong resistance by employers to raise overall wages because they know that in a low-inflation economy, it is difficult to raise prices to cover higher costs.

So even though some companies are having to increase their offers of starting wages to get workers, in the aggregate, pay hikes are still modest by historic standards.

And companies aren’t going begging for workers everywhere in the country. Indeed, in places such as the District, New York and New Jersey, a southern tier of states stretching from Mississippi west through Texas to New Mexico and most important, California, finding workers isn’t as tough as it is elsewhere. Joblessness in California, whose recovery has lagged that of the rest of the nation, is 7.5 percent. Only West Virginia at 7.7 percent and the District at 8.4 percent have higher rates.

To many economists, this is a picture of a nation essentially at full employment. That means that going forward, the economy can grow only as fast as its capacity to produce goods and services grows.

How fast that growth can occur is the subject of much debate these days. Indeed, Sen. Tom Harkin (D-Iowa) delayed the full Senate’s vote to confirm Fed Chairman Alan Greenspan to a third term until today so he could hold a public discussion the subject. Harkin believes the economy could grow much faster if Greenspan would only lower interest rates and stop worrying so much about inflation. “A turtle makes progress only when it sticks its neck out, even though that is when it is most vulnerable,” Harkin said in an interview. He said that the Fed cannot be sure the jobless rate can’t be pushed down to 5 percent or 4.5 percent without making inflation worse.

Few people in official Washington agree with Harkin, though. The Clinton administration, the Congressional Budget Office and many private economists all peg the economy’s capacity to grow at a little above 2 percent.

According to White House economist Martin Baily, the administration’s estimate of 2.3 percent a year “is based on supply-side factors,” meaning labor supply and productivity.

If the economy is at full employment, additional labor is largely a matter of how fast the population is growing, including immigrants. When the post-World War II baby boomers were entering the work force in the 1960s and 1970s, labor supply was increasing roughly 2 percent a year.

Now it is increasing only about 1 percent a year. All other things equal, that difference means the economy’s capacity to grow is a full percentage point lower than it used to be.

And gains in productivity slowed sharply after 1973 for reasons economists still can’t

explain fully. But over the past year, output per hour worked at private nonfarm businesses rose 1.3 percent, exactly the pace the administration foresees for coming years.

At a recent conference on economic growth sponsored by the Boston Federal Reserve Bank, Baily said that Fed policy doesn’t directly affect either of these determinants of growth. “I don’t think monetary policy in the United States is seen as a significant restraint on economic growth in the next few years,” Baily told the conference.

Thomas Hoenig, president of the Kansas City Federal Reserve Bank, said in a recent interview that in his district, where the average unemployment rate is not much above 4 percent, business executives aren’t complaining about Fed policy.

The complaint Hoenig hears most frequently, he said, is, “I can’t get enough of the type of help I need. I have heard no one say, I could grow faster if you lowered interest rates.”

The PRESIDING OFFICER. Who yields time?

Mr. D’AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D’AMATO. I know my colleagues on the other side want to be recognized, but I am going to make a request and ask that those who speak on behalf of Mr. Greenspan—I think we have about 31 minutes.

The PRESIDING OFFICER. Thirty-seven minutes.

Mr. D’AMATO. I ask that they hold their remarks down to 5 minutes, if they could. I would be deeply appreciative, because there are a number who have indicated they would like to speak, and so we have a limited period of time. When we do yield on this side, I will yield for the purpose of recognizing those who would speak for up to 5 minutes.

The PRESIDING OFFICER. Under the previous order, the Senator from Minnesota is to be recognized if that time is yielded by the Senator from Iowa.

Mr. HARKIN. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER. Fifty-six minutes.

Mr. HARKIN. Mr. President, I ask unanimous consent that I have about 3 minutes to respond to the Senator from New York and that then the Senator from Minnesota be recognized for 15 minutes.

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

Mr. HARKIN. Mr. President, the senior Senator from New York, Mr. MOYNIHAN, talked that if you want growth, you have to have productivity growth and labor growth. He correctly pointed out that right now we have 1.2 percent productivity growth and about 1.1 percent labor growth. That is about 2.3 percent growth per year and there is nothing you can do about it. He correctly pointed out that in the 1960’s, as I said last week, we had 4 percent growth, but then we had about 2 percent growth in the labor force and about a 2-percent growth in productivity.



Let me respond to my friend from New York by saying that is the chicken-and-egg argument. Is this something that we have to accept, that productivity growth is only 1.2 percent? I know some have said that is what it is going to be, but based on what? And labor growth of 1.1 percent per year, based on what?

I would refer my friend to an article that appeared in the June 12 Wall Street Journal talking about the million missing men, that there are studies now, they said, that when the Labor Department reported Friday a jobless rate of 5.6 percent and 7.4 million unemployed people, an additional 1 million were not included; many of them are sitting at home too discouraged to hunt for a job. They can be found in all 50 States. Actually, some economists, such as Lester Thurow at MIT, say there may be far more than that out there in the labor force.

Therefore, there is a possibility, I would submit, that labor growth can exceed 1.1 percent per year. That is, if we get off of this old idea the Fed has of NAIRU, the nonaccelerating inflation rate of unemployment, in which it is felt that if we reduce unemployment below a certain level, which they first assumed to be 6, now they are saying may be 5.5 percent, that somehow inflation will not just increase but will accelerate. And, that preemptive strikes are needed to block excessive growth.

So I say to my friend from New York that I believe we can have a higher rate of growth in the labor force because there are a lot of people out there not even counted. There are a lot of people out there who are underemployed. There are a lot of women out there who are underemployed at minimum wage part time jobs who could be employed better. So I believe that the labor force can, indeed, grow much faster.

Secondly, in terms of productivity growth, I do not accept that the American work force has to be stuck at 1.2 percent productivity growth. I say that knowing full well we are still the leader in the world in productivity. Our work force is still the leader. We have more output per hours worked than any other country in the world.

Does that mean we can just sit there and say that is OK? Productivity has to do a lot with what is happening in that work force out there right now. There are a lot of workers out there now who have been discouraged because of downsizing. They are discouraged because of wage stagnation. I see it in my own family, my relatives, who are working at manufacturing jobs. They are discouraged, and so their output could be better. Their output per hour worked could be more if in fact they thought their wages were going to go up, if they thought they were going to have a better stake in our economy. We can have more efficient methods to produce goods by the way we structure companies and through technology.

I predict that the productivity growth in America could boom a lot

more than what it is. That yields then to more labor growth, more productivity growth, which leads to higher growth in our economy. Those two things will not happen as long as the Federal Reserve continues to adhere to this NAIRU concept and as long as the Fed, every time growth starts to go up, puts on the brakes.

I respect very much the insight of my friend from New York. My premise, and I believe the premise of those of us who are taking the opposite side, is that we can, indeed, grow faster in this country and we can grow faster because we have an untapped labor source and our productivity can, indeed, increase but if and only if the Federal Reserve takes the brakes off and lowers the interest rates in this country.

I thank the Chair. I then yield 15 minutes to the Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota is recognized.

Mr. WELLSTONE. I thank the Chair. I am going to actually pick up on some points that have been made by my colleague from New York, for whom I have deep respect, and by my colleague from Iowa. First of all, let me thank Senator HARKIN from Iowa for doing something very important as a Senator. He has insisted that at least we have a debate about economic policy, that we have a debate about monetary policy, that we not just go forward and confirm someone to be Chairman of the Federal Reserve Board without any discussion or debate. I do not think this debate is at all personal. I think each and every one of us has gone out of our way to say that we hold the Chairman in high personal regard. But this is a debate about economic policy. My colleague has taken a lot of criticism for insisting that there be a debate. That is all he has ever asked for. I thank him for doing that. My colleague from North Dakota earlier made an important point, which is, it used to be, back in the 1870's, 1880's, 1890's, and the early part of this century, that there was an important debate about monetary policy. It was not conspiratorial, it was important, because people know that real interest rates and monetary policy can make or break communities' lives. They can make or break families' lives. They have a huge impact, a huge impact on small business people, a huge impact on farmers, a huge impact on whether people can afford to buy a home, a huge impact on whether or not people can afford to take out a loan for their son or their daughter to go on to higher education.

This is a fundamentally important debate we are having. It is not hate; it is debate. I think it is an extremely important question that my colleague has been raising.

When I listen to this discussion, I have to smile, because I do think to a certain extent some of my colleagues, either by accident or by design, are being a bit ahistorical.

Let me also, teacher to teacher, professor to professor, respond to a little

bit of what Senator MOYNIHAN said. He never, of course, leaves out a historical analysis, and people in good faith can reach very different conclusions, but I would like to go back to the 1946 Employment Act in our country which called for the Federal Reserve Board to be a part of this and to keep inflation down, but also with the mandate of achieving maximum employment. That was an important piece of legislation.

There was a classic book written called "Congress Makes a Law," by Stephen K. Bailey, all about the Murray-Wagner Act that finally passed in 1946. Full employment, the idea that people should be able to find work, decent wages under civilized working conditions, was the No. 1 issue for the country. The Depression was fresh in everybody's memory, and World War II, in fact, pumped up the economy, and people found it to be a pleasant experience to be able to work. Women were in the work force. Men and women of color were also finding jobs. So after the war was over, the No. 1 challenge for our country was, how do you have an economy that generates jobs for people that are living-wage jobs? That is what it was all about.

I smile when I hear some of the analyses by some economists—not by all—that, as a matter of fact, what we have here is a situation of full employment, because the unemployment rate is 5.6 percent. Therefore, we have full employment.

People in Minnesota and around the country have to just be scratching their heads and wondering what is going on here. Ten blocks from here, why do we not go out and ask people whether or not they think we have full employment. Just ask them. This does not measure subemployment, it does not measure the 1 million discouraged workers, it does not measure people who are working part time because they cannot work full time.

Do you know what else it does not measure? It does not measure all the people who have jobs but not jobs they can count on. It does not measure all the working poor people, who work 52 weeks a year, 40-hours-plus a week, and still make only poverty-level wages.

So, when we hear all these macro figures about how we cannot afford to have unemployment below 5.5 percent, otherwise we will set off this inflationary cycle, this is the old "Phillips curve" argument. It has been discredited over and over again. It is not the experience in our own country. We have had no evidence that we are about to see a cycle of inflation.

What we have instead is a policy that works great for bondholders, great for Wall Street, but does not work well for families in our country. Every time we are about to have a real recovery and every time small businesses are about to have a break or every time farmers are about to have a break or every time homeowners are about to have a break or every time some of the businesses in our country which are interest-sensitive businesses are about to

have a break and every time we are about to generate more jobs that people can count on, we have this policy, which I think is outdated and which I think, in fact, helps some folks at the top but puts a squeeze on the vast majority of people in this country. That is what this debate is all about.

When we get to this policy of maintaining and insisting that 2 percent growth is all we can do as a Nation, that we have to always cool down the economy, that we have to have price stability, the question that needs to be asked on the floor of the Senate is the question people ask in cafes in our country: Who exactly is deciding? Who exactly is benefitting? And who is being asked to sacrifice? Who decides that we can only afford economic growth of 2 percent a year? Who decides that interest rates will be kept at this high level and not reduced? And whose farm goes under the auctioneer's hammer? Who goes without a job? Who goes without a job that pays a decent wage? Who goes without a job working under civilized working conditions? Who is not able to pay for higher education for their children? That is what it is all about.

I suggest to my colleagues that this argument that we now have about full employment—my God, just tour the cities. Go to Hartford. Go to Minneapolis. I heard statistics about my State. Yes, the official unemployment level is down, but that does not measure subemployment. I will repeat that. Not the discouraged workers, not people who are part-time workers, and not people who are working but working at jobs they cannot count on—that is what this is all about: living-wage jobs. I can tell you that a much too significant percentage of the population all across this country, including Minnesota, is struggling to make ends meet.

This effort to always cool the economy down, fight this bogeyman of inflation and insist on this stringent monetary policy has made it very difficult for families to do well. That is what this debate is all about.

My colleague from New York talked about the piece that he read today in the Washington Post about discouraged employers. It is interesting to hear about discouraged employers, but I suggest to colleagues, Democrats and Republicans alike, that is only one piece of the story. That is true.

I meet with businesses owners in Minnesota who say the same thing. I meet with small businesses owners and a good many of them say to me, "Paul, we are not worried about the minimum wage raise, but do you know what? We are technology companies and we cannot find skilled workers."

That is true. That is one piece of it. But I also suggest to my colleagues, it is only one small piece of it. The other piece has to do with this effort to keep economic growth down, to argue we can only afford 2 percent a year growth in our economy, to constantly, therefore, make this an economy where we

have a recovery but a recovery where people are not able to find the jobs at decent wages.

Mr. HARKIN. Will the Senator yield for a second?

Mr. WELLSTONE. I will be pleased to.

Mr. HARKIN. I thank my colleague for making that point. Yes, there was a story in the paper this morning about discouraged employers trying to find certain specific people to work. There is another story on the front page of the New York Times, also on the front page of the USA Today: "Income Disparity Between Poorest and Richest Rises. Trend in U.S. Confirmed. New Report by Census Bureau Shows Gap Is at Its Widest Since World War II." That is another part of this debate.

Mr. WELLSTONE. Absolutely.

Mr. HARKIN. Because any time you have high interest rates, think about it as a transfer of wealth from the middle class to the richest class. Because, after all, who borrows money? It is our working families. They borrow money to buy a car, they borrow money to buy a house, they borrow money to send their kids to school, and when they pay these exorbitantly high interest rates—and I will get to that in my remarks later—that is a hidden tax on our working families.

So I say people ought to look at this and start asking questions about our monetary policy and how that affects the disparity between the rich and poor in our country.

I thank the Senator from Minnesota for pointing that out.

Mr. WELLSTONE. Mr. President, my colleague essentially made what was my second point. One had to do with the Employment Act of 1946 and what is the mandate of the Federal Reserve Board and how this monetary policy has, in fact, made it impossible for our country to achieve what should be the No. 1 domestic priority, which is an economy that produces jobs that people can count on, jobs at decent wages, living-wage jobs under civilized working conditions where men and women can support their families.

This is the tradeoff. Some people are very generous with other people's suffering. It is great for bond holders, great for Wall Street. It is not great for Main Street. It is not great for wage earners. It is not great for farmers. It is not great for small business people. It is not great for homeowners. It is not great for people trying to afford a higher education for their children. And the second point is precisely this: there is a rather significant correlation between the tight monetary policy and the lopsided economy we have. That is what we have right now. We ought to be focusing on how we can raise the standard of living of middle-class and working families in our country.

I suggest to you one of the reasons we have not been able to do that, one of the reasons that the bottom 60 percent has been standing still and even losing ground over the past 20 years—

plus is because of this monetary policy. It is time we debate it and, I must say, that I believe that this policy has been profoundly mistaken with very harsh consequences for the vast majority of working people in this country.

Mortimer Zuckerman, in an editorial in U.S. News & World Report, wrote:

Alan Greenspan's "dear money" leadership has caused the Fed to exert a monetary choke hold on one of the weakest economic recoveries since World War II at the cost of billions of dollars in lost output and tens of thousands of uncreated jobs.

That is the point I was trying to make.

The renowned economist, James Galbraith, criticizes Greenspan this way:

He is pathologically adverse to full employment, pathologically overanxious about inflation. His policies are the reasons, for the most part, that unemployment has stayed high and that wages have not raised in the past decade, and he's determined to keep things that way.

Again, that is my point about this whole issue of good jobs and good wages.

Finally, Felix Rohatyn writes:

Every major American social and economic problem requires stronger economic growth for its solution. This includes improvements in public education, as well as increasing private capital investment and savings, balancing the budget and maintaining a social safety net, improving the economic conditions in our big cities and reducing racial policies as a result.

This, again, is tied in to the whole question of monetary policy. Thomas Palley, of the New School for Social Research, writes:

Greenspan's "soft landing" has been perfect for Wall Street, keeping the lid on wages while keeping consumer demand strong enough to earn massive profits.

Mr. President, I think Felix Rohatyn is right on the mark. I maintain that this debate is not about one person. This is a debate about monetary policy that should be a front-burner issue in the United States of America. This is policy that can make or break people's lives; that can make or break small businesses; can make or break farmers, I say to my colleague from North Dakota; can make or break middle-class families; can make or break working people.

The key to decent jobs at decent wages, the key to investment in our cities, the key to economic opportunities, the key to improving the standard of living for the vast majority of people in this country is a combination of a number of different things. I suggest that one critical piece is monetary policy.

I believe that Chairman Greenspan's policies have, again, been profoundly mistaken and I think have had serious consequences for the vast majority of people in this country. I would rather stand for Main Street interests, I would rather be on the side of small business people, I would rather be on the side of working families, I would rather be on the side of middle-income Americans, I would rather be on the

side of growing this economy, I would rather be on the side of jobs with decent wages, I would rather be on the side of economic fairness, I would rather be on the side of economic opportunity and, for those reasons, I will vote "no."

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. DODD. Mr. President, I do not see the distinguished Senator from New York, but I believe pursuant to an earlier agreement, I am to be recognized after Senator WELLSTONE's remarks. I understand we are operating under a 5-minute constraint.

Mr. President, let me paraphrase, if I can. First of all, let me say to my colleague from Iowa, I, too, appreciate the fact he has raised this issue. I think it is important we have a debate and certainly a debate about monetary policy is not inappropriate at all.

I think we will be making a tragic mistake, I will say this morning, if we do not confirm the nomination of Alan Greenspan and, I will add, Alice Rivlin and Laurence Meyer as well. We all are very familiar with Alice Rivlin, since she's currently Director of the Office of Management and Budget. She was also the first Director of the Congressional Budget Office and is very well known to many Members. I think she will do a wonderful job.

Laurence Meyer, a highly respected economist, I think will do a remarkably fine job as well.

I believe that the President has done an excellent job in selecting these three nominees and he should be commended for presenting the Senate with such laudable choices for service on the Fed Board.

I will not disguise, Mr. President, the fact that I was a strong advocate of Felix Rohatyn to be Vice Chairman of the Federal Reserve Board. That nomination, unfortunately, did not get much of a hearing in the Senate, despite the President's support for him. I thought Felix's addition to the Board would have created a wonderful debate—the kind of debate, in fact, we are having to some degree this morning—within the Federal Reserve Board about growth.

The absence of Felix Rohatyn does not make that debate impossible, but I felt his addition to the Board would have been healthy for the country to have a good discussion about how you achieve a higher growth rate without also fanning the flames of inflation.

Obviously, that did not occur. I have great respect for Felix Rohatyn, and I believe he can still make a significant contribution. I urge my colleagues to follow his writings on growth and how we might achieve it. I point out, as he has said, and this is something with which I totally agree, that while monetary policy obviously has a lot to do with growth, tax policy also is a major element of our growth rates. Investing in the infrastructure of this country has a great deal to do with whether we

achieve growth. And, clearly, education and training has a lot to do with whether or not we can grow properly. There is not just one issue. Monetary policy is important, but there are other major elements that contribute to our ability to grow.

Let me just say, Mr. President, to those who are focusing on the interest rate debate, and I certainly have been as critical as others when the interest rates have gone up. I did not think in several instances it was warranted over the last several years. But it is undeniable as well that we have created more than 10 million new jobs over the last number of years in this country, an unprecedented growth rate in employment. We are witnessing the lowest misery index rate in 28 years. That is a combination of inflation and unemployment.

I remember very well what it was like back in the late seventies—you want to talk about a tax; inflation is a tremendous tax on people—when it was 20 percent inflation rates. You talk about jobs and middle-income people and homes, when you have staggering inflation rates, it is crippling to people.

I am a strong advocate that we can grow more than 2 or 2.5 percent. Frankly, if we just grow two-tenths of a percentage point more, we would just about wipe out the deficit—two-tenths of a percentage point and we would just about wipe out the deficit.

But I am also very conscious of the fact that it is relatively easy for me as a Member of Congress to be able to advocate that, but also understanding when I advocate certain monetary policies, there can be inflationary implications to it. So I have to be very aware of that as I make those decisions, if I am sitting on the Federal Reserve Board.

So while I get frustrated and I get angry from time to time, we set up a system in this country to insulate, if you will, the Federal Reserve from the vagaries of day-to-day emotions of the country when it comes to these policies. Rather than setting them on a daily basis where we could fluctuate back and forth, we provide some stability to it, so that there is an opportunity for these decisions to be able to work themselves out and then determine the full, broad implications of them.

So while I want to see us grow more—and I think there are things that can be done, such as encouraging savings in the country and not rewarding debt—these stories we have over the last several days of the highest rates of consumer debt in a number of years, I think they are primarily due to the fact that we reward debt, we encourage it, we allow you to deduct it from your taxes. But if you save in this country, you do not get a reward at all.

I encourage all my colleagues to look at a proposal by Senator DOMENICI and Senator NUNN that would contribute toward a tax policy that would con-

tribute significantly toward our savings rate. As Senator MOYNIHAN, the ranking member of the Finance Committee, pointed out, it is fiscal policy as well.

This is not a partisan policy. But the fact of the matter is, we have had 3½ years of consecutive deficit reduction. It is the first time since the Truman administration that has occurred. The size of the Federal work force is coming down. The Federal bureaucracy and the regulations are being reduced. As a result, that is contributing, I think, to the reaction in the markets. That, plus monetary policy, have given us this period of tremendous stability, significant growth, and I think creating new opportunities.

My State, I will tell you quickly, has not been one of those that has benefited from all this in the short term. We are going through the pains of the end of the cold war in a State that is dependent upon defense contract work. We had a tremendous problem with real estate in the Northeast in the mid-1980's. The recession and the credit crunch dealt us a significant blow.

So I know, just when you are talking about the States that have felt the kind of recovery that is being talked about today, my State is not one of them. Connecticut has not been one. We think that will change in the coming years, as we begin to make the transition to an economy not based as heavily as it has been on defense contract work.

But, nonetheless, I happen to believe that a steady, reliable hand here makes some sense. So, Mr. President, while I think it is extremely important for us to have this debate and to discuss monetary policy, I, for one, would like to see us do away with the geographical requirements to serve on the Fed. I think the term of the Fed Chairman ought to coincide with the Presidential term, something my colleague from Iowa has recommended over the years. Those are suggestions that I think are worth debating and, hopefully, adopting here.

But on the fundamental question of whether Alan Greenspan has done a good job at the Fed, despite my disagreements from time to time, I think the strong bipartisan answer ought to be a strong, resounding yes. For those reasons, I will vote for confirmation.

Mrs. HUTCHISON addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mrs. HUTCHISON. Mr. President, I rise to support the nomination of Alan Greenspan to be Chairman of the Federal Reserve Board. As you can see, this appointment has strong bipartisan support. More than any other appointment that the President will make, this one must foster stability—in our markets, on Wall Street, and on Main Street. That is why the reappointment of Chairman Alan Greenspan is so important.

Mr. President, as my friend and colleague from Minnesota, Mr.

WELLSTONE, has just noted, stability on Wall Street has a lot to do with stability on Main Street. Let me show you a chart that shows the stabilizing impact Chairman Greenspan has had on the markets. These are conventional mortgage interest rates, which are the rates working families pay when they purchase a home. As you can see, rates were gyrating from high to low and back again when Chairman Greenspan took office. Yet soon after becoming Chairman, these rates went from wild fluctuations to the smooth, lower mortgage interest rates we now have.

Let us next look at the inflation rate in consumer prices. Again, directly following the beginning of Chairman Greenspan's term you begin to see a lower, less fluctuating inflation rate and therefore lower, more stable consumer prices. What could be more important to Main Street than stable, low consumer prices and stable, low mortgage rates? This is what affects our daily lives in America as much anything else.

Chairman Greenspan's term has shown us the value of low inflation accompanied by predictability and stability. We no longer have a gold standard, but we do have something I would call "The Greenspan Standard." That standard results in low inflation, low interest rates, strong financial markets and, contrary to the arguments of his critics, continued low unemployment.

He is a proven, independent, steady hand at the helm. Everything we are speaking about today says one thing—a steady hand at the wheel. That might be the most important thing we can ask from the Chairman of the Federal Reserve Board.

Regardless of the President's policies, we should all agree that the Chairman of the Federal Reserve Board must be independent. Regardless of political comings and goings in Washington, we need someone who will protect one of the most important indicators of the economic strength of this country. That is the U.S. currency, and that is what Chairman Greenspan has done.

He has resisted pressures to pursue one policy or another for short-term political gain. He has kept his eye on the financial horizon. He continues to speak out for a balanced budget. He is holding down inflation while preserving GDP growth. Everyone has confidence that he can enhance the stability and predictability of the U.S. dollar.

Additionally, it is important for the Chairman of the Federal Reserve to understand crisis management, to foresee economic troubles on the horizon. We must have a Fed Chairman who can sense economic trouble before it happens and act decisively to keep problems from becoming disasters.

That has been one of Alan Greenspan's most important responsibilities at the Fed. People sometimes joke about predicting the weather or predicting the economy because no one can do it perfectly. That is why we

need someone like Chairman Greenspan. Since there is no economic crystal ball, his time-tested experience and expertise helps him appreciate the difference between short-term conditions and long-term trends—and thus act accordingly.

If you look at his record, one of the most telling attributes of "The Greenspan Standard" has been his ability to anticipate what could have become major disasters but, because of his steady hand, did not.

For instance, the stock market crash of 1987 did not lead to a recession. That is a phenomenal achievement. It was because we had an experienced, steady Fed Chairman. When that crash came, we could have barreled into a recession. But he was there to cautiously and correctly oversee our Nation's monetary policy.

What about the failures in the thrift industry in the late 1980's? That could have led to the collapse of our entire banking system. But it did not, due in large part to the confidence our Nation had in Fed Chairman Alan Greenspan. He is a proven crisis manager and has always been a steady hand at the wheel.

The PRESIDING OFFICER. The Senator's time has expired.

Mrs. HUTCHISON. Mr. President, I will end by saying there is no other person in America who has the confidence of elected officials and economic experts, of Wall Street and Main Street, who can anticipate monetary problems before they reach crisis stage. There is no one else who can measure up to "The Greenspan Standard." For these reasons, I urge the Senate's support. Thank you, Mr. President.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Mr. President, how much time do I have?

The PRESIDING OFFICER. Thirty-four minutes. The Senator from New York has 23 minutes.

Mr. HARKIN. Mr. President, I yield 5 minutes to the Senator from North Dakota.

The PRESIDING OFFICER. The Senator from North Dakota.

Mr. CONRAD. Mr. President, I want to thank the Senator from Iowa for this time. I first want to commend the Senator from Iowa for triggering this debate and initiating this discussion.

We have two elements that contribute to economic policy in this country: Fiscal policy, that is run by the Congress and the President of the United States, and monetary policy, that is governed by the Federal Reserve Board. It is this combination of fiscal and monetary policy that determines the health of the U.S. economy.

Mr. President, when Alan Greenspan was first nominated and the first confirmation vote was held on the floor of this Senate, I was one of two votes in opposition at that time. I was in opposition because I believed Mr. Greenspan's entire record reflected a view that he favored a high interest rate policy.

Mr. President, this has nothing to do with personalities. I personally admire

Mr. Greenspan. I find him to be an engaging individual and have enjoyed visiting with him, but I profoundly disagree with his monetary policy of the United States.

His monetary views have been confirmed by his actions as head of the Federal Reserve Board. What could be more clear? In 1994 and 1995, he raised interest rates seven times in a row. Effectively doubling interest rates during that period, or nearly doubling them. He did this based on a threat of inflation.

Mr. President, he was fighting yesterday's war. He was fighting yesterday's battle. He did profound damage to the economy of the United States.

Mr. President, there was no evidence of inflation in 1994 and 1995. As Mr. Greenspan, time after time, led the Federal Reserve Board in a sequence of actions to raise interest rates and, as I say, nearly doubled them.

What was this effect on the U.S. economy? The effect was to take the growth out of this economy, to take the job generation that was moving along at a healthy level, and dramatically reduce it.

Mr. President, this was a profound mistake. History will record that Mr. Greenspan was dead wrong—dead wrong. He is of the old, static view. The old, tired, view that if you do not raise interest rates as jobs are starting to be created, inflation will be kicked off. The problem with that view is the world economy has changed. It has profoundly changed what policymakers in this country think ought to be done.

Mr. President, what could be more clear—we have moved below 6 percent unemployment in this country. That level has traditionally been viewed as the level at which inflation would be triggered. There is no inflation. There was no inflation in 1994 and 1995 when Mr. Greenspan moved to raise interest rates.

Look at the chart of the Senator from Iowa. It shows clearly, in 1994, interest rates were 3 percent; 1995, they doubled to 6 percent. Going back to that time, was there any evidence of inflation anywhere? I ask my colleagues, where was it? It was not at the wholesale level. It was not at the retail level. It was not at the commodity level. There was no evidence of inflation then, nor is there much evidence of inflation now.

The fact is, at the time Mr. Greenspan was taking these actions to dramatically raise interest rates to slow this economy, to kill the job-generating power of this economy, to put our workers in a place where they could start to see raises after 20 years of stagnation, Mr. Greenspan made a profound series of mistakes: raising rates, time after time, killing the energy in this economy, and doing it on an old, tired notion of an economic theory that no longer relates to reality.

Mr. President, what could be more clear? There was no evidence of inflation. There was no evidence of inflation because the economy has changed. The economy has profoundly changed. Now U.S. workers are not just competing against other U.S. workers; U.S. workers are competing against workers worldwide.

All one has to do is go to Indonesia and see people working for \$1 a day and go to other parts of Asia and see people working for 50 cents a day to understand why we have seen no real increase in wages in this country for 20 years. Because the world economy has changed, American workers and American businesses are no longer competing just against American workers and other American businesses. They are competing on an international and global-reach basis.

As a result of that, reduced unemployment in this country does not trigger off the kind of wage inflation one saw in the past. What could be more clear? What could be more clear?

Mr. President, business leader after business leader has told us inflation is not present, has not been present, and that we ought not to pursue this high-interest-rate policy. Let me quote John Welch, chairman of General Electric:

We don't see a connection between the numbers out there and what we feel in our business. There's absolutely no inflation. There's no pricing power at all.

Mr. President, that is John Welch, Jr., chairman of General Electric.

Dana Mead, chief executive of Tenneco Inc.:

I believe very strongly that the Fed should be leaning more toward growth and not be so concerned with the threat of inflation.

Felix Rohatyn said:

There was a time when 2.8 percent would have been considered a modest rate of growth; today, it is considered dangerously robust. Most corporate leaders don't agree with this notion of dragging the anchor just as soon as the economy has wind behind it. They understand how we can sustain high growth based on muscular productivity improvements they are generating in their own businesses.

James Robinson, former CEO of American Express, said:

Inflation is not a threat in the United States. Nor is it for the foreseeable future. It has been remarkably flat and will remain so unless the Fed or the markets begin spurring inflation with high interest rates. The old domestic indicators, while perhaps important in gaging narrow trends, no longer determine the broader inflation outlook.

Mr. President, what could be more clear? We are engaged in a new world economy where as unemployment falls below 6 percent, it is no longer a trigger for inflationary wage pressures. Why is that? It is because we are now engaged in global competition. Our workers are up against the workers in Mexico who are getting one-third as much. Our workers are up against workers in Indonesia who are being paid \$1 a day.

These are new realities. Mr. Greenspan has not adjusted to them. As a re-

sult, he has kept interest rates far too high. He is killing economic growth. He is killing a chance for American workers to receive the increases they so justly deserve. This is a flawed economic policy. It ought to be stopped.

I voted against Mr. Greenspan. At that time, there were only two of us voting against his first confirmation. I will vote against him, again, today. I dare say, there will be more than two votes against his nomination this time.

I yield the floor.

Mr. MACK. Mr. President, I inquire as to the amount of time remaining.

The PRESIDING OFFICER. The Senator has 24 minutes, and the Senator from Iowa has 25 minutes.

Mr. MACK. I yield 5 minutes to Senator FAIRCLOTH.

Mr. FAIRCLOTH. Mr. President, I rise in strong support of Mr. Greenspan. I think his reappointment as Chairman of the Federal Reserve Board is one of the most important things we are going to be voting on in this session.

First, let me talk about Mr. Greenspan as an individual. He is a man of unquestioned integrity and honesty. I have come to know him well since my election to the Senate in 1992. The Chairman of the Federal Reserve Board has an incredibly important job. For this reason, I think that having someone with Mr. Greenspan's character and standing is vitally important.

Mr. Greenspan's tenure at the Fed since 1987 has been marked by a great stability in our economy. Since 1991, inflation has not been above 3 percent. Since he was first appointed in 1987, only once has inflation exceeded 5 percent. This is an amazing record of reliability, and it is one the American people have benefited from greatly.

Do we really want to return to the days of 20 percent inflation and 20 percent interest rates, when inflation was ravaging the savings of Americans? I well remember the days, as I had several million dollars worth of automobiles on my floor plan that I was paying that 20 percent on.

I have heard speeches today about the need to create jobs versus inflation. If you look at the front page of the Washington Post, it says, "Labor Shortages May Be Slowing Economy."

We are talking about looking for jobs where they offer a bonus, an incentive to find someone to work in fast foods. Can you imagine? And then they say that we still need people—people are looking for work, and we have unemployment. I can tell you that there is not much unemployment in this country today. Anybody that wants a job can find one. Companies are giving bonuses for low-wage jobs.

What this article says is that we are close to full employment right now. Given this reality, I really fail to see the argument that the Federal Reserve has endangered job growth to keep inflation low. This article suggests that we have both, and I think they are absolutely right.

Mr. President, much of this debate has been about economic growth. There seems to be a belief that someone somewhere has decided that we should not have economic growth, or that it should be at a certain level. Growth in the United States is not artificially set. Our level of growth is determined by the policies we pursue here in Congress.

How much growth can we have when we have spent more than two decades without balancing the budget? How much growth can we have when we are \$5 trillion in debt? How much growth can we have when we spend \$230 billion a year in interest payments? How much growth can we have when 41 percent of all income taxes sent by our citizens to Washington is used to simply pay the interest on the debt?

If we want growth, we have to unleash the private sector. That is where growth is. But every time someone attempts to make money in this country, this society, we either regulate it or tax it. How can we achieve growth in this type of environment? The irony is that the Federal Reserve policies have served us well by maintaining a low inflation environment.

Can you imagine how much deeper in debt we might be if we did not have low inflation, if we had to borrow money at 10 to 20 percent? Can you imagine the cost to the Federal Government if cost-of-living adjustments had to be paid for runaway inflation? Would job growth simulate revenue to the point to pay for the risk of inflation? I do not see how if, as the Washington Post reports today, we have close to full employment.

I think the issue is clear. We need price stability in the economy. This is the kind of policy that we have had for the past several years, and that is why I think President Clinton chose to renominate Alan Greenspan. Even President Clinton, with whom I do not agree on most matters, sees the wisdom of having him at the helm of the Federal Reserve.

Mr. President, let me conclude that I am in strong support of Chairman Greenspan and urge my colleagues to support him, also.

I yield the remainder of my time.

Mr. MACK. Mr. President, I yield 5 minutes to Senator BOND.

The PRESIDING OFFICER (Mr. GREGG). The Senator from Missouri is recognized.

Mr. BOND. Mr. President, I rise today in support of the nomination of Alan Greenspan as Chairman of the Federal Reserve Board.

As Fed Chairman, Mr. Greenspan has earned the respect of national and international business and financial communities. During his 8-year tenure, economic performance has been remarkable—consumers and businesses alike have benefitted from a lengthy period of stable, predictable prices. Interest rates have reached near historic lows, and millions of Americans have realized their dream of purchasing a home.

Mr. President, I believe Mr. Greenspan's achievements deserve high praise. Let me just take a moment to highlight two basic, but major accomplishments: the economy has grown during 7 of the last 8 years, and both unemployment and inflation have declined.

Mr. President, let me reiterate that praise for Mr. Greenspan's record is not limited to persons on this side of the aisle. In testimony before the Banking Committee, the President's Budget Director stated:

... at the moment, the economy, at last at the aggregate level, is performing extremely well. Unemployment is lower than many economists would have thought possible without igniting inflation, yet inflation is not visibly accelerating... The challenge now, both for monetary and fiscal policy, is to keep up the good work and find the continuing set of policies that will enable the U.S. economy to attain maximum sustainable growth as we move into the 21st century.

Mr. President, let me just conclude my remarks with a brief commentary on economic growth.

I have listened to my colleagues argue that current economic growth rates pale in comparison to those in the 1950's and 1960's. The reality, however, is that the Fed cannot control long-term growth and employment. In fact, slow population growth and limited productivity increases, have played major roles in limiting economic growth to 2.5 percent—and we all know the Fed has almost no control over either of these trends.

What the Fed does control is the amount of money in circulation and the price of goods. The Fed can enhance economic growth by removing inflationary fears and encouraging investment. During sluggish economic times, the Fed can cut interest rates and spur investment and boost economic activity. However, there are limits on how far the Fed can go. At some point, unemployment will decline so much that wage and price inflation soar. I need only refer to my earlier comments on employment and growth as evidence of Mr. Greenspan's accomplishments in these areas.

Mr. President, as we all know hindsight is 20-20 vision, and a case might be made that the Fed has erred in the direction of caution the past couple of years. But the errors have been slight and the impact small. The reality is that Mr. Greenspan has kept the economy on a steady course through major national and international turmoil. In light of his leadership, I strongly support the renomination of Alan Greenspan as Chairman of the Federal Reserve Board and urge my colleagues to join me.

Mr. President, again, I strongly support the renomination of Alan Greenspan to be Chairman of the Federal Reserve and the nomination of an outstanding Laurence Meyer, an outstanding Missourian, to serve on the Federal Reserve Board of Governors.

I believe the Federal Reserve, which is only one tool that affects economic

growth and inflation in this country, has done an outstanding job with the fiscal policy which has threatened to bring back inflation and stifle job growth. I think the record that has been established by Mr. Greenspan is an outstanding one.

LAURENCE MEYER

Mr. President, I also rise today in support of a fellow Missourian, Dr. Laurence Meyer, for his nomination to the Federal Reserve Board of Governors. With more than 27 years experience in academics, consulting, and economic forecasting, Dr. Meyer is a leading figure in national economic forecasting and development. I believe that his background in the public, private and academic sectors make him uniquely qualified for a position on the Federal Reserve Board.

In my home State of Missouri, Dr. Meyer has played a key role in the development and expansion of the economics department of Washington University. As former university professor and department chairman, Dr. Meyer has been recognized repeatedly for his academic achievements by students and faculty alike. Fellow economists similarly appreciate his expertise, having twice granted him the prestigious Annual Forecast Award for being the most accurate forecaster on the panel for the Blue Chip Economic Indicators.

Having served as an economist at the New York Fed and as a visiting scholar in the St. Louis division, Dr. Meyer also brings a personal, in-depth understanding of the unique role and purpose of the Federal Reserve Board.

As an adviser to each of the last three Presidents, Dr. Meyer has demonstrated an ability that is truly rare in Washington—the capacity to rise above partisan politics. Even today, Dr. Meyer counts among his clients the President's Council of Economic Advisers, the office of OMB, and the Departments of Treasury and Commerce. To balance his perspective, Dr. Meyer also advises our House colleague and Budget Committee Chairman JOHN KASICH on budget-related issues.

Finally, Dr. Meyer also represents the entrepreneurial spirit in all Americans. Almost 15 years ago, this university professor and two former students invented the first macroeconomic model that could be programmed into a personal computer. Today, his business sells models and forecasts to major corporations and governmental agencies across the Nation.

In conclusion, Mr. President, I believe Dr. Meyer's experience in public, private and academic arenas will prove invaluable as we move into the 21st century.

I urge my fellow Senators to support his nomination.

ALICE RIVLIN

The third nominee causes me a great deal of difficulty, because, as I said initially, I felt that Dr. Rivlin had good credentials and had been a good economist that worked at various posts. However, my experiences over the last

several months, as we worked on the budget in appropriations, have led me to have grave reservations.

We all know that the President submitted a budget that he says, under CBO scoring, reaches a balance in 2002. It does reach a balance in 2002 if it includes the automatic trigger—the cuts of 10 percent in 2001 and 18 percent in 2002—that they established.

Well, some say the budget the President submitted includes significant cuts even before that. I happen to chair the subcommittee that handles the appropriations for the Veterans' Administration, EPA, NASA, and HUD. When Secretary Brown of the Veterans' Administration came before me, I asked him about the budget that the President had submitted. This, Mr. President, is the budget that has been submitted by the President for the Veterans' Administration. You will note on the chart that, after going up nicely in 1997 during an election year, it falls off precipitously, from over \$17 billion to around \$13 billion in the year 2000. That is before any triggers occur. I asked the Secretary of the VA, who has complained bitterly about having his budget held flat, how he was going to live with those drastic draconian cuts. I was stunned when he told me that he had been assured by the President and his people that he did not need to worry about those cuts. In other words, we did not have to worry, as we looked at the increases proposed for this year, about what would happen when a quarter of the budget of the Veterans' Administration would be cut out by the year 2000, and they would not be able to build new hospitals and have new programs. How were they going to do it? The Secretary of the VA told me he had been assured that they were not going to make those cuts. I was dumbfounded.

And then the head of NASA came before me, and I asked about the \$3 billion dollar-plus cut in NASA budget. He said he had been told not to plan on those cuts because he would not have to make them.

I got similar assurances from the Administrator of the EPA, Carol Browner. She said, "I have been assured that my agency is not going to be cut."

I went into another subcommittee and asked HHS Secretary Donna Shalala how she would live with the cuts, and she outlined a whole list of programs that would not be cut.

Well, Mr. President, nobody would own up to the fact that there had to be cuts. When I presented this budget showing the Clinton budget figures, a representative of the Office of Management and Budget was quoted in a newspaper, the St. Louis Post Dispatch, saying that I was misrepresenting their budget. Misrepresenting their budget? Mr. President, these are the figures. These are the figures—unless the Clinton administration has two sets of books. Under one set of books, they would assure those of us who believe in the compelling need to balance the



budget that they really are going to balance the budget. On the other hand, there is another set of books that apparently is shown to department directors and the interest groups they serve, in which they assure them that there are going to be no cuts.

Which is it? I found this to be very troubling. The OMB is presenting two sets of books. This is a shameless charade. The President says that we are going to balance the budget. Yet, he says, no, we are not going to make any cuts. We asked in a letter signed by my colleagues to Dr. Rivlin whether they were going to follow the budget and make the cuts necessary to balance the budget, or whether there was another set of books. The letter that she responded to us with says that we are going to work together and everything is going to come out all right, and we will make the cuts.

Mr. President, I am deeply disappointed in Dr. Rivlin. She is willing to subvert her professional judgment in submitting a budget to the political directives of the White House to avoid any cuts. I regret to say, and I am sorry to say, that I do not believe we can afford to have someone willing to subvert their professional judgment to political directives serving on the Federal Reserve Board. I must oppose her nomination.

Mr. MACK. Mr. President, I yield 1 minute to the Senator from Virginia, Senator WARNER.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. WARNER. Mr. President, I rise to speak on behalf of Mr. Greenspan whom I have known for many, many years.

Today, particularly in this town, the word "character" is being referred to very often. So I thought I would go to the Thesaurus, Roget's Thesaurus. I will quote from Webster's and Roget's Thesaurus.

Webster's, of course, says, "Moral or ethical quality; qualities of honesty; courage, or the like; integrity; reputation." And the Thesaurus says, "Probity, rectitude, upright, integrity, honesty, honor, worthiness," and right on down.

I will put the rest of them in.

But I can tell you. I have known Alan Greenspan very, very well for a number of years. I cannot find any of the definitions relating to "character" in any of the leading sources that conflict in any way with this man's own character. He is a monument to the definition of "character."

And I am privileged to vote to have him continue in the service of this country.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 25 minutes.

Mr. HARKIN. Mr. President, I yield myself 15 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. HARKIN. Mr. President, first of all, I want to thank Senator DASCHLE and Senator LOTT for making sure that we had this time for debate.

Some of my colleagues have said before—and I have said since this nomination came down to us in March—that what we wanted was some time to lay out the record and to debate monetary policy. I wish we did this more often.

This is not a debate about personalities, or character. I have a great deal of respect for my friend from Virginia. It is not a debate about character at all. I and others happen to think that Mr. Greenspan's performance at the Fed has left us wanting in this country; and that his guidance and direction of the Fed is taking us in a slow growth path that is robbing us of jobs and economic growth in this country. It has nothing to do with character.

I just happen to think that Mr. Greenspan happens to be wrong. I and those of us who are taking this position are not alone in that assessment.

I will read some quotes from a lot of people that believe that Mr. Greenspan basically has the wrong concept of what is happening economically in America today.

So what is this debate really about? Is this a lot of economic terms? I have been guilty myself. I have thrown out "NAIRU"; "price deflators"; and "CBI's." And people's eyes tend to gloss over when we talk about those things. Sometimes we have to get down to what this debate is really about.

It is about working men and women; it is about small business; it is about our farmers; it is about the middle class; it is about the impact on their lives from a policy of high interest rates—a policy that says that every time we have a spurt in growth the Fed raises its interest rates and slams on the brakes. This debate is about growth in our economy.

There are those who look at the last several years of Mr. Greenspan's stewardship at the Fed and say, "Well, we have had growth." Well, yes. We have. It has been comparatively about a C average. If we are happy with a C average in America, fine. I am not. I believe we can do a B, or an A in America. I believe our workers can be even more productive. I believe technological changes that are rapidly coming on line are going to increase our productivity.

To say that we have reached some plateau of growth is like saying that when the cavemen invented the wheel they said they did not need anything else. I am sure they probably thought at that time that they did not need anything else. They had reached their limits.

We have heard it time and time again—that somehow we have reached our limits of growth in America. I do not buy that for a minute. And I do not buy it—that we can only grow 2 or 2.5 percent when there are so many indica-

tors out there that we can grow at 3 or 3½ maybe as much as 4 percent for a sustained period of time, and not just 1 year.

You look at Mr. Greenspan compared with the years before him. We look at growth from 1959 to 1987 versus 1987–95. What do we find under Mr. Greenspan? We find that in the previous year before Mr. Greenspan real GDP averaged 3.4 percent growth. Under Mr. Greenspan it averaged only 2.2 percent growth.

Income per capita averaged 2.5 percent growth prior to Mr. Greenspan; only 1.2 percent under Mr. Greenspan.

Payroll and jobs: 2.4 percent prior to Mr. Greenspan; 1.7 percent under Mr. Greenspan.

And, productivity: Prior to Mr. Greenspan, our productivity went up at an average rate of 2.3 percent per year; under Mr. Greenspan, it has only been 1.1 percent.

So I guess, if you are happy with this kind of lackluster performance in our economy and what the Fed has been doing, I submit that you probably ought to vote for Mr. Greenspan because that is the direction he is guiding and directing our Federal Reserve policy. I do not think that is acceptable for America. I believe we can do better than that. And it is monetary policy that is doing it. It has nothing to do with our vote here in the Senate or in the Congress. It has to do with what the Fed is doing with interest rates.

Again, I would say that this is not a debate as some have said between high inflation and low growth, that somehow if we grow faster we are going to have high inflation, and, therefore, we cannot have that high growth because we want low inflation.

Mr. President, I refer my colleagues to chapter 9 of Lester Thurow's new book called "The Future of Capitalism." I am going to read certain parts of it because I know that Mr. Thurow has done a very good job in pointing out that the "beast of inflation" has indeed been slain and that we are fighting old battles. As my friend from North Dakota said, Mr. Greenspan is fighting a war that occurred back in the 1970's but we keep dredging it up all the time.

Here is what Mr. Thurow had to say. He said:

In the 1970s and 1980s fighting inflation became the central preoccupation of the industrial world. . . . The factors that produced inflation in the 1970s and 1980s simply disappeared, and structural changes have occurred to make the economies of the 1990s much more inflation-proof than those of the 1970s and 1980s. . . . But as is often the case, beliefs change more slowly than reality. Inflation is gone but inflation fighting still dominates central bank policies. . . .

The problem can be seen in the activities of the American Federal Reserve Board in 1994 and 1995. At the beginning of 1994 the Fed saw an economy so inflation-prone that even what was by historical standards a slow recovery from the 1991–1992 recession (2.4 percent growth in 1993; 3.5 percent in 1994) represented an overheated economy. Because of

this belief, seven times in twelve months, from early 1994 to early 1995, the American Federal Reserve Board boosted short-term interest rates.

How much? One-hundred percent. To this day, when I tell audiences that the Fed increased interest rates under Mr. Greenspan by 100 percent in 1 year, they do not believe me. But this is the fact. Since February 1994, Federal funds rate, 3 percent; February 1995, 6 percent. And what has happened since then? We have only come down three-quarters of a point, and we are still at this very high level.

I am quoting now from Mr. Thurow's article:

Yet every time, the Chairman, Alan Greenspan, admitted that the Fed could not point to a hint of inflation in the current numbers. The Fed could not point to inflation because there was no inflation. The broadest measurement of inflation, the implicit price deflator for the gross domestic product, fell from 2.3 percent in 1993 to 2.1 percent in 1994. In the third quarter of 1995 it was running at the rate of .6 percent.

Mr. Thurow goes on:

If all of these factors are put together, the real rate of inflation outside of the health care sector was undoubtedly very low, perhaps even negative, during the entire period when Alan Greenspan was worrying about inflation. Greenspan could not see any inflation in the indexes because there was no inflation to be seen.

By raising interest rates in 1994, the Fed killed a weak American recovery that had yet to include many Americans and slowed a recovery that was barely visible in the rest of the industrial world.

Well, Mr. Thurow I think laid it out very clearly. As he said:

The numbers that have increased the Treasury bond rates and 30-year fixed mortgages are not because of inflationary expectations. They reflect an uncertainty and hence the risk premiums that investors must demand to protect themselves from a Federal Reserve Board prone to seeing inflation ghosts where they don't exist.

Mr. President, I ask unanimous consent that this article by Mr. Thurow be printed in the RECORD.

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

#### THE FUTURE OF CAPITALISM INFLATION: AN EXTINCT VOLCANO

In the 1970s and 1980s, fighting inflation became the central preoccupation of the industrial world. Wage and price controls were tried in a number of countries, including the United States, but empirically it seemed to be impossible to control inflation without deliberately creating an environment of slow growth and high unemployment. Inflation was not conquered in this war. The factors that produced inflation in the 1970s and 1980s simply disappeared, and structural changes have occurred to make the economies of the 1990s much more inflation-proof than those of the 1970s and 1980s—just as the economies of the 1960s were much more inflation-proof than those of the 1970s or 1980s.

But as is often the case, beliefs change more slowly than reality. Inflation is gone but inflation fighting still dominates central bank policies. They still believe that the natural rate of unemployment—the rate of unemployment at which inflation starts to accelerate—is so high that they and the fis-

cal authorities must step on the monetary and fiscal brakes long before tight labor markets can push wages up.

The problem can be seen in the activities of the American Federal Reserve Board in 1994 and 1995. At the beginning of 1994 the Fed saw an economy so inflation-prone that even what was by historical standards a slow recovery from the 1991-92 recession (2.4 percent growth in 1993; 3.5 percent in 1994) represented an overheated economy. Because of this belief, seven times in twelve months, from early 1994 to early 1995, the American Federal Reserve Board boosted short-term interest rates.

Yet every time, the chairman, Alan Greenspan, admitted that the Fed could not point to even a hint of inflation in the current numbers. The Fed could not point to inflation because there was no inflation. The broadest measure of inflation, the implicit price deflator for the gross domestic products, fell from 2.2 percent in 1993 to 2.1 percent in 1994. In the third quarter of 1995 it was running at the rate of 0.6 percent.

Having fallen during the previous recession, the producer's price index for finished consumer goods in December 1994 was below where it had been in April 1993 and annual rates of increase decelerated from 1.2 percent in 1993 to 0.6 percent in 1994. In 1994 labor costs rose at the slowest rate since records have been kept, and the core rate of inflation (the rate of inflation leaving out volatile energy and food prices) was the lowest rate recorded since 1965.

The OECD in its end-of-the-year 1994 report saw no inflation ahead in the United States in 1995. Abroad in the world's second biggest economy, Japan, wholesale prices were 8.5 percent below 1990 levels and were still falling in mid-1995.

Officially, the rate of inflation in the consumer price index (CPI) fell from 3.0 percent in 1993 to 2.6 percent in 1994, but Chairman Greenspan had himself testified to Congress that the CPI exaggerated inflation by as much as 1.5 percentage points, since it underestimates quality improvements in goods (in computers, for example, it has performance rising at only 7 percent per year) and since it both has poor coverage and gives no credit at all for quality improvements in services. It is clear that service inflation is much smaller than reported.

An official government commission, the Boskin Commission, has estimated an upward bias of between 1.0 and 2.4 percentage points in the CPI. This is made up of 0.2 to 0.4 percentage points of bias, because the official index fails to keep up with consumers as they shift to cheaper products; 0.1 to 0.3 percentage points of bias, since the official index fails to keep up with consumers as they shift to cheaper stores; 0.2 to 0.6 percentage points of bias, because the index underestimates quality improvements; 0.2 to 0.7 percentage points of bias, since it lags behind in introducing new products; and a formula bias of 0.3 to 0.4 percentage points, due to the mishandling of products that come into the index at temporarily low prices.

If one is willing to assume that the sectors where quality improvements are hard to measure are in fact improving quality at the same pace as those sectors where quality is easy to measure (and it is hard to think of why they should be radically worse performers), the over-measurement of inflation may be closer to 3 percentage points.

In addition, health care inflation cannot be controlled with higher interest rates and slower growth. To know what is going on in that part of the economy that is potentially controllable with higher interest rates, health care inflation rates have to be subtracted from the totals. Since health care accounts for 15 percent of GDP and health care

prices are rising at a 5 percent annual rate, mathematically another 0.75 percentage points of inflation (almost one third of 1994's total inflation) can be traced to health care. In reality, more than this amount can be traced to health care, since some of health care inflation gets built into the price indexes more than once. If states raise sales taxes to cover the costs of their health care programs, for example, health inflation shows up once as increased costs for health care and once as a sales tax increase in the consumer price index.

If all of these factors are put together, the real rate of inflation outside of the health care sector was undoubtedly very low, perhaps even negative, during the entire period when Alan Greenspan was worrying about inflation. Greenspan could not see any inflation in the indexes because there was no inflation to be seen.

Nor were there any private inflationary expectations at the beginning of 1994. None of the standard private economic forecasting services were suggesting that inflation would accelerate either. The first unexpected increase in interest rates in 1994 imposed hundreds of millions of dollars of losses on some of the world's most sophisticated investors (George Soros, Citibank), who had been betting that interest rates would fall or remain constant. If they had believed that there was any inflation over the horizon, they would not have placed those bets.

Theoretically, there is no reason why inflation should adversely affect capitalistic growth. Capitalists are smart enough not to suffer from money illusion. Negative effects only appear when inflation gets so high that speculation and inflation avoidance become more profitable than normal business activities and that requires hyperinflation before it occurs. Empirically, there is no evidence that modest rates of inflation hurt growth. Looking at the experience of over one hundred countries for a thirty-year period, a study for the Bank of England found no negative effects on growth for countries that averaged less than a 10 percent per year inflation rate and only very small effects for countries that averaged much more than 10 percent.

An argument can also be made that capitalism works best with something on the order of a 2 percent per year rate of inflation. Anything lower starts to create problems. If prices are falling, one can make money by holding one's money in the proverbial mattress. To stimulate people to take the default risk of lending requires a positive money interest rate of 2 or 3 percent. As a result, if inflation is negative, real interest rates must be high. Real interest rates reached 13 percent in 1933 because prices were falling. Real interest rates cannot be very low unless there is a modest rate of inflation, and without low real interest rates, investment cannot be high.

In a dynamic economy some real wages need to fall to induce labor to move from sunset to sunrise industries. Real-wage reductions are very difficult and disruptive if they have to take the form of lower money wages. Labor rebels. But real-wage reductions are much easier to accomplish if the employer is simply giving wage increases smaller than the rate of inflation. The real reductions can be blamed on the amorphous system rather than on himself.

The same is true for prices. In any economy it is always necessary to change relative prices. If inflation is very low, that can only happen if many sectors experience falling money prices, but capitalism doesn't work very well with falling money prices. With falling prices there is an incentive to postpone. Why buy or invest today when tomorrow everything will be cheaper? In a

world of deflation the pressure to act is sharply reduced. Yet action is what causes economic growth. Zero is simply not the right inflationary target in capitalistic societies interested in growth.

When the Fed started raising interest rates in early 1994, it stated that it had to have higher interest rates now to stop inflation twelve to eighteen months into the future because of the time lags in the economic system. Growth in fact accelerated from 3.1 percent in 1993 to 4.1 percent in 1994 and was very close to what was expected at the beginning of the year. By the end of the year neither had the economy slowed down nor had the signs of inflation become more visible than they had been twelve months earlier. By September it was clear that 1994's inflation would be much less than the low rates that were forecast at the beginning of the year. The business press was proclaiming that "the inflationary 'ogre' has been banished—maybe for good, certainly for the foreseeable future." Nor was inflation accelerating in 1995, even though monetary policies did not bring about the expected slowdown in economic growth until the second quarter of that year.

The Federal Reserve Board was chasing ghosts. Inflation was dead but the Fed wasn't willing to admit it.

While the 1970s and the 1980s were inflationary decades, the 1990s and the decades beyond are going to be very different. Inflation died in the crash in asset values that began in the mid-1980s with the collapse of the American savings and loan industry. This was followed by a collapse in property values that rolled around the world. A decade later both purchase prices and rents were still far below their previous peaks. The crash in the Taiwanese stock market was followed by a crash in the Japanese stock market.

While capacity utilization rates were rising in the United States during 1994, in a global economy it is world unemployment and world capacity utilization rates that count—not American rates by themselves. In 1994 the world was awash in excess production capacity. The rest of the industrial world was having a very slow recovery from the earlier recession—at the end of 1994 Japanese growth was strongly negative and European growth only marginally positive.

As we have also seen in detail in the last chapter, globally unemployment rates were at levels not seen since the Great Depression. Labor shortages were not going to be driving up wages for a long time to come.

U.S. measures of capacity and hence capacity utilization are also out-of-date. They don't reflect the outsourcing that has happened. Outsourcing means that effectively firms increase their production capabilities without having to invest themselves. But the capacity increases of their supplies remain unmeasured, since the capacity indexes assume that nothing has changed in the proportions of value added contributed by component suppliers and original equipment manufacturers (OEMs).

Investments in new information and computer technologies have also made it possible to get more output out of the same capital with fewer people. That is part of what downsizing is all about, yet downsizing is not reflected in official indexes of capacity.

The Fed also doesn't seem to understand that some important structural changes have occurred that make it impossible for inflation to arise from the grave. The addition of the Communist world to the capitalist world and the effective collapse of the OPEC oil cartel in the aftermath of the Persian Gulf War means that a repetition of the energy, food, or raw material shocks of the 1970s are simply impossible in the 1990s. Oil

prices are lower in real terms than they were when the first OPEC oil shock happened in the early 1970s, yet exploration and exports from the old Soviet Union have barely begun and Iraq has yet to be brought back into world oil markets.

The real-wage declines that began in the United States are now spreading across the industrial world. The downsizing of big firms with high wages and good fringe benefits continues at an unrelenting pace. If anything, wage reductions are going to be accelerating. The second world and the rest of the third world will join the small parts of the third world that were export oriented in the 1980s. Downward price and wage pressures from these low-cost producers can only accelerate. In 1994 unit labor costs declined by 2.9 percent in manufacturing and rose by only 0.9 percent in nonfarm businesses.

At the same time productivity growth is running at the highest rates seen since the 1970s. In most of the 1970s and 1980s, service productivity was falling, but now it is rising. Services just aren't going to provide an underlying inflationary push as they did earlier. Wages down, productivity up—that simply isn't the recipe for inflation.

All across America large firms are forging new supplier arrangements such as those recently put in place at Chrysler. The number of suppliers is dramatically reduced, suppliers are guaranteed much larger sales, original equipment manufacturers (OEMs) share information and technical expertise with suppliers on design and manufacturing, but suppliers in return commit to annual price reductions in the components they supply to OEMs. The OEMs in turn pass some of these reductions on to their customers to increase market share.

The world is essentially back to the conditions of the 1960s, with much less inflationary-prone economies. Supply elasticities were high then because of the recovery from World War II and the economic integration forced by the cold war. Now supply elasticities are high because of the integration of the second world into the first world and the decision of most of the third world to replace import substitution with export-led growth.

Since World War II, American firms have typically held prices constant, or even raised them, while distributing the fruits of higher productivity in the form of higher wages or higher profits. But under the pressure of international competition, that system is rapidly eroding. In the 1990s many more of those productivity gains are showing up as falling prices and many less are showing up as rising wages.

Knowing that governments have lost their ability to shorten recessions also radically changes expectations. Producers know that they cannot hold prices constant while waiting for a quick recovery from cyclical downturns. The early 1990s demonstrated that no government would come running to the rescue with large fiscal and monetary packages designed to stimulate demand during recessions. Instead, recessions will be allowed to run their course and governments will simply wait for a recovery. If downturns are sharper and longer, business firms will have to reduce prices if they wish to survive those downturns.

There are no ghosts in the attic. Inflation is not about to rise from the dead.

By raising interest rates in 1994 the Fed killed a weak American recovery that had yet to include many Americans and slowed a recovery that was barely visible in the rest of the industrial world. In just two and a half months after the Fed initiated its actions, interest rates on thirty-year Treasury bonds had risen 1.1 percentage points and those on thirty-year fixed rate mortgages had risen 1.3 percentage points. These rates did not

soar because there was a sudden upward adjustment in thirty-year inflationary expectations. These numbers reflect the uncertainty, and hence the risk premiums, that investors must demand to protect themselves from a Federal Reserve Board prone to seeing inflation ghosts where they don't exist.

If the battle against inflation is primary, central bankers will be described as the most important economic players in the game. Without it, they run rather unimportant institutions. It is well to remember that in 1931 and 1932 as the United States was plunging into the Great Depression, economic advisers such as Secretary of the Treasury Andrew Mellon were arguing that nothing could be done without risking an outbreak of inflation—despite the fact that prices had fallen 23 percent from 1929 to 1932 and would fall another 4 percent in 1933. The fear of inflation was used as a club to stop the actions that should have been taken. Central banks are prone to see inflationary ghosts since they love to be ghost busters. While no human has ever been hurt by ghosts in real life, ghost busters have often created a lot of real human havoc.

Since growth did not in fact slow down in the year in which Alan Greenspan was raising interest rates, the question Why worry? can be raised. The answer is of course that higher interest rates often act like sticky brakes. The driver pushes down on the brakes and initially nothing happens. So she pushes harder. Suddenly the brakes grab and the car is thrown off the road. And that is exactly what happened in the second quarter of 1995. Growth effectively stopped.

If the economy's maximum noninflationary rate of growth is 2.5 percent (the Fed's announced target), surplus labor is going to be pushing wages down. Even the manufacturers who have to pay those wages think that a 3.5 percent growth rate could be achieved without inflation.

Our societies tolerate high unemployment since only a minority suffer from that unemployment. Most of the movers and shakers in society know that they will not be affected. Politically, high inflation is much more worrying to those in or seeking office, since it seems to reduce everyone's income. Economists can point out that every price increase has to raise someone's income and that the balance between gains and losses seems to indicate that very few are real-income losers as long as inflation is less than 10 percent per year, but all of that analysis is irrelevant. To the voter it does not seem to be true. They merit wage increases but are cheated by price increases.

The high unemployment necessary to fight inflation is one of the factors leading to falling real wages for a large majority of Americans, but this reality is too clouded by other factors and too indirect to be seen as the cause. Political power lies on the side of those who declare a holy war against inflation. Yet those who do so are indirectly advocating lower real wages for most Americans.

The inflationary volcano of the 1970s and 1980s is extinct, but the mind-set produced by its eruptions lives on. As a result, business firms in their planning have to simultaneously plan for a world where there is no inflation, but there will be periodic deliberate recessions designed to fight imaginary inflations.

Labor will continue to live in a world where governments talk about the need to restore real-wage growth but deliberately create labor surpluses to push wages down. As a result, no one should pay attention when they talk about restoring a high-wage economy with growing real incomes. Wages go up when there are labor shortages, not when there are labor surpluses.

Officially, central banks always hold out the prospect that if they just hold down inflation long enough, they will gain anti-inflation "credibility" with the financial markets and rapid noninflationary growth will resume. But it doesn't work. If the German Bundesbank does not by now have "credibility" as an inflation fighter no central bank will ever get this mythical status. Despite its anti-inflation credibility West Germany has had a very slow growth rate—2.3 percent per year from 1981 to 1994. Rapid growth never resumes.

Mr. HARKIN. So, yes, there is a lot of complicated economic terms, statistics, and charts that we can put up here. Let us not get lost in these complexities. We are talking about simple fundamental things—real people, families trying to make a payment on their house, trying to buy a new car, trying to work with their bank to get the funds to put in next year's crops for our farmers, or to operate a small business. We are talking about creating more and better jobs in America, about growing our economy faster, about raising wages.

That is what this debate is about. After all, Mr. President, raising the living standards and real wages of ordinary Americans should be our No. 1 economic challenge, but time and again the policy of the Federal Reserve under Mr. Greenspan has stood in the way. That should not be.

Under current law, the Federal Reserve is obligated to conduct a balanced monetary policy to reconcile reasonable price stability with full employment and strong economic growth and production. But under the Greenspan Fed that balance has been lost.

In 1978, we passed the Humphrey-Hawkins bill which mandated that the Federal Reserve take into account employment, full employment, and production along with inflation in setting its policies. I see my friend from Florida is in the Chamber. He has introduced a bill on the Senate side, the Mack bill, that would remove that consideration from the Federal Reserve, to consider full employment and production and leave the Fed only to consider inflation. I respect his opinions on that, his judgment. We happen to disagree on that. I think the Fed ought to have in its considerations a balanced approach—inflation, yes, but also full employment and production. I would point out that Mr. Greenspan has come out in favor of the Mack bill, to take away from the Federal Reserve requirements in law that we say they must take into account, full employment and production, in their setting of monetary policy. I think that is wrong. And for Mr. Greenspan to support that policy indicates that he again has his eye only on inflation, the "ghost of inflation," as Mr. Thurow says, and not on a balanced policy.

So what has happened? Middle-class Americans have paid the price. We have seen what has happened with interest rates. And we have higher interest rates. Let me just say this very clearly, Mr. President. What we have

operating now in America on middle-class families is what I call the Greenspan tax—yes, the Greenspan tax on American families. Higher interest rates are nothing more than a tax on hard-working middle-class families, farmers, and main street businesses.

One of my colleagues was in the Chamber last week and referred to high inflation as an unfair tax on working families. That is true. But high interest rates are also an unfair tax. We do not have any inflation out there, there is none of it on the horizon, and yet we have inordinately high interest rates. The real threat and the real tax today on our middle class, our farmers, and our small businesses is unnecessarily high interest rates. So we need a Fed Chairman who looks at growth and jobs and wages and says we can do better, not saying, oh, 2.2 percent is fine. We can grow much faster than that. And we do it without the threat of inflation. We live in a global economy, a time of unprecedented competition, rapid technological change. All of this means we can have fuller employment, higher productivity without inflation.

We seem to be living in a world that if we begin to do better and our economy begins to grow, that is bad for America, the Fed slams on the brakes, and we cannot grow any faster than that. It is seen as a bad thing. But faster growth and higher wages and more jobs and lower interest rates should not be seen as obstacles. They should be sought out as our goals.

In short, we need a balanced policy based on raising economic growth, increasing jobs, the long-cited continued vigilance against inflation. I do not believe we have gotten that under Mr. Greenspan, and we have seen that common thread throughout his entire record, that all through his entire time Mr. Greenspan has focused on inflation.

Start with 1974. Mr. Greenspan was Chair of President Ford's Council of Economic Advisers. As I discussed in depth last week, in his zeal to fight inflation to cure the recession of 1974, Mr. Greenspan prescribed the wrong medicine. Unemployment skyrocketed, and the recession got even worse.

This is how Jerry Terhorst, President Ford's press secretary, recounted it:

To be blunt about it, the President has lost confidence in the ability of his economic advisers to predict the economic future. This fall, when he fashioned the anti-inflationary package he presented Congress following the series of economic summit meetings, Ford relied heavily on the forecasts of his consultants, including Economic Council Chairman Alan Greenspan. They assured him that rising prices and production costs were the prime enemy of a healthy America. He was advised that while a recession lurked distantly on the horizon, it was not an imminent prospect that would confront him immediately.

Well, what happened? The recession got worse, unemployment skyrocketed. In two months, the unemployment rate increased by 1.2 percent.

The PRESIDING OFFICER. The Senator's 15 minutes have expired.

Mr. HARKIN. How much time do I have remaining?

The PRESIDING OFFICER. Nine minutes.

Mr. HARKIN. I yield myself 4 additional minutes.

Greenspan's prognosis of the Nation's economic ills in the 1970's did not comport with what happened, the same way in the 1980's. And I submit for the RECORD an article that appeared in *Investors Business Daily* called "Greenspan's Rotten Record."

Let us take a look again at what happened to growth during the period of time of former Chairman Volcker. We see growth of 6, 3.3, 4.4, coming out of the recession in the early 1980's. Now, Mr. Volcker had a 2.5 percent growth rate average, but he had a 13 percent inflation rate facing him when he came in. He brought inflation down in half and yet he had still had a 2.5 percent growth during his term even while he brought inflation down in half.

Mr. Greenspan comes in. The real growth during his period of time has been 2.2 percent. Inflation was only 4.1 percent when he came in. It has come down to 3.2 percent—a very small decrease in inflation and yet very low growth. That is what we are talking about, the low growth rate. And again, it has to do with Mr. Greenspan's rationale, what his mindset is.

Last year, I believe it came out, perhaps in an unguarded moment. I do not know. I will read from the hearing record so the record is straight. I have told people before that Mr. Greenspan was in favor of going back on the gold standard and people tell me that is not right. Well, I do not know if it is right or not. I can only take Mr. Greenspan at his own words.

Last year, 1 year ago, not 20 years ago, last year, Senator SARBANES says:

All right. Now, my next question is, is it your intention that the report of this hearing should be that Greenspan recommends a return to the gold standard?

Mr. GREENSPAN. I've been recommending that for years. There's nothing new about that.

Senator SARBANES. Okay. So, you'd like that. You want to reaffirm that position.

Mr. GREENSPAN. I have always held that system of price stability, which would come from any form of credible type of non-inflationary environment, would be very beneficial to financial system.

Senator SARBANES. And you think we should go on to the gold standard.

Mr. GREENSPAN. I, personally, would prefer it. That would probably mean that there is one vote in FOMC for that, but it is mine.

Again, Mr. Greenspan would like to go back on the gold standard. I would like to see how many people would stand here on the Senate floor and defend this and say we ought to go back to the gold standard. Maybe a few. But that is where Mr. Greenspan is coming from.

Last, Mr. President, it is not just me and a few others on our side. I ask unanimous consent a series of quotes from business leaders on Fed policy be printed at this point in the RECORD.

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

# QUOTES FROM BUSINESS LEADERS ON THE FED POLICIES

"We don't see a connection between the numbers out there and what we feel in our business. There is absolutely no inflation. There's no pricing power at all."—John Welch, Jr., chairman, General Electric.

"There's no sign of pricing pressure anywhere . . . This economy can grow more than 2 or 2½%, and we ought to let it do it."—John Welch, Jr., chairman, General Electric.

"This fixation of the Fed on 2.5% gross-domestic-product growth doesn't reflect the enormous productivity gains of the past five years and the fact that with the information age, you can do things faster, better, and smarter. I don't know if the rate of growth we could sustain without inflation is 3%, 3.5% or 4%, but I think we need to see if we can grow the economy at a reasonable fashion."—Tracy O'Rourke (male), CEO of Varian Associates.

"This is the most disappointing recovery we have ever seen . . . Each time we try to do a little better than 2.5% growth, we get slapped down by tight monetary policy. The recovery is lackluster and it shouldn't be."—Kent "Oz" Nelson, CEO of United Parcel Service (UPS).

"I believe very strongly that the Fed should be leaning more toward growth, and not be so concerned with the threat of inflation. . . ."—Dana Mead, CEO, Tenneco Inc.

"I would rather err on the side of stimulating the economy and growth rather than dragging it."—Dana Mead, CEO, Tenneco Inc.

"There was a time when 2.8% would have been considered a modest rate of growth; today it is considered dangerously robust. Most corporate leaders don't agree with this notion of dragging the anchor just as soon as the economy has wind behind it. They understand how we can sustain high growth based on muscular productivity improvements they are generating in their own businesses."—Felix Rohatyn.

"Inflation is not a threat in the United States. Nor is it for the foreseeable future. It has been remarkably flat and will remain so unless the Fed or the markets begin spurring inflation with high interest rates. The old domestic indicators, while perhaps important in gauging certain narrow trends, no longer determine the broader inflation outlook."—James Robinson, former CEO of American Express.

"Inflation has begun to recede, despite the unemployment rate remaining below earlier estimates of the NAIRU. The Fed misinterprets the low unemployment rate as an indication that the economy is operating at full potential and grudgingly lowers its implicit assumption of the natural rate; in contrast, I believe the low unemployment rate has occurred as business investment and productivity gains have raised potential output and capacity, while restrictive monetary policy has constrained demand. That suggests inflation will decline further."—Mickey Levy, Chief Economist, NationsBank Capital Markets, Inc.

"Monetary policy in this country is controlled by bond traders who live in highrises and are completely out of touch with reality."—Jerry Jasinowski, president, Nat'l Association of Manufacturers

"Growth in the 2 percent range is unacceptably low, because the economy can sustain higher levels of growth without inflation. The long-run growth rate consistent with stable inflation is as high as 2.8 percent, using the new chain-weighted GDP measure."—Jerry Jasinowski, President, Nat'l Association of Manufacturers

"Economists are fighting a nuclear war with conventional weapons. My concern is

that we are using data and statistics and rules of thumb that come from a different business environment than now exists."—Robert Cizik, chairman and chief executive, Cooper Industries

"At the Fed, the attitude is to avoid inflation at all costs. But out in the real economy, our people are concerned about the cost—the lost jobs, the lost profits and so on, which over time can be considerable."—Martin Regalia, chief economist, Chamber of Commerce

" . . . the No. 1 objective should be growth, not [containing] inflation."—Bernard Schwartz, chairman and CEO of Loral Corporation

"The economy clearly has the brakes on now and shouldn't."—Joseph Schell, senior managing director of Montgomery Securities.

Mr. HARKIN. Some have been stated before by Senator DORGAN and Senator CONRAD:

"We don't see a connection between the numbers out there and what we feel in our business. There is absolutely no inflation. There's no pricing power at all."—John Welch, Jr., chairman, General Electric.

"There's no sign of pricing pressure anywhere . . . This economy can grow more than 2 or 2½%, and we ought to let it do it."—John Welch, Jr., chairman, General Electric.

"This is the most disappointing recovery we have ever seen . . . Each time we try to do a little better than 2.5% growth, we get slapped down by tight monetary policy. The recovery is lackluster and it shouldn't be."—Kent "Oz" Nelson, CEO of United Parcel Service (UPS).

"Inflation is not a threat in the United States. Nor is it for the foreseeable future. It has been remarkably flat and will remain so unless the Fed or the markets begin spurring inflation with high interest rates. The old domestic indicators, while perhaps important in gauging certain narrow trends, no longer determine the broader inflation outlook."—James Robinson, former CEO of American Express.

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"The economy clearly has the brakes on now and shouldn't."—Joseph Schell, senior managing director of Montgomery Securities.

Mr. HEFLIN. Mr. President, I rise today to support confirmation of Alan Greenspan's nomination to serve another term as Chairman of the Federal Reserve Board of Governors. Although I have not always been completely agreeable with his policies, I think that, generally, he has struck the proper balance in monetary policy in order to stabilize prices and encourage growth short-term growth. In fact, combined with the President's deficit reduction program, Chairman Greenspan's policies helped the Nation out of its last recession.

When we consider this nomination, we must realize that the most relevant indicator of Chairman Greenspan's accomplishment is the success of the

economy. Because of the number of factors and variables involved in economic theory, we can stand and debate individual arguments almost endlessly. However, we cannot ignore the fact that the economy has exploded, while inflation has stabilized at its lowest rate in more than a decade. In fact, the combined unemployment and inflation rate is lower than it has been since 1968. This did not occur without leadership, and Chairman Greenspan and President Clinton deserve our applause.

One of the reasons for economic improvement is the recent deficit reduction package. The deficit is an issue I have taken very seriously over the years. When I came to the U.S. Senate, the first bill I introduced was a constitutional balanced budget amendment, and I have supported it ever since. Indeed, I believe that addressing the deficit, and other fiscal problems, is the only way to cure the Nation's economy in the long term.

Although I had reservations, and frankly I believe we can and should do more in the area of deficit reduction, I supported the President's 1993 budget package. This measure is among the most important fiscal steps the Congress has taken in the past decade. In fact, to use Chairman Greenspan's words, this reduction was: "An unquestioned factor in contributing to the improvement in economic activity that occurred thereafter."

This improvement resulted in the creation of 9.7 million new jobs, the vast majority of which are in the private sector. The last few years have seen more construction job growth than any period since the early fifties, and more auto job growth than any period since the early sixties. Further, the unemployment rate has dropped to 5.6 percent—far less than the rate during the early eighties. It is a testament to the importance of a declining annual deficit and movement toward a balanced budget.

However, due to the complexity of our economy, I do not believe that the President's deficit reduction alone caused all of these improvements. According to prevailing economic theory, monetary policy is a more potent factor in the short-term growth of employment and gross domestic product than fiscal policy. Therefore Alan Greenspan does deserve a certain amount of recognition for his recession policies. Maybe it is a credit to Chairman Greenspan, however, that he has shown restraint; he has not failed to appreciate the consequences of easing his monetary policy.

When the Federal Reserve Board decides to embrace an expansive policy, the economy will grow for a while. However, a greater supply of money leads to a lesser demand, or inflation. In the long term, improvements are countered by higher costs and prices, and the economy will again equalize at a reduced level, with higher inflation. In this way, the end result is a negation of the apparent gain. Therefore,

monetary policy must strike the proper balance between expansion and tightening. I think Alan Greenspan has always appreciated the importance of this fundamental concept, and he has acted cautiously to enact such a balance.

When the country fell into a recession in 1990, Chairman Greenspan engineered a response to the crisis by initiating a series of interest rate cuts from late 1990 to late 1991, keeping rates low through 1993. Under his direction, the Fed cut the discount rate in half; this was the lowest rate since 1962. In fact, real short-term interest rates were near zero.

Chairman Greenspan said these reductions were necessary to spur economic growth, and growth did follow. His judgment has thus far been sound.

However, Mr. Greenspan rightly believes that the Federal Reserve's most important goal is price stability. It is perhaps this fact which has most fueled his critics.

The harshest criticism Chairman Greenspan has endured came in 1994, when he raised interest rates seven times. Politicians and financial markets concerned about continuing growth argued that Greenspan was an alarmist. Critics maintained that the boon had been insufficient to cause any serious inflation.

Even if we disagree, I think we must admit that his precautions have proved reasonable. Although economic growth has slowed, Chairman Greenspan has managed to stabilize inflation at its lowest rate in more than a decade. He has also lowered interest rates again to adjust for this slowed economic growth.

I would like to add that I do understand some of my colleagues' reservations about Greenspan's tight monetary policy. High interest rates have been a difficult obstacle to many Americans—individuals and businesses. In fact, they are closely tied to the Nation's housing markets. They therefore affect homeowners, and they can damage financial institutions, particularly savings and loans. They have severely hurt such large businesses as Chrysler and Lockheed, and notably, they can have a terrible effect on small entrepreneurs, especially farmers, for whom I have a particular concern.

However, I think it is always important to keep things in perspective.

We might understand Mr. Greenspan's record better if we consider his predecessor's efforts to reduce a staggering inflation during the early 1980's. Success came after the imposition of a seriously unpopular, tight monetary policy—a policy which concerned me greatly.

When Paul Volcker took control of the Board in 1979, he convinced the Federal Open Market Committee to emphasize control of the money supply's growth, and to pay less attention to interest rates. Although he was ultimately successful in bringing down inflation, his policy, in part, caused in-

terest rates to pass 20 percent in 1981. That was quite a cost. It hurt homeowners and businesses across the country.

In fact, I became particularly concerned about the effects of these rates of farmers, many of whom were devastated by the overhead of high-interest loans. I fought to reschedule farm loans especially to ameliorate the pains suffered by small, family farmers.

But at the time, I said that the Fed should not be condemned in its policy, it should be assisted by administration and Congress alike in seeking equitable remedies to fighting inflation. Inflationary controls are, after all, the Fed's most important concern. Instead of reactivity, I believed the Congress had to emphasize tax incentives, and most important, work to balance its budget.

This idea has not changed in 15 years. I still believe that we must not be reactive. We must also remember Chairman Greenspan's tenure has been much less intense than Volcker's. Rather than raging total war on inflation, he has only had to act preventatively. The country is doing well, and we should not condemn the Fed—nor the man—now as we should not have condemned them then.

Instead, the Congress must work to resolve its own fiscal dilemmas. As I have always believed, we, and those who follow, must work toward an enactment of sound policies that include, perhaps foremost, spending within our limits.

Further, it absolutely should be considered that, although it is independent of the Congress and the President, Greenspan does not dictate absolutely over the Fed. Instead, he must achieve a consensus at the Federal Open Market Committee votes. In this regard, he has been called a genius; almost every vote during his chairmanship has been unanimous. Apparently Greenspan's colleagues also consider his judgment sound.

Mr. President, I believe that we should recognize Chairman Greenspan's successes and acknowledge that he has done some good things for the American economy. His efforts contributed to an enormous recovery, and he kept inflation down during the rebound, as it his most important goal.

Much to his credit, I think President Clinton recognizes Chairman Greenspan's qualities, and I think he had some good reasons to nominate him to another term. Perhaps the President's wisdom has once again led him to understand that moderation is the route to sound policy. He did not shy away from selecting a man lauded by Presidents Bush and Reagan when he believed it was the right thing to do.

Mr. President, I believe the Senate should concur with President Clinton's finding that Chairman Greenspan has done a good job and confirm his nomination.

The PRESIDING OFFICER. The Senator from Florida.

Mr. MACK. I yield 3 minutes to the Senator from New Jersey, Senator LAUTENBERG.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

Mr. LAUTENBERG. Mr. President, I want to first say that few here have more of my respect and friendship than the distinguished Senator from Iowa. We rarely disagree. When we do, sometimes it is a fairly forceful disagreement. This is not in any way to challenge some of the observations that the Senator from Iowa has made about growth. I believe that more growth would be advisable, would be very helpful right now. But I support the nomination of Alan Greenspan to be Chairman of the Federal Reserve in his next term because I think what we have is pretty darned good when you look at the results, and we see indications of it every day, about how good this economy is relative to where we might have been in terms of measuring the economic growth and inflation at the same time.

Inflation is under control. It does not take much, in this former businessman's view, to trigger off a round of inflationary growth that we would not like to see in this country of ours.

When I see in today's papers, the Washington Post: Labor shortage may be slowing economy, not enough people applying for jobs, bonuses being offered to get people to apply for jobs. It does not say that we are overburdened by unemployment.

Any unemployment is terrible in a society. But when you compare what is happening in the United States to, now, the European market, we are almost less than half of where they are. And inflation is very carefully controlled.

Look at the response of what I may say are the knowledgeable, the stock markets. The market keeps growing. Investors think there is value there yet to be realized. We have a very comfortable view, in terms of mortgages, in terms of money. If there is a shortage, it is because much of the money supply that is out there is being absorbed by Federal debt, and we are all determined to work to reduce that.

But I know Alan Greenspan on a personal basis, which has little to do, frankly, with whether or not I would recommend him, except to say I know him well. He served on the board of my company, ADP, until he came to his position as Chairman of the Federal Reserve Board. I used to hear Alan Greenspan's opinions about things. We had other very distinguished business people on our board—by the way, Republicans more than Democrats; that is just a coincidence; I wanted it the other way, but it did not work that way—distinguished business people who would listen carefully to Alan Greenspan's views on things, to his analysis.

My ex-company—I hate to say that—my company sold the Greenspan database. We used to deliver it. I was in



the computer business, and we would deliver that database throughout the country. It was such a desirable piece of information that company after company, institution after institution would be there, ready to buy the services.

The fact of the matter is, Alan Greenspan, by all measures on the record, has done a distinguished job as Chairman of the Federal Reserve System. He deserves to be continued.

For these reasons, Mr. President, I support the nomination of Alan Greenspan to serve his third term as Chairman, and of Alice Rivlin to serve her first term as Vice Chairman, of the Federal Reserve Board of Governors.

In fact, it is hard to meet Alan Greenspan without being impressed with him. He is a very serious man who takes his work seriously, and who understands the critical importance of the office he holds.

Alan Greenspan has ably served our country as Chairman of the Fed since 1987. And in that time he has compiled a record that, by recent historical standards, is impressive.

Mr. President, as I said, I have known Alan Greenspan for many years, and have always had a tremendous amount of respect for him. Before I came to the Senate, I ran a data processing company known as ADP. Alan Greenspan was on our board of directors. And it was in that capacity that I came to appreciate his intellect, his extensive knowledge of business and economics, and his integrity. Inflation today is at 2.9 percent. Unemployment is at 5.6 percent. Not long ago, many respected economists would have scoffed at the likelihood that both these figures could be held down to these levels. Many assumed that unemployment and inflation fluctuated in an inverse relationship. Yet that has not been true in recent years, and Alan Greenspan probably deserves some credit for that.

Mr. President, steering monetary policy is an extremely difficult job that involves a delicate balancing of competing economic considerations. I cannot stand here and say that Chairman Greenspan has never made a mistake. And I understand the views of some of my colleagues that the Federal Reserve ought to adopt a looser, more aggressive monetary policy.

But when you compare the economy's performance with the expectations of the pre-Greenspan era, it is hard to argue against Chairman Greenspan's record.

It is also hard to dispute that Chairman Greenspan's work has won him broad respect and support in the financial community.

Mr. President, Alan Greenspan is one of the most thoughtful and deliberate people I have ever met. He does not speak glibly. He knows what he is talking about, and he chooses his words carefully.

This deliberate approach has served him well as Chairman. And it has con-

tributed to a greater sense of stability and predictability in our financial markets.

That predictability is important if our economy is to function effectively.

So I hope my colleagues will support his nomination. And I trust they will, by a very strong margin.

I end up asking unanimous consent that the piece in the Washington Post yesterday, an op-ed piece by Robert Samuelson, and the article related to employment in the Washington Post be printed in the RECORD.

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

[From the Washington Post, June 19, 1996]

#### GREENSPAN'S GOOD ECONOMY

(By Robert J. Samuelson)

Probably no government agency has recently performed better than the Federal Reserve. Through short-term interest rates, it influences the economy, and the results seem to speak for themselves. The economy's expansion is now in its sixth year, and since it started, employment has grown by 9 million jobs. Annual inflation remains at about 3 percent, which is where it was in 1991. Alan Greenspan, the Fed's chairman, ought to be basking in acclaim. President Clinton has re-nominated him to another four-year term. Yet Greenspan still faces a loud chorus of critics.

The complaint is that the Fed is so obsessed with fighting inflation that it has smothered strong economic growth. "The Fed has pursued policies that have limited . . . growth to levels not much more than 2 percent," gripes Sen. Tom Harkin (D-Iowa), who has insisted on a full Senate debate on Greenspan's nomination. Growth could be higher by a percentage point, he says. Some economists and corporate executives agree. In a decade, the extra growth would raise the average American's disposable income another \$2,500. What should we make of this?

Not much. It's true that, compared with the past, the economy's growth has slowed. Here are the numbers. Between 1960 and 1973, gross domestic product (the economy's output) increased at an annual rate of 4.2 percent. Since 1973, GDP growth has averaged only 2.5 percent. But it's hard to blame the Federal Reserve, because long-term economic growth stems from two factors—expansion in the work force and improvements in productivity—that the Fed hardly influences. Both have weakened.

Productivity (output per worker hour) grew almost 3 percent a year between 1960 and 1973. Average workers produced that much more—in everything from steel to air travel—each hour than the year before. Since 1973, increases average slightly more than one percent. No one knows what caused the drop. Labor force growth has also slackened because "baby boom" workers are no longer surging into jobs. The Fed can't offset these changes. It can't create more workers or order companies to be more efficient. (Indeed, it's possible that statistics miss some productivity gains; if so, economic growth is underestimated.)

Perhaps a simpler tax system, better schools and streamlined regulations would improve growth, but no one knows by how much—and these matters aren't the Fed's responsibility. Harkin and like-minded critics also forget the 1960s and 1970s, when the Fed tried to spur faster economic growth. The result was a disaster: two episodes of double-digit inflation (culminating in 12.3 percent inflation in 1974 and 13.3 percent in 1979); two

crushing recessions (those of 1973-75 and 1981-82) to suppress the inflation; and huge increases in interest rates and real estate speculation that fostered the savings and loan crisis.

As a practical matter, the best the Fed can do is to nudge the economy toward its production potential while resisting higher inflation. Its tools for doing this are fairly crude. It can change only one market interest rate—the so-called Federal Funds rate, which is the rate at which banks make overnight loans to each other. All other interest rates (those on mortgages, car loans or corporate bonds) respond only indirectly and imprecisely to Fed policies. Even so, there's not much evidence that excessively high interest rates have hurt economic growth.

The Fed Funds rate is now 5.25 percent. Assuming inflation is 3 percent, the "real rate" is about 2.25 percent—a level critics think too high. It isn't, says economist William Dudley of the investment banking firm Goldman Sachs. Since 1980, Dudley finds, the "real" Fed Funds rate has averaged 3.3 percent. True, it was lower in the 1970s and, indeed, was often negative (that is, the interest rate was less than inflation). But it was this policy of easy credit that spawned double-digit inflation.

Dudley also points out another flaw in the argument. If interest rates were crushing, then credit-sensitive sectors of the economy—business investment, car sales—would be languishing. Well, they aren't. In 1996, sales of cars and light trucks are running 6 percent ahead of 1995. As for business investment, it has boomed. Between 1991 and 1995, annual spending increased 31 percent. For computers, spending jumped 183 percent; for transportation equipment, it rose 44 percent.

Where Greenspan's Fed has succeeded best is in smoothing economic growth by shifts in the Fed Funds rate. To spur recovery from the 1990-91 recession, the rate was cut, to a low of 3 percent in September 1992 and kept there until early 1994. Then the Fed began raising the rate gradually to prevent a growing economy from worsening wage and price inflation. By early 1995 the Fed Funds rate was up to 6 percent. Since then it's been dropped three times to sustain growth.

Even some occasional Fed critics have been impressed by the success of these maneuvers. "I think [Greenspan's] done a superb job—better than I expected," says economist William Niskanen of the Cato Institute. "at the end of 1994, I thought he was too tight and that there would be a recession in the fall of 1995." There wasn't. Economic growth slowed and then picked up.

Sooner or later, of course, there will be another recession. The Fed isn't all-powerful or all-wise. Long economic expansions generate excesses: overborrowing, overinvesting, speculation, inflation. There are some signs of these now. Stock prices seem to many observers, foolishly high. The American Bankers Association recently reported that credit card delinquencies in early 1996 were at a 15-year peak. It's impossible to keep the economy expanding in a simple, straight line. Still, Greenspan's performance merits another term.

Perhaps the Fed is simply a convenient scapegoat for all manner of economic anxieties. There's nothing wrong with debate if it illuminates important truths. The most important truth here is just the opposite of the critics' complaints. It is that the temptation to spur a little more economic growth at the risk of a little more inflation is self-defeating. It risks higher inflation, higher interest rates and a more unstable economy. The Fed has absorbed this lesson; so should everyone else.

[Washington Post, June 20, 1996]

# LABOR SHORTAGES MAY BE SLOWING ECONOMY (By John M. Berry)

Signing bonuses are nothing new for basketball players and Wall Street traders. But hamburger flippers?

Some fast-food restaurants in St. Louis are now paying as much as \$250 in signing bonuses for new hires, according to the latest Federal Reserve survey of regional economic conditions released yesterday.

Companies all over the country are going to extra lengths to attract workers, the Fed reports, in the latest sign that the pool of unemployed workers has shrunk to the point that it is limiting economic growth. Unemployment nationally has hovered around 5.5 percent for the past 18 months and in more than half the states this spring it is below 5 percent.

A Minneapolis company is offering a chance at free vacations in Las Vegas for employees who recruit new hires. Temporary employment agencies in Chicago say more employers are snaring their workers for permanent positions. Banks in Salt Lake City are having a hard time finding tellers.

According to the Minneapolis Federal Reserve Bank, a growing number of firms wanting to hire skilled workers have stopped advertising because they got no responses. "Perhaps we should call them 'discouraged employers,'" one Minnesota state official quipped.

In Minnesota, one of 10 states with a jobless rate of 3.9 percent or less, economic development officials say that businesses are looking more at whether people will be available to work at a new plant than at whether the company can get incentives or tax breaks to build there, according to the Minneapolis Fed. "This parallels the dilemma that eastern South Dakota has faced for some time: It is difficult to attract new industry when labor seems short," the report said.

Many Fed officials have expressed surprise that, with the unemployment rate so low, there have not been more problems on the inflation front, with wages rising to attract workers. But the Fed's latest survey turned up only scattered instances in which tight labor markets were causing wages overall to increase rapidly.

Economists and government policymakers aren't exactly sure why labor cost haven't begun to rise more rapidly in response to the nation's low unemployment rate. Some analysts say the best explanation is twofold: Heightened concern among workers about job security in a world of corporate downsizing has made them squeamish about asking for raises. That's coupled with strong resistance by employers to raise overall wages because they know that in a low-inflation economy, it is difficult to raise prices to cover higher costs.

So even though some companies are having to increase their offers of starting wages to get workers, in the aggregate, pay hikes are still modest by historic standards.

And companies aren't going begging for workers everywhere in the country. Indeed, in places such as the District, New York and New Jersey, a southern tier of states stretching from Mississippi west through Texas to New Mexico and most import, California, finding workers isn't as tough as it is elsewhere. Joblessness in California, whose recovery has lagged that of the rest of the nation, is 7.5 percent. Only West Virginia at 7.7 percent and the District at 8.4 percent have higher rates.

To many economists, this is a picture of a nation essentially at full employment. That means that going forward, the economy can grow only as fast as its capacity to produce goods and services grows.

How fast that growth can occur is the subject of much debate these days. Indeed, Sen. Tom Harkin (D-Iowa) delayed the full Senate's vote to confirm Fed Chairman Alan Greenspan to a third term until today so he could hold a public discussion on the subject. Harkin believes the economy could grow much faster if Greenspan would only lower interest and stop worrying so much about inflation. "A turtle makes progress only when it sticks its neck out, even though that is when it is most vulnerable," Harkin said in an interview. He said that the Fed cannot be sure the jobless rate can't be pushed down to 5 percent or 4.5 percent without making inflation worse.

Few people in official Washington agree with Harkin, though. The Clinton administration, the Congressional Budget Office and many private economists all peg the economy's capacity to grow at a little above 2 percent.

According to White House economist Martin Baily, the administration's estimate of 2.3 percent a year "is based on supply-side factors," meaning labor supply and productivity.

If the economy is at full employment, additional labor is largely a matter of how fast the population is growing, including immigrants. When the post-World War II baby boomers were entering the work force in the 1960s and 1970s, labor supply was increasing roughly 2 percent a year.

Now it is increasing only about 1 percent a year. All other things equal, that difference means the economy's capacity to grow is a full percentage point lower than it used to be.

And gains in productivity slowed sharply after 1973 for reasons economists still can't explain fully. But over the past year, output per hour worked at private nonfarm businesses rose 1.3 percent, exactly the pace the administration foresees for coming years.

At a recent conference on economic growth sponsored by the Boston Federal Reserve Bank, Baily said that Fed policy doesn't directly affect either of these determinants of growth. "I don't think monetary policy in the United States is seen as a significant restraint on economic growth in the next few years," Baily told the conference.

Thomas Hoenig, president of the Kansas City Federal Reserve Bank, said in a recent interview that in his district, where the average unemployment rate is not much above 4 percent, business executives aren't complaining about Fed policy.

The complaint Hoenig hears most frequently, he said, is, "I can't get enough of the type of help I need. I have heard no one say, I could grow faster if you lowered interest rates."

ALICE M. RIVLIN

Mr. LAUTENBERG. Mr. President, I wish to comment on the nomination of Alice Rivlin, our current Director of the Office of Management and Budget.

Mr. President, Alice Rivlin also has enjoyed a long and distinguished career in public service. She played a major role in building the Congressional Budget Office, and establishing CBO as a highly respected institution in this city.

She has had a distinguished career as an economist and policy analyst. And she has served admirably as Director of the Office of Management and Budget.

Mr. President, few objective observers would question the commitment of Alice Rivlin to fiscal responsibility. Her reputation as an advocate for fiscal integrity has been well established for many years.

She also has a reputation as someone who tells the truth. Alice Rivlin is not afraid to tell truth to power. And she is more than willing to ruffle a few feathers in the process. She has done so in the past. And I'm sure she would continue to do so at the Federal Reserve.

Mr. President, Alice Rivlin is a public servant, not a politician. That's the kind of person I would think all Americans should want at the Federal Reserve.

So, Mr. President, I urge my colleagues to support Alice Rivlin's nomination to the Federal Reserve Board. And I hope she can be confirmed by a strong, bipartisan vote.

Mr. SHELBY. Mr. President, I rise today in full support of the renomination of Alan Greenspan to the Chairmanship of the Federal Reserve Board. First nominated in 1987 by President Ronald Reagan, Chairman Greenspan has reduced the consumer price index from almost 7 percent then to about 2.6 percent now. In fact, inflation was below 3 percent in 1995, for its fifth consecutive year, marking the first sustained period of low inflation since the Kennedy administration.

Alan Greenspan has been renominated for a third term as Chairman of the Federal Reserve because he has earned the respect of his peers with a strong record of low inflation and economic stability. Indeed, Mr. Greenspan is currently leading us through a volatile transition from an overheated economy to one operating near capacity without inflation. To understand the importance of this transition, one must know that such a transition has never been achieved in the postwar period.

It has been said the highest honor a man can receive is recognition among his peers. Chairman Greenspan has received just that.

Thomas Juterbock of Morgan Stanley has said, "The market sees Greenspan as the last gatekeeper of rational macroeconomic policy that will preclude inflation."

Allan Meltzer, a professor at Carnegie Mellon University and a well-known Fed watcher, has said, "He's the best chairman the Fed has ever had."

Lawrence Lindsey, a current Fed Governor, has stated, "If the curve you're grading on is 'What's attainable by mortals,' he certainly deserves an A."

Indeed, former Vice-Chairman of the Fed, Princeton professor, and Clinton nominee, Allan Blinder, recently said of Greenspan's policies, "This is perhaps the most successful episode of monetary policy in the history of the Fed." In fact, Mr. Blinder voted with Chairman Greenspan through a long series of rate increases in 1994.

With such high regards, a sound record, and possibly the strongest and safest banking system in history, I believe the renomination of Alan Greenspan as Chairman of the Federal Reserve is imperative to the continuity of monetary policy and certainty of financial markets.

I continue to believe the best monetary policy a country can have is one that strives for price stability and zero inflation. Inflation is a tax, plain and simple. Americans are taxed too much already and should not have the purchasing power of their \$1 stolen from them. Hard-working Americans deserve to bear the fruits of their labor, and a strong, sound independent bank is essential to that goal.

Some claim that the Federal Reserve is not accountable to Congress. Some Members in the Senate have even suggested that we politicize the Federal Reserve Bank. I believe that would be the biggest mistake we could ever make. Congress and the President cannot even agree on a balanced budget deal, much less the rate of growth of monetary aggregates or the correct Federal funds rate. Monetary policy should not be subject to the whims of the political cycle.

Without qualification, the Federal Reserve Bank should maintain its independence.

Mr. Greenspan has always been mindful and considerate of Congress, but he has never let the political process manipulate him or the Federal Reserve. His expertise and strong will are needed at the central bank and we should show our appreciation of his diligent work by reconfirming his nomination to the Chair of the Federal Reserve Board.

I believe, Mr. President, these criticisms of the Federal Reserve are nothing more than an excuse not to adopt sound fiscal policies like a balanced budget and a pure flat tax. These criticisms are not based on an understanding of macroeconomic principles. I have not heard any discussions based on the purchasing-power-parity theory, interest-rate-parity theory, or even the rise in commodity prices. It is clear to me Mr. Greenspan is being made a scapegoat for individuals who will not adopt sound fiscal policies.

Lastly, I want to voice my support for the confirmation of Laurence Meyer as a Federal Reserve Governor. He has a sterling academic record as well as a demonstrated professional record as an economic forecaster and will have a great deal to offer the Board.

Mr. GRASSLEY. Mr. President, last week I said that the reappointment of Alan Greenspan is good news for jobs and the economy. Nothing that I have heard during the intervening time has changed my mind.

If we are truly interested in helping the American economy expand. If we truly intend to lower interest rates, then we must balance the budget. We must remove the Federal Government from the head of the line when it comes to borrowing money. It is that simple.

Being Chairman of the Federal Reserve is not an easy job. But Alan Greenspan has more than measured up to that job. He has been on the front line fighting the results of big Government spending. It is this spending that

drives up interest rates. It is this spending that hurts ordinary Americans. It is this spending that is our responsibility to bring under control.

Until it is under control, it is Alan Greenspan's responsibility to try to keep the economy stable. It is his responsibility to bring confidence to the marketplace. It is his responsibility to keep inflation in check. He is doing this job well.

Earlier, I used agriculture as an example of the benefit of a balanced Federal budget. According to studies, if the Federal budget is balanced by 2002, the yearly benefit to agriculture would be \$2.3 billion due to interest rate reductions. Additionally, increased agricultural cash flow from increased economic activity would be \$300 million yearly. This adds up to an increase of \$2.6 billion per year for the farm economy if we balance the budget. These studies are based on Congressional Budget Office estimates that short-term interest rates would decrease 1.1 percent and that long-term interest rates would decline 1.7 percent.

This is real interest rate reduction.

Looking at a balanced budget from another point of view, homeowners with an average 30-year home mortgage of \$75,000 would have \$37,000 over the life of the loan. This would occur with a balanced budget and subsequent interest rate drop of 2 percent.

Or a family with a 4-year car loan of \$15,000 would save \$900.

It is clearly better to reduce interest rates through congressional action on a balanced budget than a regulatory action by the Federal Reserve. The benefits will be much longer lasting.

In a recent article in the Institutional Investor, Federal Reserve Governor Janet Yellen, a Clinton administration appointee, asks several questions which go to the heart of what Alan Greenspan's opponents are saying. First she asks, if productivity is really increasing to the degree that growth advocates insist and current monetary policy is too restrictive, why is not unemployment rising?

Second she asks, if unemployment is above its natural rate and the potential growth rate is substantially higher than real growth, why is not inflation falling further? She answers these questions with this statement: "The fact that inflation has been relatively stable for the past two years suggests an economy operating in the neighborhood of its potential output."

How well put.

I would also point out that among the Governors of the Federal Reserve who have or are serving with Alan Greenspan there has been no fundamental disagreement about monetary policy. There would be dissent at the Fed if Mr. Greenspan's opponents had any credibility to their arguments at all.

I compliment Chairman Greenspan on his ability, in the light of the fiscally irresponsible Congresses of the past, to give stability to our economy.

We have only to look at the record number of new highs that are being achieved by the stock market. This is real economic growth.

As I said last week, if we want to encourage economic growth we have no farther to look than ourselves. Balancing the Federal budget will promote and ensure real economic growth. And balancing the budget is our responsibility, not that of the Federal Reserve. It is time that we accept that responsibility and not try to look for scapegoats.

Let us start by continuing our efforts to bring the budget into balance and by confirming Alan Greenspan as Chairman of the Federal Reserve.

Mr. MACK. Mr. President, this afternoon, the Senate will vote whether or not to confirm Alan Greenspan for a third term as Chairman of the Federal Reserve's Board of Governors. I have listened to the debate about his performance as Chairman, and the claims that his policies have permitted annual economic growth of only 2.5 percent. Chairman Greenspan's critics say that his pursuit of price stability has compromised the growth of the economy, and they're trying to make him the scapegoat for today's slow growth.

My colleagues are right about one thing, slow economic growth hurts all Americans. It leads to stagnating incomes, fewer job opportunities and widespread insecurity about the future. You should hear the complaints I have been hearing from my constituents in Florida. They are frustrated. They do not understand why America—the greatest country in the world—a country with unlimited opportunity—is falling behind. It is frustrating to me, too, because I know we can do better.

But I think some of my colleagues have seriously misdiagnosed the problem. It is vitally important for us to understand why this economy's performance is so lackluster, and what policies can help it reach its full potential. In my estimation, Alan Greenspan is not the problem. Bad economic policies enacted by the Clinton administration and previous Congresses are.

Since 1978, the Humphrey-Hawkins Act has demanded that the Federal Reserve simultaneously promote full employment, maximum production, and price stability. In other words, the Fed is being told to try to finetune the economy. The failures and problems caused by this divided focus have had many observers to conclude that an important first step on the road to meaningful economic growth is to have the Fed concentrate solely on what it can actually achieve: price stability.

Let me quote former Federal Reserve governor Wayne Angell, who wrote:

It is completely appropriate to give our government multiple policy goals, including lowering unemployment, promoting economic growth, and maintaining stable prices. All of these goals contribute to the well-being of our people. There is much to lose, however, in charging the Federal Reserve with all these tasks.

The reason why the Fed can not achieve multiple goals is simple: it

only controls one monetary policy tool—the amount of money in the economy. This ability to create money and operate through the monetary base means that the Fed can control inflation. Sure, the Fed can also stimulate economic growth and create demand in the short run by printing additional money, but such growth is not without cost. Because, in the long run, printing excess money always leads to inflation, and thereby diminishes whatever economic gains were realized during the short run.

The Fed can only encourage long-run economic growth if Congress repeals the Humphrey-Hawkins Act. Therefore, I have introduced the Economic Growth and Price Stability Act, to focus the Fed solely on stable prices. This bill would serve to hold down the inflation premium part of interest rates, so that buying a home or a car, or taking out a student loan will be more affordable.

But even if the Fed, and its Chairman, achieve the goal of price stability, that is still no guarantee that Americans will see robust long-term economic growth. Do not get me wrong, price stability is absolutely necessary for growth, but by no means is it sufficient. The presence of harmful fiscal policy can render even the most beneficial monetary policy useless. That is part of the reason American families are feeling such anxiety today: the growth of Government is paralyzing the growth of the economy. In short, the Clinton administration's misguided fiscal policies have put working families in a bind.

Just look at how President Clinton's policies of high taxes and bigger Government have led to this weak economy. Let us compare growth under President Clinton to historical averages, reaching back to the end of World War II. The results are astonishing:

Since Bill Clinton became President, GDP growth has only averaged 2.4 percent at an annual rate. Compare that to the growth rate he inherited: in 1992, the economy grew at a robust 3.7 percent. During the entire decade before President Clinton took office, annual economic growth averaged 3.2 percent. During the last five periods of economic expansion growth averaged 4.4 percent, and economists—believe it or not—call today's economy an expansion. Finally, if you look at economic growth rates all the way back to the end of World War II: growth has averaged 3.3 percent.

President Clinton and his policies have simply failed to measure up. It is what some people call the Clinton growth gap or the Clinton crunch—the difference between the growth America has experienced under the Clinton administration and what we should reasonably have been able to expect, given historical trends. The Clinton growth gap has meant a lower standard of living for every child, every woman, and every man in America. We can do better. We must do better.

We can reverse this trend by balancing the budget, lowering taxes, cutting regulations and generally getting Washington off the backs of the American people. The key to achieving strong economic growth is our remarkable entrepreneurial spirit. The economy can grow faster, but Government needs to step out of the way. Bottom line, it is not the Federal Reserve and Chairman Greenspan who are causing today's economic problems; it is the harmful economic policies of President Clinton, his administration and previous Congresses.

Chairman Greenspan knows what needs to be done. He remains committed to price stability, and agrees that fighting inflation should be the Fed's only focus. But he has been hamstrung by counterproductive fiscal policies and a mandate to make the Federal Reserve all things to all people. He has been asked to do the impossible, and then some people turn around and blame him for the economy's anemic growth rate. That's unfair, and it's simply wrong. President Clinton and his allies here in Congress cannot rationally expect to keep taxing and regulating and spending, while the Fed indulges them by printing more and more money to feed their excess.

Therefore, I wholeheartedly support Alan Greenspan's nomination to a third term as Chairman of the Federal Reserve. I encourage my colleagues to stop looking for a convenient scapegoat for failed economic policies he had nothing to do with. I hope you will join me in voting for his renomination. And we can work together to enact meaningful pro-growth economic policies that will give Americans the kind of robust economic growth they deserve.

I say to my distinguished colleague from Iowa, I had the opportunity last week, as he knows, to listen to his presentation, and I think he is absolutely right in a couple of senses.

The first is that this is a very important debate. Unfortunately, again, you are right in the sense that a lot of this has been discussed on the basis of things really other than the role of the Federal Reserve. There has been a lot of discussion about character and personality. I happen to think a great deal of Chairman Greenspan, but that is not the point. The real issue here is what is the role of monetary policy.

The second point that we agree upon, at least—but it does kind of point out, I think, a difficult position for the administration—is you and I agree completely that it is unacceptable to reach a point in this country that we somehow have to believe that 2.5 percent real growth is something we ought to be proud of. Frankly, we are not going to be able to provide the opportunities to future generations, to our children and our grandchildren if we are going to accept the notion that this country can only grow at 2.5 percent real growth.

What will happen to working families? What will happen to farmers?

What will happen to small businesses? What will happen to our families? What will happen to our retirees? I say to my distinguished colleague that I happen to be one of those individuals who, too, was affected by what happened in the 1970's.

I remind him that it was not just the seventies. Economies of all countries have been fighting this battle against inflation ever since there was the invention of money. But I remember those town meetings in the early 1980's when the folks in my part of the State of Florida were telling me of the destruction they experienced of their savings; that they lost, in essence, one-third of everything they had set aside and worked for throughout their entire lives, disappeared in a matter of 3 or 4 years because of inflation being out of control.

So I think it is important, in fact, I believe that the only objective of the Federal Reserve should be to maintain price stability.

I have heard my colleague, Senator HARKIN, say that there ought to be a balanced approach with respect to the Federal Reserve. I am going to give you my interpretation of what that means to have a balanced approach.

There are those who suggest that the Congress and the administration can be engaged in a series of economic policies that ought to be offset or balanced, if you will, by the Federal Reserve—have higher taxes, more Federal spending, more Washington interference in the workplace, in businesses in America. The end result of that is it slows down economic activity, it reduces productivity, and these same businesses are no longer able to produce at the level that they were prior to the intervention of fiscal policy.

So the theory is, let us have a balanced approach, let us see that the Federal Reserve, in essence, offsets bad fiscal policy. What we get is right back to where we were in the late 1970's, which is referred to as "stagflation." Most people would understand it as too many dollars chasing too few goods, and that drives up inflation.

So what I will say to my colleague, this is a very important debate, because we ought to be focusing in on what is the role of the Federal Reserve, and I suggest probably in the months ahead, we will probably be engaged in a debate about the Humphrey-Hawkins Act. I think it is wrong to give the Federal Reserve a series of objectives. It is like having two bosses, if you will, or multiple bosses.

I see that the Chair is about to announce to me that the time has expired. I wonder if I can ask unanimous consent—

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MACK. I ask unanimous consent for 5 additional minutes.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. How much time remains on both sides?

The PRESIDING OFFICER. The Senator from Iowa has 3½ minutes.

Mr. MACK. I ask unanimous consent for 3½ minutes.

Mr. HARKIN. Let's do 5 for both.

Mr. MACK. I ask unanimous consent that we both be given 5 minutes, for a total of 5 minutes each.

The PRESIDING OFFICER. There will be 5 minutes for both sides. Without objection, it is so ordered.

Mr. MACK. Mr. President, as I was saying, I think we will get ourselves engaged in a debate at some future time with respect to what is the central role of the Federal Reserve. But as I indicated a moment ago, it is interesting to me to listen to my colleague from Iowa talk about his dissatisfaction, which I happen to share, with the growth in the economy.

I believe that, with the reassessment of the economic growth in the last quarter from 2.8 percent to 2.3 percent, the growth rate during the Clinton years is somewhere around 2.3, 2.4 percent. But what is interesting about the debate is the fact that President Clinton, during his State of the Union Address before a joint session of the Congress, said that this is the strongest economy that we have experienced in three decades.

So, I am not real sure where the President is heading with this. If he is satisfied with 2.5 percent real growth, I find that shocking, and I think that the workers in America, the families of America who are telling me that they are extremely anxious about their future, about whether jobs are going to be available to them, would reject the notion that somehow or another we should be satisfied with 2.3 or 2.4 percent real growth.

Again, I agree with the Senator from Iowa that the whole purpose of economic policy is to increase the growth rate, to provide jobs, provide opportunity and increase the standard of living for all Americans. The question is how do we do it. Where we differ, frankly, is, I believe that raising taxes, adding burdens to American business, increasing their costs, overregulating, Washington interference slows down that economic activity and reduces opportunity. To have passed a series of policies that do those things and then say on top of that we want the Federal Reserve to compensate it is the worst of all worlds. You slow down economic growth, you slow down production, you increase the money supply and you drive inflation. That is, in my opinion, just the wrong approach to take.

Again, I remind my colleagues that in the late 1970's, one-third of everything that someone had worked for through their entire lives—and I am now talking about the retirees in the State of Florida who have talked to me about this issue, who lost one-third of everything they had earned throughout their entire lifetime and, I might add, a number of those being farmers from the Midwest who had spent their entire life toiling in the field, setting aside

money for the day when they might retire—and in a 3- or 4-year period, one-third of everything they had saved disappeared.

So I happen to believe that the Federal Reserve is on the right course, the Federal Reserve should maintain its commitment to price stability, because with price stability, you have created an environment, if we put in place the right kind of fiscal policy, where we can get this country moving again. We can do better, and we must do better.

With that, Mr. President, I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. Mr. President, I yield myself the remainder of the time.

I thank my colleague from Florida. He is a good friend of mine. He is someone who has paid a lot of attention to this issue. Quite frankly, I agree with him on this whole issue of growth. I think we ought to have more debates on how we go about it. I think it is a legitimate area of debate for this Senate to engage in. I hope this debate today—in fact, I intend this not to be the end but the beginning of a process of debating this issue further this year and going on into next year, because it is too important an issue to just sort of shove aside how we go about increasing our growth.

The Senator from Florida is absolutely right. I agree with him. To sit back and say 2.5 percent growth is fine, that is condemning future generations of Americans, and our kids, to low growth, to terrible jobs, to not being able to buy their own homes and to having a good quality of life. I think it condemns America to a lower place among the nations.

We do not have to accept that 2.5 percent growth. I agree with the Senator from Florida. It is way too low. And whether it is the President or whether it is the Fed, whether it is the President's Council of Economic Advisers, his inner circle, or whether it is Mr. Greenspan and the people at the Fed saying that, they are both wrong. I think we ought to think about how we can have higher growth. And I believe we can.

Where perhaps my friend from Florida and I begin to diverge is here. My friend from Florida says that perhaps by decreasing interest rates, we will drive up inflation. He refers time and time again to the 1970's. Economist after economist, business leader after business leader will point to the fact that this is not the 1970's. The world has changed dramatically in the last 20 years. We have a world economy like we did not have 20 years ago. We have jobs offshore. We have production offshore. We have mass wholesaling and pricing in this country, that Wal-Mart experience, as I often call it, that we did not have 20 years ago.

So the whole world has changed. The factors that led to the inflation in the 1970's are not there today. The economy's ability to resist inflation is great-

er. Economists point to that time and time again. Just as I believe we spent untold billions of dollars refighting World War II during the 1950's and 1960's—I will not get into that—which led to some of the mistakes we made in Vietnam when that war was passed, I think we are spending untold billions of dollars now in taxes on the middle class because we are fighting the inflation war of the 1970's. But it is not there. There is no inflation there.

In fact, some economists will say, if you look at the U.S. economic history from World War II to the present, there really has not been much core inflation. What happened in the 1970's was energy shock. That is the largest factor that drove up inflation. Once we got over that we got back on course again.

So those threats are not there now. The threats that are there now is what, again, was in the paper this morning. People talked about the labor shortages, that they are bidding for jobs. Yes, in certain parts of the country, that is true. There was another story by the same writer in the paper this morning about the "Economy's Growth Gets Right Down to the Bottom Line." What did he point out? That more and more of the growth is going to corporate profits, not to wages. What has that led to, in part? This story in the New York Times this morning, "Income Disparity Between Poorest and Richest Rises." That is what it boils down to.

High interest rates are taxes, just as inflation is a hidden tax on those who have saved. High interest rates are hidden taxes on those who are working today. Are our working families trying to buy a car, educate their kids, buy a home? It is a hidden tax on our farmers. It is a hidden tax on our small businesses. That is why I argue for a balanced approach. We need balance between the concern for inflation and the need to maximize both employment and production.

A 1-percent increase in interest rates means the payment on the average home mortgage on a house costing about \$115,000 is about an additional \$1,000 a year. That is a tax. For the average Iowa farmer, a 1-percent increase in interest rates is an extra \$1,500 in interest payments every year. That is a tax. For the average Iowa restaurant, the cost is \$1,000 a year for a 1-percent increase in interest rates. That is where we are. It is sucking the lifeblood out of our small businesses, our farmers, our working families.

Let us get back to fundamentals. Who likes high interest rates? Well, if I have the money to loan, I like high interest rates.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HARKIN. Mr. President, I ask unanimous consent for 2 more minutes per side.

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

Mr. HARKIN. But, Mr. President, if you are on the side of working families,

and small businesses that have to borrow money to expand, or on the side of manufacturers that need new plants and equipment, or on the side of farmers who need to borrow money to get ahead and to provide for that growth in our economy, you need lower interest rates than what we have right now.

That really is the fundamental issue we are coming down to. The disparity between the rich and the poor grow. The middle class is paying more and more in interest rates. Check how much debt has gone up in our country. I mean privately held debt. People are paying too much on interest charges. To the extent that the Fed keeps that interest rate high, it is an unfair tax on our people. We cannot have the kind of growth we need with the kind of policies at the Fed.

This debate has been healthy. It has nothing to do with personalities, but it has a lot to do with monetary policy. As I have said before, Mr. President, the Federal Reserve System is not an entity unto itself. It is not a separate branch of Government. It is a creature of Congress. Congress has the right, the duty, and the obligation, I believe, to answer the real needs of our people and to provide for growth in our economy.

If that means we need changes at the Fed, then we ought to make those changes, whether it is an individual who leads it or in the way that it is structured and the way that it runs. We here in Congress ought to be making those changes so it can provide for more real growth in our economy.

I thank the President, and I thank my friend from Florida. It has been a good debate. I look forward to more of these as we go through the remainder of the year.

Mr. MACK addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida.

Mr. MACK. First, I thank the Senator for his comments. I look forward to the debate as well. I yield 1 minute to Senator BENNETT.

The PRESIDING OFFICER. The Senator from Florida has 1½ minutes left.

Mr. BENNETT. Mr. President, I am interested to find out that Alan Greenspan and the Fed are now responsible for the disparity between the rich and poor, according to this morning's paper.

The fact is, Mr. President, there are fundamental economic laws that have operated in the 1950's, the 1970's, the 1990's, and will operate into the next century. The most fundamental of these is: You cannot repeal the law of supply and demand. Attempts to artificially repeal the law of supply and demand by artificial fiat make us feel good in the short run, but they get us into trouble in the long run. The most significant thing the Fed can do is control the money supply in such a way as to keep prices stable so markets can operate.

When we try to fiddle with markets by Government fiat, we get into all kinds of trouble and end up paying tre-

mendous prices for that later on. I support Chairman Greenspan's nomination, and I support his stewardship at the Fed. I am proud to be a cosponsor with my friend from Florida of the bill to change the Humphrey-Hawkins Act so that the primary focus of the Fed becomes price stability.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Florida has 1 minute.

Mr. MACK. Mr. President, I yield that minute to Senator SIMON.

Mr. SIMON. Mr. President, I ask unanimous consent that I may address the Senate for 5 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. I did not hear the Senator.

Mr. SIMON. To address the Senate for 5 minutes.

Mr. HARKIN. Mr. President, I ask unanimous consent that I be given an additional 5 minutes.

Mr. MACK. Reserving the right to object, and it is not my intention to do so, I was going to allow the time to expire really, but I ask unanimous consent just for 2 minutes for myself, and then 5 minutes for Senator SIMON, and 5 minutes for Senator HARKIN.

Mr. BENNETT. Reserving the right to object, Mr. President, I had planned to speak in relation to Alice Rivlin once all the time had expired. If the agreement is going to extend time, then I want to be included. If time is going to be allowed to expire, I will await my time and ask for unanimous consent in the due course of events. I ask the Senator from Florida to decide whether he wants to go for that or let me take my chances.

Mr. MACK. If I could add Senator BENNETT for 5 minutes as well. I ask unanimous consent to do so.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Reserving the right to object, my friend from Utah, this is just to talk about Ms. Rivlin and not the Fed policy? Is the Senator going to talk about Fed policy?

Mr. BENNETT. No. I think we said all we need to say about Fed policy. I do wish to reserve my right at some point to comment about Alice Rivlin.

Mr. HARKIN. What is the unanimous-consent request?

Mr. MACK. The unanimous-consent request is 2 minutes for Senator MACK, 5 minutes for Senator SIMON, 5 minutes for Senator HARKIN, and 5 minutes for Senator BENNETT.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The PRESIDING OFFICER. Who yields time?

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator is recognized for 5 minutes.

Mr. SIMON. I do not agree with Alan Greenspan on everything, but I think he has served this Nation well. I think it would be a great mistake to turn down his nomination. Where I differ

with him is when we talk about full employment. The Fed tends to believe that, in and of itself, is inflationary. The reality, I think, is if you have people working and being productive, that can be deflationary, rather than inflationary.

But our principal problem—there are really two problems.

The Federal Reserve has nothing to do with either of these problems. Indirectly, in terms of interest, when the interest rates are down, that does help, but the problem is fiscal policy. We get our deficits down and interest rates will come down. The Wharton econometric model says if we balance the budget, we are going to have a 3½ percent lower crime rate in this country. Otto Eckstein's old group, I forget the name, says 2½ percent. Everybody says interest rates will be lower if we get the deficit down.

We have a very practical illustration. Mr. President, 30-year T bonds, January 15, 1993, 7.43 percent, and rumors are starting about a Clinton budget; February 12, after the proposal for reduction of the budget is known, interest rates go down to 7.18 percent; February 17, he announced his plan—something is wrong with the dates I have here; it must be February 7—down to 7.07 percent; July 16, it hit 6.58 percent; August 6, Congress passes the legislation, and interest rates are down to 5.9 percent, a 1½ percent drop because of a change in fiscal policy.

Let me just add, it is debt, not only the Federal Government but corporate debt and individual debt, too. We are just not a saving people. The phrase "no downpayment" is almost uniquely an American phrase that we do not find used in other countries. Corporate debt, our taxes, are structured in such a way that we encourage corporate debt. I have a bill I hope someday will pass that says corporations can deduct 80 percent on interest but 50 percent on dividends, so you encourage equity financing rather than debt financing. It is a wash in terms of the Federal Treasury. There are ways we can reduce the fiscal problems.

The second problem is one I do not hear talked about here, but one that the Federal Reserve has to be keenly aware of. That is, we have indexed a great many things. Indexation is in and of itself inflationary. Most nations have not indexed like we have, Social Security being the prime example. So if you have any kind of inflation, indexation feeds the inflation. When, in fact, we have inflation, we ought to be cutting back on expenditures, we will be making more expenditures. I do not care whether it is Alan Greenspan, Lester Thurow, Alice Rivlin, whoever it is, if we do not deal with indexation and fiscal policy, we are not going to have low interest rates that we ought to have.

Finally, Mr. President, I cannot think of anything that would be more disconcerting to the financial markets and cause interest rates to go up more



than if we were to reject Alan Greenspan. I think it is important that we confirm the President's appointment. I think it is the right appointment. I think Alan Greenspan has served this Nation well. My vote will be a resounding yes to confirm him.

Mr. MACK. Mr. President, I want to say to my colleague from Iowa, again, the fundamental debate does need to take place about monetary and fiscal policy. This is a debate that right now, frankly, is something that really concerns me. It has been something that has concerned me ever since I came to the Congress 14 years ago, that somehow or another the Congress would have more control over the Federal Reserve. My fear is that Congress has made a mess of fiscal policy. If Congress gets more involved in monetary policy, it would be a disaster for the country. So I start with that premise.

Again, I make reference to what Senator SIMON made reference to earlier, that when there was an impression that we were going to get our fiscal house in order, long-term interest rates, in fact, started to come down. It was not until the President vetoed the Balanced Budget Act that we saw long-term interest rates start to go up. There is a major, major role in this with respect to fiscal policy. It seems to me those individuals who have for years supported more Government, higher taxes, more regulation, more Washington interference, are now trying to say that because the economy is growing at 2.3 percent, somehow or another it is the Federal Reserve's fault. I fundamentally disagree with that.

Mr. DORGAN. Will the Senator yield?

Mr. MACK. If the Senator would allow me, we have had limited time.

The fundamental issue underlying this debate is taking responsibility. Again, I think that there are a number of individuals who want to shift the blame to create Alan Greenspan as the scapegoat for this economy. The reality is, the responsibility is with the Congress. It is what the Congress has done over the last number of years—again, increasing taxes, increasing Washington's interference, more regulation—that has slowed the economy down. The worst thing we can do now is to put more money into the system which creates inflation.

I yield the floor.

The PRESIDING OFFICER (Mr. KYL). The Senator from Iowa.

Mr. HARKIN. I understand I have 5 minutes. I will take 30 seconds. I want to respond to my friend from Florida by saying in 1993 the President offered and we passed a deficit reduction package. It went into effect October 1993. We began reducing the deficit, and the deficit has been coming down ever since. The deficit is now 60 percent lower than when President Clinton took office.

What did Alan Greenspan do? He raised interest rates. I thought it was supposed to be axiomatic, as we reduce the deficit, interest rates will come down. They will only come down if you

have a Fed chairman that correctly corresponds Fed policy with monetary policy, with the fiscal policy of America. We have been reducing the deficit. Interest rates are going in the opposite direction. Please, somebody explain this anomaly.

Last, I want to say we have 7.5 million unemployed, 1 million not counted, 4 million part-time workers in America. These are people that can enter the work force. We can have labor growth and we can have that kind of growth without increasing inflation.

I yield the balance of my time to the Senator from North Dakota.

Mr. DORGAN. Mr. President, I wish to make a couple of final points. One I wanted to make to the Senator from Florida, he is absolutely correct about what has happened to long-term rates as the market assesses what might or might not happen in fiscal policy. The point I wanted to make, there are a whole lot of folks who are not financing long term—farmers, business people, and others—and borrow from their banks in short- or intermediate-term credit. Every system is charging higher interest rates than they ought to because the Federal funds rate is above where it ought to be, by everyone's expectation, above where it ought to be where it has historically been, above where it ought to be, given the inflation rate. And as a result, every loan for every farmer and consumer bears a higher interest rate, because the Federal Reserve Board, as a matter of deliberate strategy, says, "We want higher interest rates on these moneys." Why? Because their desire is to slow down the American economy.

The place where we would disagree is the Senator from Florida and others say if we would simply have fiscal policy in order, somehow we would have a higher growth rate. There will not be a higher growth rate in this economy under any condition, period, as long as the Federal Reserve Board decides they will limit growth rates to 2.2 or 2.4 percent. If they start getting nervous, and they start wanting to jump out windows because they see 3 percent growth rates, and they say, "Gee, our economy cannot sustain that robust rate," which would not have been considered robust a few years ago; now it is considered a rate that will overheat the economy, then we will not have that rate.

The one thing the Fed is good at is putting the brakes on the economy. The only question I ask as we conclude this debate is why do we have such low expectations of this economy? Why such low expectations? Why should we not expect our economy, as productivity is improving, as the deficit is being reduced, why should we not have an expectation of this economy to be able to grow at a reasonable rate? The answer is we should. Do not sell the capability of this country short. Do not sell the capability of American workers or American businesses short. Let us allow this country to have a reasonable growth rate which can be done

without further fueling the fires of inflation.

I say one other thing to my friends who allege this. This is not a case of some people wanting the Congress to run monetary policy. I do not believe Congress ought to make monetary policy. The Federal Reserve Board makes monetary policy. I happen to fundamentally disagree with the kind of policies at this point that they propose and pursue. But I will suggest some changes to the Federal Reserve Board. I think a little disinfectant with some sunlight would be very helpful to the dinosaur that meets mostly in secret, and imposes higher interest rates on every person in America. So I will impose changes, but not those that put Congress in the captain's chair on monetary policy. It is enormously healthy. We have not had a circumstance where we allowed some in the Congress to say we must reconfirm Mr. Greenspan for a second term with no debate by unanimous consent. That is not a healthy thing to do. I have great respect for Mr. Greenspan and have not said an unkind word about him. I fundamentally disagree with his policies. But I admire him as a person. I am not going to vote for him because I have disagreements with the direction of the Federal Reserve Board. But it is very healthy for us to start talking a bit about what kind of monetary policy will give this country the opportunity to be the kind of country it can be in the future with jobs and growth.

You know, there are two areas where there is almost no discussion on the floor of the Senate—trade policy and monetary policy, both of which have a profound impact on the lives of ordinary Americans. Try to talk about any of them and people say, you know, it is not something we want to talk about.

This is a very healthy thing for us to do. Some say, let us get the Government out of all of this. I say that the Government had to bail out—to the tune of a half-trillion dollars—a savings and loan industry, as all of us understand. They got involved in the junk bond fever of the 1980's and developed schemes by which they could park junk bonds at S&L's. Then they became nonperforming, and the American taxpayers paid the costs. And you want to keep Government out of all of this mess? No. It was created by those not looking over the shoulders of those in that industry.

The PRESIDING OFFICER. All time has expired.

Mr. DORGAN. I thank the Senator from Iowa. I will not conclude my thought. I hope we have another debate to talk about the twin goals of this country—stable prices and full employment, and how we can work with the monetary and fiscal policies to achieve those goals.

Mr. BENNETT addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. BENNETT. Mr. President, I am tempted to go on with this debate, but I think it has probably been exhausted sufficiently on both sides. I will use the time granted to me under the UC agreement to discuss another issue.

#### NOMINATION OF ALICE RIVLIN

Mr. President, when Alice Rivlin came by my office for a courtesy call prior to her confirmation hearing in the Banking Committee, I told her I would support her confirmation. When she appeared before the Banking Committee, I voted in favor of her confirmation.

I am in the habit of keeping my commitments. It is with great personal sadness, then, that I take the floor to announce that I will, in the coming vote, cast a vote against Alice Rivlin's confirmation. I want to take this time to explain why I have changed positions.

It is, in no way, an attack on Alice Rivlin personally, and, frankly, it is not even an attack on the response that she gave to Senator BOND in his role as subcommittee chairman on the Appropriations Committee. I know he was outraged by the response he received. I have served in the executive branch, and I know that Alice Rivlin was not a free agent in terms of the kind of response she gave. She was under orders from the White House, and she had no choice but to follow those orders or resign. She chose to follow the orders.

She sent a letter that was completely unacceptable to Chairman BOND and, frankly, completely unacceptable to me. I am a member of Senator BOND's subcommittee, and I was there when he asked the questions of the Administrator of the Veterans Administration: "How are you going to administer your program when, according to the President's budget, in the outyears there is not going to be any money?" He received the answer: "I have been assured by the White House that the money will be there, the budget to the contrary notwithstanding." Senator BOND repeated the same question to the Administrator of NASA: "How are you going to manage the program when you get to the outyears and there is not any money?" He got the same answer: "I have been assured by the White House that the money will be there." Senator BOND asked the question of the Administrator of the EPA: "How are you going to fund your program when you get to the outyears and there is no money?" She said: "I have been assured by the White House that the money will be there."

It is very clear that this White House is playing the oldest of Washington's shell game, which is to give you a long-term balanced budget statement and load all of the savings in the years that will come to pass after you are safely out of office, with the full knowledge that Congress will never, ever act in the way that you are projecting they

will act. But you can get safely re-elected and point back and say, "Congress did not do what we told them."

But it is even more blatant to put that kind of a budget before the Congress and then, at the same time, explicitly tell the managers of the programs: "Manage your programs as if those cuts will never happen, because we know they will never happen."

That is outrageous, Mr. President. It deserves some kind of public protest. It is sufficiently outrageous that I will register that protest in a way I have never registered a protest before. I will publicly break my word, publicly go back on a commitment. I committed to Alice Rivlin that I would vote for her when she called on me. I voted for her within the committee. It pains me deeply to now break that commitment and say that I intend to vote against her, and I will vote against her with the firm understanding that this has little to do with Alice Rivlin and a great deal to do with the Clinton White House. It has little to do with what she did when she was following orders to extend that kind of a response to Chairman BOND, and it has everything to do with the administration that gave her those orders and said: Pretend, dissemble, camouflage, confuse, but do not tell the Congress that which is blatantly obvious to everybody else, which is that this administration does not intend to keep its word on the President's budget.

So, Mr. President, perhaps it is a bit of rationalization on my part, but if the President will not keep his word on his budget and has sent the word directly to his administrators that they shall not keep their word, I think I am justified in breaking my word to Mrs. Rivlin and casting this protest vote, which I will do this afternoon.

I yield the remainder of my time.

#### LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

Mr. GRAMM addressed the Chair.

The PRESIDING OFFICER. The Senator from Texas.

Mr. GRAMM. Mr. President, it is my understanding that we will be going back to the Defense authorization bill.

The PRESIDING OFFICER. The Senator is correct.

#### NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the Defense authorization bill. The clerk will report S. 1745.

The bill clerk read as follows:

A bill (S. 1745) to authorize appropriations for fiscal year 1997 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 Services, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Kyl-Reid amendment No. 4049, to authorize underground nuclear testing under limited conditions.

The PRESIDING OFFICER. The pending amendment is the Kyl amendment.

Mr. GRAMM. Mr. President, I ask unanimous consent to temporarily set aside the Kyl amendment.

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

#### AMENDMENT NO. 4083

(Purpose: To require plans for demonstration programs to determine the advisability of permitting medicare-eligible military retirees to enroll in the Tricare program and the Department of Defense to be reimbursed from the medicare program for the costs of care provided to retirees who enroll)

Mr. GRAMM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Texas [Mr. GRAMM], for himself, Mr. ROTH, Mr. INOUE, Mr. LOTT, Mr. CRAIG, Mrs. HUTCHISON, Mr. THURMOND, Mr. REID, Mr. INHOFE, Mr. ROBB, Mr. MCCONNELL, and Mr. WARNER, proposes an amendment numbered 4083.

Mr. GRAMM. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of title VII, add the following:

#### SEC. 708. PLANS FOR MEDICARE SUBVENTION DEMONSTRATION PROGRAMS.

(a) PROGRAM FOR ENROLLMENT IN TRICARE MANAGED CARE OPTION.—(1) Not later than September 6, 1996, the Secretary of Defense and the Secretary of Health and Human Services shall jointly submit to Congress and the President a report that sets forth a specific plan and the Secretaries' recommendations regarding the establishment of a demonstration program under which—

(A) military retirees who are eligible for medicare are permitted to enroll in the managed care option of the Tricare program; and

(B) the Secretary of Health and Human Services reimburses the Secretary of Defense from the medicare program on a capitated basis for the costs of providing health care services to military retirees who enroll.

(2) The report shall include the following:

(A) The number of military retirees projected to participate in the demonstration program and the minimum number of such participants necessary to conduct the demonstration program effectively.

(B) A plan for notifying military retirees of their eligibility for enrollment in the demonstration program and for any other matters connected with enrollment.

(C) A recommendation for the duration of the demonstration program.

(D) A recommendation for the geographic regions in which the demonstration program should be conducted.

(E) The appropriate level of capitated reimbursement, and a schedule for such reimbursement, from the medicare program to the Department of Defense for health care services provided enrollees in the demonstration program.

(F) An estimate of the amounts to be allocated by the Department for the provision of

health care services to military retirees eligible for Medicare in the regions in which the demonstration program is proposed to be conducted in the absence of the program and an assessment of revisions to such allocation that would result from the conduct of the program.

(G) An estimate of the cost to the Department and to the Medicare program of providing health care services to Medicare eligible military retirees who enroll in the demonstration program.

(H) An assessment of the likelihood of cost shifting among the Department and the Medicare program under the demonstration program.

(I) A proposal for mechanisms for reconciling and reimbursing any improper payments among the Department and the Medicare program under the demonstration program.

(J) A methodology for evaluating the demonstration program, including cost analyses.

(K) An assessment of the extent to which the Tricare program is prepared to meet requirements of the Medicare program for purposes of the demonstration program and the provisions of law or regulation that would have to be waived in order to facilitate the carrying out of the demonstration program.

(L) An assessment of the impact of the demonstration program on military readiness.

(M) Contingency plans for the provision of health care services under the demonstration program in the event of the mobilization of health care personnel.

(N) A recommendation of the reports that the Department and the Department of Health and the Department of Health and Human Services should submit to Congress describing the conduct of the demonstration program.

(b) **FEASIBILITY STUDY FOR PROGRAM FOR ENROLLMENT IN TRICARE FEE-FOR-SERVICE OPTION.**—Not later than January 3, 1997, the Secretary of Defense and the Secretary of Health and Human Services shall jointly submit to Congress and the President a report on the feasibility and advisability of expanding the demonstration program referred to in subsection (a) so as to provide the Department with reimbursement from the Medicare program on a fee-for-service basis for health care services provided Medicare-eligible military retirees who enrolled in the demonstration program. The report shall include a proposal for the expansion of the program if the expansion is determined to be advisable.

(c) **AUTHORIZATION OF APPROPRIATIONS.**—Of the amounts authorized to be appropriated in section 301, \$75,000,000 shall be made available to carry out the demonstration program referred to in subsection (a) if Congress authorizes the program by the end of the Second Session of the 104th Congress.

Mr. GRAMM. Mr. President, let me define what I am trying to do here in basic terms and then outline very briefly the amendment and how it will work. I want to be brief because when you are winning, it is best to accept the victory and not do a lot of talking about it. But let me define the problem.

Twenty and 30 years ago, young Americans took up the country's call by joining the military. What they were promised when they joined the military is that, if they served out to retirement—20 or 30 years—among the benefits they would have is the ability to go into military medicine in retirement and, on a space-available basis,

continue the same military medicine that they were accustomed to while they wore the uniform of the country. All over America hundreds of thousands of retirees are in a position today where that commitment was made 20 or 30 years ago. Interestingly enough, it is fulfilled from the moment they retire until they turn 65. But the moment they turn 65, they are now being excluded from the military medical system that they were promised they would have available to them.

The incredible paradox is that they are among the few Americans who have earned not one system of medical care in their retirement but two. They earned access to medical care by serving 20 or 30 years in the uniform of the country. In the middle of their career, Congress decided to have them pay the Medicare payroll tax and qualify for Medicare. So our military retirees now find themselves in a very select group of people where they have earned not one medical benefit but two.

What is now being done is they are being forced to opt to go on Medicare when many of them have grown accustomed to the military medical system and want to stay in it. We have also created two classes of retirees—those below 65 who qualify for military medicine and those 65 and above who lose it. At the very moment when people are turning 65, feeling more vulnerable about their health care, they are being uprooted from a system that they have grown accustomed to.

In addition to that, there is the fundamental fairness issue, it seems to me. Our military retirees serve 20 or 30 years to earn their benefit. We promised it to them, and now we are not living up to our word.

I submit that, if we want others to take up the cause of the country and to wear its uniform, it is very important that we live up to the commitments that we have made to those who have served in the past.

The right thing to do is to give people a choice; to say to every military retiree that when you turn 65 you can opt for the Medicare which you paid for and have Medicare reimburse your medical care through the private medical system of the country, or on a space-available basis, you can continue to use military medicine as you did before you turned 65. Then an agreement should be worked out between Medicare and the Defense Department as to who is going to pay for this medicine. My view is we should have subvention, and Medicare should reimburse our military hospitals. That is what I want. That is what is fair. That is what we promised people. We are living up to our word when we do that.

I have tried for the last 6 months to work out a bill to try to set up an experiment to prove that it does not cost more to give people the right to stay in military medicine, to have a test in three regions of the country—the south-central United States, Pacific Northwest, and Alaska—where we

could take States that are quite different and see whether it costs more to have people stay in military medicine, if they choose to, or to simply go into Medicare and be reimbursed.

I thought we might be able to work that out. But with the session getting short, we have worked out a compromise that I believe is generally supported and is going to be accepted, I believe, on both sides. Our compromise will require the administration to submit, by September 6 of this year, a detailed subvention demonstration implementation plan. This will give the administration 2 months to make up their mind how they want to do it and still gives Congress time to act before we adjourn to set up the program this year. We also authorize \$75 million of funding, based on Congressional Budget Office scoring, that would be available if in fact the program does cost more than conventional Medicare, which I doubt. This will allow us to move ahead but, on the other hand, not impose on Health and Human Services and the Defense Department a program that they are not fully comfortable with.

My objective here is not to impose a plan that I have written. My objective is to simply provide equity. It seems to me that equity is giving people the right to choose. My goal is that through this amendment, which hopefully we will adopt today, we will plant the seed whereby on September 6 the administration will give us a concrete program that we can adopt to begin the process of living up to the commitments we made to our military retirees. In addition, we also mandate that by January 3 the administration present a feasibility study to allow military retirees to consume medicine in our military hospitals on a fee-for-service basis.

With the combination of these two requirements I think we are making a major step toward living up to the commitments we gave to our military retirees.

I am hopeful that we will be successful with this amendment. I think it is a very important amendment. My view is, when you tell people you are going to do something, you have an obligation to try to live up to it. We can do that with this amendment and with a follow up that will be required from it.

I am delighted to know that the amendment is going to be accepted.

I thank the distinguished chairman of the committee.

I yield the floor.

Mr. THURMOND. Mr. President, I wish to commend the able Senator from Texas for offering this amendment. I think he is doing a great service to the people, in the military establishment especially.

Mr. President, I rise in support of this amendment. Legislation which would enable Medicare eligible military retirees to enroll in the military health care system is the issue about which I receive the most mail from South Carolina.

Military retirees and their families become very comfortable with the military health care system during their many years of service. In many cases, these veterans first experience with health care as adults came at the hands of an Army, Navy, or Air Force physician. Their children were born in military hospitals, untold numbers of colds, bouts of flu, broken bones, and other medical maladies have been treated within the military health care system.

Once these retired personnel reach age 65 and become eligible for Medicare, their status in the military system changes dramatically. Suddenly, through no fault of their own, they are no longer welcome except on a space-available basis. When these veterans of 20 or more years of dedicated, selfless service to the Nation discover that they are not welcome in the military health care system, it is a terrible shock. When servicemembers are recruited, they are told that one of the benefits of their service is health care for life. Throughout their career, when they reenlist, this benefit is reinforced by the career counselors. Whether or not these statements are true or even authorized by the military departments, they are made. Clearly, military personnel believe that health care for life is a benefit of their service.

As Members of Congress, we are accustomed to reading the details of the statutes. We know that there is no statutory basis for a promise of health care for life if someone serves a full career in the military. We also know that when every American reaches age 65, Medicare becomes the primary health care provider. All of these laws notwithstanding, recruiters, career counselors, commanders, first sergeants, and the military support associations continue to lead servicemembers to believe that they can receive medical care within the military system forever. We have a commitment to live up to the promises made by representatives of the Nation. This amendment goes a long way toward accomplishing that goal.

Mr. President, I want to acknowledge the leadership, vision, and energy that Senator Dole brought to the issue of Medicare subvention. Senator Dole clearly took the lead within the Senate to make Medicare subvention a reality. If he were here today, this would be his amendment. He would be the champion leading the effort not only in the Senate but in discussions with our colleagues in the House of Representatives. I wish he could be here to share his passion for our veterans and to see the amendment move forward. I am sure he is following the issue where ever he is. I am proud to have worked with him to achieve the progress we have. I promise him and our veterans to continue the effort to get Medicare subvention fully implemented.

Mr. President, let me be clear. This amendment is not the end game. I had hoped that we could pass legislation

which would have directed implementation of a Medicare subvention demonstration within 90 days of enactment. Unfortunately, the details could not be worked out to the satisfaction of all parties who must agree. We will get there and this amendment moves the effort forward. I congratulate Senator GRAMM again for his persistence in pushing his amendment. I thank Senator ROTH, chairman of the Finance Committee, for his cooperation and commitment to work with us to achieve Medicare subvention. I am confident that, together, we will pass Medicare subvention that will permit the Secretary of Defense and the Secretary of Health and Human Services to fully implement this important program. Only then will we have fulfilled our commitment to our retired military personnel and their families. I urge my colleagues to support this important amendment.

Mr. President, I thank the Chair and yield the floor.

Mr. COATS. Mr. President, I rise in support of this amendment which addresses Medicare subvention, a key issue to the military health care program and Medicare-eligible military retirees and their families.

To understand why Medicare subvention is so vital to the military health care system, it is necessary to understand how Medicare-eligible retirees are treated under the current system. Under Medicare everyone over the age of 65 receives medical coverage through Medicare. Therefore, when military retirees reach the age of 65 they lose their eligibility for CHAMPUS and may only use military medical facilities on a limited space-available basis. This care is delivered on a nonreimbursable basis, which means that Medicare does not pay for the health care which the Department of Defense provides to Medicare-eligible beneficiaries. The Department of Defense estimates that this cost exceeds \$1 billion annually.

As defense downsizing progresses, and TRICARE, the managed care support initiative of the military health system moves toward full implementation, there will be less and less space available in military treatment facilities to provide care to retirees. This means that Medicare-eligibles will be forced out of a system which they understand and have come to rely on.

Medicare subvention would ensure Medicare-eligible military retirees health care by allowing them to enroll in TRICARE. Our military retirees have made great sacrifices for the defense of this Nation and have dedicated many years to military service. Medicare subvention would prevent military retirees and their families from being locked out of a system which they trust, which they understand, and which has been promised to them.

The amendment before us today does not provide authorization for Medicare subvention. It does, however display a commitment to this important initia-

tive. While I am encouraged by the progress that has been made in this area, I also believe that it is necessary to incorporate Medicare subvention into an overall Medicare reform package.

I urge your support of this support amendment.

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

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

Mr. THURMOND. Mr. President, we have cleared the Gramm amendment now on both sides, and we are ready to vote on it. I call for a vote.

The PRESIDING OFFICER. Is there further debate on the Gramm amendment No. 4083?

Mr. THURMOND. I suggest we have a voice vote.

The PRESIDING OFFICER. If not there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 4083) was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the amendment was agreed to, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### PRIVILEGE OF THE FLOOR

Mr. THURMOND. Mr. President, I ask unanimous consent that a staff member of Senator Kyl, Kim Wold, be granted the privilege of the floor this afternoon.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

#### EXECUTIVE SESSION

NOMINATION OF ALAN GREENSPAN, OF NEW YORK, TO BE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The PRESIDING OFFICER. Under the previous order, the Senate will now return to executive session to consider executive calendar No. 517, which the clerk will report.

The legislative clerk read the nomination of Alan Greenspan, of New York, to be Chairman of the Board of Governors of the Federal Reserve System.

The Senate continued with the consideration of the nomination.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Alan Greenspan, of New York, to be Chairman of the Board of Governors of the Federal Reserve System?

Mr. THURMOND. Mr. President, I ask for the yeas and nays on the nomination.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Minnesota [Mr. GRAMS] is necessarily absent.

Mr. FORD. I announce that the Senator from Arkansas [Mr. BUMPERS] is necessarily absent.

The PRESIDING OFFICER (Ms. SNOWE). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 91, nays 7, as follows:

[Rollcall Vote No. 165 Ex.]

#### YEAS—91

Abraham	Frahm	McCain
Akaka	Frist	McConnell
Ashcroft	Glenn	Mikulski
Baucus	Gorton	Moseley-Braun
Bennett	Graham	Moynihan
Biden	Gramm	Murkowski
Bingaman	Grassley	Murray
Bond	Gregg	Nickles
Boxer	Hatch	Nunn
Bradley	Hatfield	Pell
Breaux	Heflin	Pressler
Brown	Helms	Pryor
Bryan	Hollings	Robb
Burns	Hutchison	Rockefeller
Byrd	Inhofe	Roth
Campbell	Inouye	Santorum
Chafee	Jeffords	Sarbanes
Coats	Johnston	Shelby
Cochran	Kassebaum	Simon
Cohen	Kempthorne	Simpson
Coverdell	Kennedy	Smith
Craig	Kerry	Snowe
D'Amato	Kohl	Specter
Daschle	Kyl	Stevens
DeWine	Lautenberg	Thomas
Dodd	Leahy	Thompson
Domenici	Levin	Thurmond
Exon	Lieberman	Warner
Faircloth	Lott	Wyden
Feinstein	Lugar	
Ford	Mack	

#### NAYS—7

Conrad	Harkin	Wellstone
Dorgan	Kerrey	
Feingold	Reid	

#### NOT VOTING—2

Bumpers	Grams
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The nomination was confirmed.

Mrs. HUTCHISON. Mr. President, I move to reconsider the vote and to lay that motion on the table.

The motion to lay on the table was agreed to.

#### NOMINATION OF LAURENCE MEYER, OF MISSOURI, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE

The PRESIDING OFFICER. The question is on the nomination of Laurence Meyer, of Missouri, to be a member of the Board of Governors of the Federal Reserve, which the clerk will report.

The legislative clerk read the nomination of Laurence Meyer, of Missouri, to be a member of the Board of Governors of the Federal Reserve.

The Senate proceeded to consider the nomination.

Mr. D'AMATO. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays are ordered.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Laurence Meyer, of Missouri, to be a member of the Board of Governors of the Federal Reserve. The yeas and nays have been and the clerk will call the roll.

The bill clerk called the roll.

Mr. NICKLES. I announce that the Senator from Minnesota [Mr. GRAMS] is necessarily absent.

Mr. FORD. I announce that the Senator from Arkansas [Mr. BUMPERS] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 98, nays 0, as follows:

[Rollcall Vote No. 166 Ex.]

#### YEAS—98

Abraham	Ford	Mack
Akaka	Frahm	McCain
Ashcroft	Frist	McConnell
Baucus	Glenn	Mikulski
Bennett	Gorton	Moseley-Braun
Biden	Graham	Moynihan
Bingaman	Gramm	Murkowski
Bond	Grassley	Murray
Boxer	Gregg	Nickles
Bradley	Harkin	Nunn
Breaux	Hatch	Pell
Brown	Hatfield	Pressler
Bryan	Heflin	Pryor
Burns	Helms	Reid
Byrd	Hollings	Robb
Campbell	Hutchison	Rockefeller
Chafee	Inhofe	Roth
Coats	Inouye	Santorum
Cochran	Jeffords	Sarbanes
Cohen	Johnston	Shelby
Conrad	Kassebaum	Simon
Coverdell	Kempthorne	Simpson
Craig	Kennedy	Smith
D'Amato	Kerrey	Snowe
Daschle	Kerry	Specter
DeWine	Kohl	Stevens
Dodd	Kyl	Thomas
Domenici	Lautenberg	Thompson
Dorgan	Leahy	Thurmond
Exon	Levin	Warner
Faircloth	Lieberman	Wellstone
Feingold	Lott	Wyden
Feinstein	Lugar	

#### NOT VOTING—2

Bumpers	Grams
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The nomination was confirmed.

Mr. D'AMATO. Mr. President, I move to reconsider the vote.

Mr. ABRAHAM. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

#### NOMINATION OF ALICE M. RIVLIN, OF PENNSYLVANIA, TO BE A MEMBER AND VICE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

The PRESIDING OFFICER. The question now occurs on agreeing to the nomination of Alice M. Rivlin to be a member of the Board of Governors of the Federal Reserve System and the Vice Chairman of the Board of Governors of the Federal Reserve System, which the clerk will report.

The legislative clerk read the nomination of the Alice M. Rivlin, of Penn-

sylvania, to be a member of the Board of Governors of the Federal Reserve System and to be a Vice Chairman of the Board of Governors of the Federal Reserve System.

The Senate proceeded to consider the nomination.

Mr. D'AMATO. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? It appears to be sufficiently seconded.

The yeas and nays are ordered.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Alice M. Rivlin to be a member of the Board of Governors of the Federal Reserve System and to be a Vice Chairman of the Board of Governors of the Federal Reserve System? The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. NICKLES. I announce that the Senator from Minnesota [Mr. GRAMS] is necessarily absent.

Mr. FORD. I announce that the Senator from Arkansas [Mr. BUMPERS] is necessarily absent.

The PRESIDING OFFICER (Mr. KEMPTHORNE). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 57, nays 41, as follows:

[Rollcall Vote No. 167 Ex.]

#### YEAS—57

Akaka	Frist	Lugar
Baucus	Glenn	Mikulski
Biden	Graham	Moseley-Braun
Bingaman	Harkin	Moynihan
Boxer	Hatfield	Murray
Bradley	Heflin	Nunn
Breaux	Hollings	Pell
Bryan	Inouye	Pryor
Byrd	Jeffords	Reid
Chafee	Johnston	Robb
Cochran	Kassebaum	Rockefeller
Daschle	Kennedy	Roth
Dodd	Kerrey	Sarbanes
Domenici	Kerry	Simon
Dorgan	Kohl	Simpson
Exon	Lautenberg	Snowe
Feingold	Leahy	Specter
Feinstein	Levin	Wellstone
Ford	Lieberman	Wyden

#### NAYS—41

Abraham	Faircloth	McCain
Ashcroft	Frahm	McConnell
Bennett	Gorton	Murkowski
Bond	Gramm	Nickles
Brown	Grassley	Pressler
Burns	Gregg	Santorum
Campbell	Hatch	Shelby
Coats	Helms	Smith
Cochran	Hutchison	Stevens
Cohen	Inhofe	Thomas
Coverdell	Kempthorne	Thompson
Craig	Kyl	Thurmond
D'Amato	Lott	Warner
DeWine	Mack	

#### NOT VOTING—2

Bumpers	Grams
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The nomination was confirmed.

Mr. SARBANES. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. LOTT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous order, the President shall

be immediately notified of the Senate's action.

#### LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will return to legislative session.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

#### NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

The Senate continued with the consideration of the bill.

Mr. LOTT. Mr. President, I had hoped we would have more Senators still on the floor so I can talk about this. While a great effort is being made by the managers of the bill on both sides, we still have a good way to go on this bill, and we do not have a lot of time to get our work done this year.

I urge Senators on both sides of the aisle, if you have an amendment, please come to the floor and offer it this afternoon. We have an agreement. We are going to go, I believe, to the Pryor amendment next. When that is completed, we would like to go to other amendments.

I am hearing Senators say, they are not ready, they would like to do it next week. We also intend to be in tomorrow. We would like to, after Senators talk in morning business, continue on the DOD authorization bill and get some amendments done.

Senator DASCHLE and I have been talking about exactly how tomorrow will be handled, and we are continuing to work on an agreement with regard to the small business tax package and minimum wage. We are very, very, very close, I think, to having an agreement, although it has been very difficult to get that.

But my point is this: If Senators will not come and offer their amendments during the day on Thursday, will not offer their amendments during the day on Friday, we are going to be in session next Tuesday night and Wednesday night and people are going to be whining about why we are here.

Senator DASCHLE and I are trying to show we want to be different, to be reasonable, get out before too late at night and go home and eat some supper with our families, but if we do not get cooperation during the daytime, it leaves us no option.

So I hope if Senators on both sides of the aisle have an amendment, I cannot imagine you are not ready now but you will be on Tuesday. Again, I urge Senators to do that so we can complete this bill early next week, because we still have the other bills we want to consider, including the possibility of one or two appropriations bills.

I yield the floor, Mr. President.

The PRESIDING OFFICER. Senator PRYOR is recognized.

Mr. PRYOR. I think under the unanimous-consent agreement reached last

night, I was to be recognized at this point. Mr. President, if there is no objection, I would like to yield 3 or 4 minutes to the Senator from Nebraska who wants to make a statement, and then also to the Senator from Idaho and the Senator from New Mexico who have an amendment that I understand will be presented and accepted perhaps by a voice vote. Then, if there is no objection, I hope to be recognized. I ask unanimous consent to do so.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Nebraska is recognized.

Mr. EXON. I inquire of the Chair, what is the pending business before the Senate?

The PRESIDING OFFICER. Under the previous order, the amendments are to be laid aside so that the business of the Senator from Arkansas can be considered.

Mr. EXON. And the underlying amendment is a Kyl amendment?

The PRESIDING OFFICER. We have one amendment, No. 4052 of the Senator from Arizona.

Mr. EXON. I thank the Chair. I thank my friend from Arkansas.

#### VOTE ON THE NOMINATION OF ALICE RIVLIN

Mr. EXON. Mr. President, before I make a comment with regard to the Kyl amendment, which I have talked about previously and will be talking about again at some length, if necessary, I would just like to make a comment that I was rather disappointed in the votes we just had. We just had two controversial nominations: One, Mr. Greenspan and one, Ms. Rivlin.

I was very pleased to see, although the Greenspan nomination was controversial, it had a strong bipartisan flavor of support on a vote of 91 to 7. Frankly, I was quite disappointed at the lack of similar consideration for the other nomination that some people thought was controversial with regard to Ms. Rivlin.

We all know Alice Rivlin and have known her for a very, very long time. Frankly, I was discouraged that the bipartisan spirit that has to be part of the Federal Reserve Board was not accepted nearly as handily as was the Greenspan nomination.

Ms. Rivlin was confirmed by a vote of 57 for and 41 against. I thank those few Members on the Republican side of the aisle who at least, in this instance, showed the same bipartisan support that those of us on this side of the aisle showed for Mr. Greenspan. Frankly, I was quite disappointed and, I think, this is a point in the Senate that should be raised.

There must be sometime when we can lay partisanship aside and recognize and realize that we have a two-party system that still is designed to function here.

#### NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

The Senate continued with the consideration of the bill.

AMENDMENT NO. 4049

Mr. EXON. Mr. President, on the matter at hand with regard to the amendment offered by the Senator from Arizona on the Comprehensive Test Ban Treaty, I indicated in my remarks of yesterday that the administration, and others, who have a firsthand say, had a firsthand look at the Comprehensive Test Ban Treaty are all opposed to the Kyl amendment. I would like to read briefly at this time the letters that I have received from some of the agencies.

First, a letter I received from the United States Arms Control and Disarmament Agency, from Mr. John D. Holum.

Dear Senator EXON: Special Assistant to the President for Legislative Affairs, William C. Danvers, has provided you the Administration's reason for opposing the Kyl-Reid amendment to the FY 1997 Defense Authorization Bill.

As I represent the lead agency in the Comprehensive Test Ban Treaty negotiations in Geneva, I want to emphasize our belief that this amendment could undermine our efforts to negotiate a Treaty that would end nuclear testing for all time by suggesting a possible U.S. interest in resuming testing before the CTBT enters into force, that does not, in fact, exist.

Since the end of President Eisenhower's tenure, the United States has pursued a CTBT as the long-term goal. Now, when such a treaty is in hand, we urge the members of the Senate to oppose this amendment and to reaffirm our country's longstanding bipartisan efforts to achieve a CTBT.

A second memorandum from the Secretary of Energy:

The nuclear weapons testing moratorium instituted by the Hatfield-Exon-Mitchell amendment has made a significant contribution to the U.S. nuclear non-proliferation efforts. During the duration of the moratorium, the U.S. stockpile of nuclear weapons has remained safe and reliable. There is no requirement to resuming testing or even to plan to resume testing for safety or reliability or any other purpose, at this time. The Department of Energy, with the full support of the Department of Defense, has embarked on an ambitious stockpile stewardship program to ensure that the safety and reliability of the stockpile is maintained into the foreseeable future, without nuclear testing. One of the elements of stockpile stewardship is maintaining the readiness of the Nevada Test Site to resume testing if it is in the supreme national interest of the United States to do so. DOE is committed to maintaining this readiness, consistent with Presidential direction. DOE has confidence in the stockpile stewardship program and does not need the authority that this amendment would provide.

President Clinton has already outlined his commitment to maintain the safety and reliability of the nuclear stockpile under the existing moratorium and under a comprehensive test ban treaty. It is premature to make any statutory changes to the existing moratorium legislation. Any changes should be made only in the context of a negotiated and signed comprehensive test ban treaty. Any changes in the current statutory prohibition on underground nuclear weapons testing at



this time certainly does not help the negotiation process, and could very well set it back. Achieving a comprehensive test ban treaty is a key to reducing the global nuclear danger including proliferation of nuclear weapons and the spread of nuclear terrorism.

Last, Mr. President, a letter from the National Security Council.

These are of the same date.

DEAR SENATOR EXON: You have requested the Administration's views on the amendment offered by Senators Kyl and Reid concerning nuclear testing and the Comprehensive Test Ban Treaty (CTBT). The Administration is strongly opposed to this amendment.

We believe that the amendment could not come at a worse time. The states that are negotiating in the CTBT negotiations in the Conference on Disarmament (CD) in Geneva have set a deadline of June 28—next Friday—to complete this historic treaty. The amendment could be interpreted by some CD states as signaling a possible U.S. intent to conduct a round of nuclear testing after the CTBT is completed but before it enters into force. The Administration has no such plans or intentions, nor has it requested funding for any such tests. Moreover, the amendment would relax the existing legislative moratorium on U.S. testing just at the time the only remaining state still conducting nuclear tests, China, has announced that it will join the global moratorium in September.

As you know, we are confident that our Science-Based Stockpile Stewardship will ensure that we can meet the challenge of maintaining the reliability and safety of our nuclear inventory absent nuclear testing. Nonetheless, because he considers this to be a supreme national interest of the United States, the President has pledged that after the CTBT enters into force, he would be prepared to withdraw from the Treaty in the event, however unlikely, that he was informed by the Secretaries of Defense and Energy that a high level of confidence in the safety or reliability of a nuclear weapon type critical to our nuclear deterrent could no longer be certified. There is concern on the part of the amendment's co-sponsors that if such a problem arose after September 30 but before the CTBT entered into force, current law would prohibit remedial testing.

If that were to occur, it is important to recognize that one or more years would be required to prepare for any resumption of nuclear testing at the Nevada Test Site. During this time, we would be able to obtain the necessary funding and legislative relief to carry out the necessary tests.

In short, the Administration believes that the Kyl-Reid Amendment is not only not necessary, but it also entails a genuine risk of delaying or derailing the CTBT negotiations just as we may well be poised to achieve a global ban on nuclear testing.

Signed by the Special Assistant to the President on Legislative Affairs.

Mr. President, I ask unanimous consent that these three letters be printed in the RECORD.

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

UNITED STATES ARMS CONTROL AND  
DISARMAMENT AGENCY,  
Washington, DC, June 19, 1996.

Hon. J. JAMES EXON,  
U.S. Senate, Washington, DC.

DEAR SENATOR EXON: Special Assistant to the President for Legislative Affairs, William C. Danvers, has provided you the Administration's reasons for opposing the Kyl/

Reid amendment to the FY 1997 Defense Authorization Bill.

As I represent the lead agency in the Comprehensive Test Ban Treaty (CTBT) negotiations in Geneva, I want to emphasize our belief that this amendment could undermine our efforts to negotiate a Treaty that would end nuclear testing for all time by suggesting a possible U.S. interest in resuming testing before a CTBT enters into force, that does not, in fact, exist.

Since the end of President Eisenhower's tenure, the United States has pursued a CTBT as a long-term goal. Now, when such a treaty is in hand, we urge the members of the Senate to oppose this amendment and to reaffirm our country's longstanding bipartisan efforts to achieve a CTBT.

Sincerely,

JOHN D. HOLUM.

STATEMENT OF SECRETARY OF ENERGY HAZEL  
O'LEARY

The nuclear weapons testing moratorium instituted by the Hatfield-Exon-Mitchell amendment has made a significant contribution to U.S. nuclear non-proliferation efforts. During the duration of the moratorium, the US stockpile of nuclear weapons has remained safe and reliable. There is no requirement to resuming testing or even to plan to resume testing for safety or reliability or any other purpose, at this time. The Department of Energy, with the full support of the Department of Defense, has embarked on an ambitious stockpile stewardship program to ensure that the safety and reliability of the stockpile is maintained into the foreseeable future, without nuclear testing. One of the elements of stockpile stewardship is maintaining the readiness of the Nevada Test Site to resume testing if it is in the supreme national interest of the United States to do so. DOE is committed to maintaining this readiness, consistent with Presidential direction. DOE has confidence in the stockpile stewardship program and does not need the authority that this amendment would provide.

President Clinton has already outlined his commitment to maintain the safety and reliability of the nuclear stockpile under the existing moratorium and under a comprehensive test ban treaty. It is premature to make any statutory changes to the existing moratorium legislation. Any changes should be made only in the context of a negotiated and signed comprehensive test ban treaty. Any changes in the current statutory prohibition on underground nuclear weapons testing at this time certainly does not help the negotiation process, and could very well set it back. Achieving a comprehensive test ban treaty is a key to reducing the global nuclear danger including proliferation of nuclear weapons and the spread of nuclear terrorism.

NATIONAL SECURITY COUNCIL,  
Washington, DC, June 19, 1996.

Hon. J. JAMES EXON,  
U.S. Senate, Washington, DC.

DEAR SENATOR EXON: You have requested the Administration's views on the amendment offered by Senators Kyl and Reid concerning nuclear testing and the Comprehensive Test Ban Treaty (CTBT). The Administration is strongly opposed to this amendment.

We believe that the amendment could not come at a worse time. The states that are negotiating in the CTBT negotiations in the Conference on Disarmament (CD) in Geneva have set a deadline of June 28—next Friday—to complete this historic treaty. The amendment could be interpreted by some CD states as signaling a possible U.S. intent to conduct

a round of nuclear testing after the CTBT is completed but before it enters into force. The Administration has no such plans or intentions, nor has it requested funding for any such tests. Moreover, the amendment would relax the existing legislative moratorium on U.S. testing just at the time the only remaining state still conducting nuclear tests, China, has announced that it will join the global moratorium in September.

As you know, we are confident that our Science-Based Stockpile Stewardship will ensure that we can meet the challenge of maintaining the reliability and safety of our nuclear inventory absent nuclear testing. Nonetheless, because he considers this to be a supreme national interest of the United States, the President has pledged that after the CTBT enters into force, he would be prepared to withdraw from the Treaty in the event, however unlikely, that he was informed by the Secretaries of Defense and Energy that a high level of confidence in the safety or reliability of a nuclear weapon type critical to our nuclear deterrent could no longer be certified. There is concern on the part of the amendment's co-sponsors that if such a problem arose after September 30 but before the CTBT entered into force, current law would prohibit remedial testing.

If that were to occur, it is important to recognize that one or more years would be required to prepare for any resumption of nuclear testing at the Nevada Test Site. During this time, we would be able to obtain the necessary funding and legislative relief to carry out the necessary tests.

In short, the Administration believes that the Kyl-Reid Amendment is not only not necessary, but it also entails a genuine risk of delaying or derailing the CTBT negotiations just as we may well be poised to achieve a global ban on nuclear testing.

Sincerely,  
WILLIAM C. DANVERS,  
Special Assistant to the President  
for Legislative Affairs.

Mr. EXON. I thank my colleague from Arkansas.

The PRESIDING OFFICER. Under the unanimous consent agreement, the Senator from Idaho is now recognized.

Mr. CRAIG. Mr. President, let me thank the Senator from Arkansas for yielding me this valuable time.

AMENDMENT NO. 4085

(Purpose: To amend the Waste Isolation  
Pilot Plant Land Withdrawal Act)

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Idaho [Mr. CRAIG], for himself, Mr. KEMPTHORNE, Mr. DOMENICI, Mr. BINGAMAN, Mr. MURKOWSKI, and Mr. JOHNSTON, proposes an amendment numbered 4085.

Mr. CRAIG. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

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

The amendment is as follows:

On page 446, after line 12, insert the following subtitle:

Subtitle E.—Waste Isolation Pilot Plant  
Land Withdrawal Act Amendments.

#### SECTION 1. SHORT TITLE AND REFERENCE.

(a) SHORT TITLE.—This Act may be cited as the "Waste Isolation Pilot Plant Land Withdrawal Amendment Act".

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act an

amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Waste Isolation Pilot Plant Land Withdrawal Act (Public Law 102-579).

## SEC. 2. DEFINITIONS.

Paragraphs (18) and (19) of section 2 are repealed.

## SEC. 3. TEST PHASE AND RETRIEVAL PLANS.

Section 5 and the item relating to such section in the table of contents are repealed.

## SEC. 4. MANAGEMENT PLAN.

Section 4(b)(5)(B) is amended by striking "or with the Solid Waste Disposal Act (42 U.S.C. 6901 et seq.)."

## SEC. 5. TEST PHASE ACTIVITIES.

Section 6 is amended—

- (1) by repealing subsections (a) and (b),
- (2) by repealing paragraph (1) of subsection (c).

- (3) by redesignating subsection (c) as subsection (a) and in that subsection—

(A) by repealing subparagraph (A) of paragraph (2),

(B) by striking the subsection heading and the matter immediately following the subsection heading and inserting "STUDY.—The following study shall be conducted:"

(C) by striking "(2) REMOTE-HANDLED WASTE.—",

(D) by striking "(B) STUDY.—",

(E) by redesignating clauses (i), (ii), and (iii) as paragraphs (1), (2), and (3), respectively, and

(F) by realigning the margins of such clauses to be margins of paragraphs,

(5) in subsection (d), by striking "., during the test phase, a biennial" and inserting "a" and by striking "., consisting of a documented analysis of" and inserting "as necessary to demonstrate", and

(6) by redesignating subsection (d) as subsection (b).

## SEC. 6. DISPOSAL OPERATIONS.

Section 7(b) is amended to read as follows:

"(b) REQUIREMENTS FOR COMMENCEMENT OF DISPOSAL OPERATIONS.—The Secretary may commence emplacement of transuranic waste underground for disposal at WIPP only upon completion of—

"(1) the Administrator's certification under section 8(d)(1) that the WIPP facility will comply with the final disposal regulations;

"(2) the acquisition by the Secretary (whether by purchase, condemnation, or otherwise) of Federal Oil and Gas Leases No. NMNM 02953 and No. NMNM 02953C, unless the Administrator determines, under section 4(b)(5), that such acquisition is not required; and

"(3) the expiration of the 30-day period beginning on the date on which the Secretary notifies Congress that the requirements of section 9(a)(1) have been met."

## SEC. 7. ENVIRONMENTAL PROTECTION AGENCY DISPOSAL REGULATIONS.

(a) SECTION 8(d)(1).—Section 8(d)(1) is amended—

(1) by amended subparagraph (A) to read as follows:

"(A) APPLICATION FOR COMPLIANCE.—Within 30 days after the date of the enactment of the Waste Isolation Pilot Plant Land Withdrawal Amendment Act, the Secretary shall provide to Congress a schedule for the incremental submission of chapters of the application to the Administrator beginning no later than 30 days after such date. The Administrator shall review the submitted chapters and provide requests for additional information from the Secretary as needed for completeness within 45 days of the receipt of each chapter. The Administrator shall notify Congress of such requests. The schedule shall

call for the Secretary to submit all chapters to the Administrator no later than October 31, 1996. The Administrator may at any time request additional information from the Secretary as needed to certify, pursuant to subparagraph (B), whether the WIPP facility will comply with the final disposal regulations.";

(2) in subparagraph (D), by striking "after the application is" and inserting "after the full application has been";

(b) SECTION 8(d)(2), (3).—Section 8(d) is amended by striking paragraphs (2) and (3), by striking "(1) COMPLIANCE WITH DISPOSAL REGULATIONS.—", and by redesignating subparagraphs (A), (B), (C), and (D) of paragraph (1) as paragraph (1), (2), (3), and (4), respectively.

(c) SECTION 8(g).—Section 8(g) is amended to read as follows:

"(G) ENGINEERED AND NATURAL BARRIERS, ETC.—The Secretary shall use both engineered and natural barriers and any other measures (including waste form modifications) to the extent necessary at WIPP to comply with the final disposal regulations."

## SEC. 8. COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS.

(a) SECTION 9(a)(1).—Section 9(a)(1) is amended by adding after and below subparagraph (H) the following: "With respect to transuranic mixed waste designated by the Secretary for disposal at WIPP, such waste is exempt from treatment standards promulgated pursuant to section 3004(m) of the Solid Waste Disposal Act (42 U.S.C. Sec. 6924(m)) and shall not be subject to the land disposal prohibitions in section 3004(d), (e), (f), and (g) of the Solid Waste Disposal Act."

(b) SECTION 9(b).—Subsection (b) of section 9 is repealed.

(c) SECTION 9(c)(2).—Subsection (c)(2) of section 9 is repealed.

(d) SECTION 14.—Section 14 is amended—

(1) in subsection (a), by striking "No provision" and inserting "Except for the exemption from the land disposal restrictions described in section 9(a)(1), no provision"; and

(2) in subsection (b)(2), by striking "including all terms and conditions of the No-Migration Determination" and inserting "except that the transuranic mixed waste designated by the Secretary for disposal at WIPP is exempt from the land disposal restrictions described in section 9(a)(1)".

## SEC. 9. RETRIEVABILITY.

(a) SECTION 10.—Section 10 is amended to read as follows:

### "SEC. 10. TRANSURANIC WASTE.

"It is the intent of Congress that the Secretary will complete all actions required under section 7(b) to commence emplacement of transuranic waste underground for disposal at WIPP no later than November 30, 1997."

(b) CONFORMING AMENDMENT.—the item relating to section 10 in the table of contents is amended to read as follows:

"Sec. 10. Transuranic waste."

## SEC. 10. DECOMMISSIONING OF WIPP

Section 13 is amended—

(1) by repealing subsection (a), and

(2) in subsection (b), by striking "(b) MANAGEMENT PLAN FOR THE WITHDRAWAL AFTER DECOMMISSIONING.—Within 5 years after the date of the enactment of this Act, the" and inserting "The".

## SEC. 11. ECONOMIC ASSISTANCE AND MISCELLANEOUS PAYMENTS.

(a) Section 15(a) is amended by adding at the end the following: "An appropriation to the State shall be in addition to any appropriation for WIPP."

(b) \$20,000,000 is authorized to be appropriated in fiscal year 1997 to the Secretary for payment to the State of New Mexico for

road improvements in connection with the WIPP.

Mr. CRAIG. Mr. President, this is an amendment that has been offered by myself, Senator KEMPTHORNE, Senator DOMENICI, Senator BINGAMAN, Senator MURKOWSKI, and Senator JOHNSTON. It deals with a very important part of our nuclear waste management in this country, specifically the waste isolation pilot plant in Carlsbad, NM.

In working with all of our colleagues, our effort has been to remove the unnecessary delays and bureaucratic requirements to achieve the major environmental objectives that are so critical to the State of New Mexico, and to save taxpayers' money, while at the same time showing our country that we can move and act responsibly in the area of transuranic waste.

The amendment that we have before us, that will become a part of this pending legislation, will amend the Waste Isolation Pilot Plant Land Withdrawal Act of 1992 in several ways. It deletes obsolete language of the 1992 act. Particularly important is the reference and requirements for "test phase" activities.

Since the enactment of the 1992 act, the Department of Energy has abandoned the test phase that called for underground testing in favor of above ground laboratory test programs.

This amendment, Mr. President, is agreed to by the Department of Energy and by the Environmental Protection Agency. It allows the kind of phase necessary to test to completion to assure all of our citizens, and especially the citizens of New Mexico, that this is a safe and sound facility.

Most important, along with all of this, in streamlining the process, it would remove duplicative regulation and save the taxpayers' dollars. We hope that it will have that effect.

Mr. President, my amendment will clear up several unnecessary and delaying bureaucratic requirements that currently exist in the Waste Isolation Pilot Plant Land Withdrawal Act, Public Law 102-579, so the WIPP facility can be opened. It also meets a major environmental objective while saving the taxpayer money.

The purpose of the WIPP is to provide for the safe disposal of transuranic [TRU] radioactive and mixed wastes resulting from defense activities and programs of the United States. These materials are currently stored at temporary facilities, and until WIPP is opened, little can be done to clean up and close these temporary storage sites.

Idaho currently stores the largest amount of TRU waste of any State in the Union, but Idaho is not alone. Washington, Colorado, South Carolina, and New Mexico also temporarily store TRU waste.

The agreement recently negotiated between the State of Idaho, the DOE and the U.S. Navy states that the TRU currently located in Idaho will begin to be shipped to WIPP by April 30, 1999.

This legislation will assure this commitment is fulfilled by clearly stating that it is the intent of Congress that the Secretary of Energy will complete all actions needed to commence emplacement of TRU waste at WIPP no later than November 30, 1997.

We cannot solve the environmental problems at sites such as the Idaho National Engineering Laboratory, Rocky Flats Weapons Facility, Savannah River and others without WIPP. The reason is obvious. Without a place to dispose of the waste, cleanup is impossible, and without cleanup, further de-commissioning can not occur.

The goal of this bill is simple: To deliver on Congress' longstanding commitment to open WIPP by 1998.

This bill amends the Waste Isolation Land Pilot Plant Land Withdrawal Act of 1992 in several very significant ways.

It deletes obsolete language in the 1992 act. Of particular importance is the reference and requirements for test phase activities. Since the enactment of the 1992 act, the Department of Energy [DOE] has abandoned the best phase that called for underground testing in favor of above ground laboratory test programs. Thus the test phase no longer exists as defined in the 1992 law and needs to be removed so it does not complicate the ongoing WIPP process.

Most important, this amendment will streamline the process, remove duplicative regulations, save taxpayers dollars—currently the costs to simply watch over WIPP exceed \$20 million per month.

This bill does not remove EPA as the DOE regulator of the WIPP. DOE has stated numerous times that it does not want to self regulate. The Department believes that having EPA as the regulator will instill additional public confidence in the certification process and the facility itself, once it opens.

I am skeptical regarding EPA. EPA has a poor record of meeting deadlines. The WIPP, as a facility, is ready to operate now and is basically waiting on EPA's final approval. The schedule DOE has established to meet the opening dates is an aggressive but not entirely workable timetable. It is aggressive only if EPA can accomplish its tasks on time. Because of EPA's demonstrated inability to meet schedules and to avoid imposing unnecessary large financial burdens on the taxpayer, there is a strong sentiment in the Congress to remove EPA from the WIPP regulatory role. Based on assurance made to me by the EPA, my amendment does not follow this course. However, if EPA again falters, I will have to reconsider this position in future legislation.

Idaho and the Nation need to have the WIPP opened sooner rather than later. Each day of delay is costly, nearly \$1 million per day in taxpayers dollars, and the potential dangers to the environment and human health resulting from the temporary storage of this waste continue.

It is time to act. We must, if we are to clean up sites such as Idaho's. We

must act to dispose of this task permanently and safely for future generations. This amendment clears the way for action.

Mr. MURKOWSKI. Mr. President, I would like to ask permission to engage in a colloquy with Senator CRAIG, regarding his amendment to the Waste Isolation Pilot Plant Land Withdrawal Act. The WIPP Land Withdrawal Act withdrew land near Carlsbad, NM, for construction of a disposal facility for transuranic waste produced by the Department of Energy. That act was reported out of the Committee on Energy and Natural Resources and enacted in 1992. In addition to providing for the withdrawal of the land, the WIPP Land Withdrawal Act imposed many substantive and procedural licensing requirements on the WIPP facility. Many of these requirements are redundant or have become moot as a result of changes in the program, and should be eliminated. S. 1402, a bill introduced by Senators CRAIG and JOHNSTON to amend the WIPP Land Withdrawal Act, has been referred to the Energy and Natural Resources Committee. Does Senator CRAIG acknowledge that this amendment addresses matters within the jurisdiction of the Committee on Energy and Natural Resources?

Mr. CRAIG. Yes, this amendment would alter the language of the WIPP Land Withdrawal Act, which is within the jurisdiction of the Committee on Energy and Natural Resources.

Mr. MURKOWSKI. Although this amendment is within the jurisdiction of the Committee on Energy and Natural Resources, I support the substantive changes made by the amendment and understand that it is important to make these changes in a timely manner. Therefore, I will not object to its inclusion in the Defense authorization legislation.

Mr. CRAIG. Mr. President, I now yield to Senator BINGAMAN from New Mexico.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. BINGAMAN. Mr. President, I do support this amendment. Let me say that when this bill was first introduced in the House, and in the Senate as well, I felt it was fatally flawed in several respects. It did, in its first form, propose to eliminate the regulatory role of the Environmental Protection Agency. It proposed to allow nondefense transuranic waste to go to WIPP, as well as defense-related transuranic waste. It needed the periodic recertification requirement by the Environmental Protection Agency. It deleted authority by EPA to issue criteria.

All of those problems have been solved in the amendment that is now about to be voted on here in the Senate. I am very pleased to see the improvements that have been made. I have been in touch with the Under Secretary of Energy, Thomas Grumbly, to get his comments on this proposed amendment which we are now getting ready to vote on. He indicates that he

and his staff have reviewed it in detail and support the amendment.

I have been also in touch with Mary Nichols, the Assistant Administrator for Air and Radiation in the Environmental Protection Agency. She indicates that she is satisfied with this proposed amendment and believes it is something that we should enact.

Mr. President, the foremost concern that I have had, and that I believe most Members have had, in this facility from the beginning has been whether or not we were adequately protecting the health and safety of our citizens as we went forward to design and develop this facility. I am persuaded we are still adequately protecting that health and safety, even under this language. For that reason, I will support it.

I will make the point which needs to be crystal clear that transuranic waste can only be disposed of underground at this facility upon completion, by the Administrator of EPA, of a certification that final disposal regulations have been complied with. That essential safeguard is foremost in this amendment. I think that is very important for the people of New Mexico. I urge my colleagues to support the amendment.

Mr. CRAIG. Mr. President, I yield to Senator DOMENICI from New Mexico.

Mr. DOMENICI. Mr. President, I thank Senator CRAIG. Senator BINGAMAN, it is a pleasure to be with you here on the floor on this issue.

Let me start by reiterating the last comments that Senator BINGAMAN made. What is most important to us, and what is most important to the people of New Mexico, is that as this underground facility proceeds to the point where it may be opened and finally be a repository, that it be subject to the Environmental Protection Agency's most strict requirements with reference to health and safety. As a matter of fact, they must certify it before it can be opened.

I will read for the RECORD an excerpt from a letter dated May 15, 1996, from the EPA, Mary D. Nichols, assistant administrator for Air and Radiation. I ask unanimous consent that the entire communication be printed in the RECORD.

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

U.S. ENVIRONMENTAL PROTECTION  
AGENCY, OFFICE OF AIR AND RADI-  
ATION,

Washington, DC, May 15, 1996.

Hon. TOM UDALL,  
Attorney General of New Mexico,  
Santa Fe, NM.

DEAR MR. UDALL: The purpose of this letter is to follow-up on our telephone conversation of April 1, 1996, and respond to your letter of April 4, 1996, regarding the Environmental Protection Agency's (EPA) role in the regulation of the Waste Isolation Pilot Plant (WIPP).

The Administration is presently formulating its position on H.R. 1663, the "Skeen-Schaefer Bill" amending the WIPP Land

Withdrawal Act (Pub. L. 102-579). I appreciated hearing your views about the legislation and am pleased we had the opportunity to discuss these important issues. The Agency believes that the amended H.R. 1663 is a sound bill and makes critical improvements over its antecedent. As you are aware, the Skeen Bill, as originally proposed, severely limited EPA's regulatory oversight of WIPP and, we believe, did not provide adequate protection of human health and the environment. Mr. Schaefer's amendments retain EPA as the independent regulator of the WIPP, eliminates extraneous requirements, and leaves intact the provisions of the 1992 WIPP Land Withdrawal Act (LWA) that require EPA to certify whether the WIPP facility will comply with the disposal regulations in accordance with public rule-making procedures.

You specifically expressed concern about the impact of the proposed legislation on the WIPP certification process. In particular, that review of individual chapters of the Department of Energy's (DOE) compliance application by EPA would require the Agency to commit to a position on the sufficiency of each chapter without public input. While it is true that EPA will review individual chapters prior to receipt of the full application, the Agency will make no determination on the adequacy of any part of the application until: 1) EPA has received the full application from the department; and 2) public comments have been considered. In fact, the Agency has received the first of these chapters and placed it in the certification docket (No. A-93-02) on May 1, 1996. We will be providing written comments to DOE on these chapters. The written comments will also be placed in the public dockets.

You also raised concerns about the effect of the proposed legislation on the public's opportunity to provide comment on DOE's application. As in the past, EPA will continue to foster an open public process. As you will note in the final compliance criteria (40 CFR Part 194), EPA will hold two 120-day public comment periods after it receives DOE's full compliance application. The proposed legislation will not affect the process established in the compliance criteria. Furthermore, EPA never planned for or created any process for formal public comment on the completeness of the application. Therefore, since DOE is providing the Agency with individual chapters prior to submission of the full application, the public will have an additional opportunity to comment on, and additional time to review, the individual chapters, via EPA's public docket.

Additionally, you were concerned that the proposed H.R. 1663 removes the ability of the Administrator to enforce compliance of the WIPP with any law, regulation or permit requirement described in §9(a)(1) of the LWA. We feel that EPA's ability to ensure compliance with these environmental laws is not compromised by removal of this provision since: 1) the environmental laws described in the LWA contain their own enforcement provisions; and 2) 40 CFR Part 194 imposes requirements that DOE perform remedial actions if the Administrator determines WIPP to be in non-compliance with the transuranic waste disposal standards.

Further, with regard to H.R. 1663, you expressed concern about the WIPP being used as a repository for transuranic wastes that did not result from a defense activity. The proposed legislation does not alter the definition of exposure or capacity limits of either remote- or contract-handled wastes set forth in the LWA. If EPA were to certify the WIPP, this provision would allow for disposal of a relatively small amount of waste from a site in West Valley, NY. If WIPP were capable of accepting this waste within the

capacity limits of the LWA, it would be imprudent to needlessly spend taxpayer money for a site similar to WIPP for such a small amount of transuranic waste simply because the process which generated the waste was not defense related.

Lastly, I am disappointed that you have elected to bring a legal challenge against EPA's WIPP compliance criteria published on February 9, 1996. The EPA considered the views of all interested parties, including the comments and suggestions made by your office, in deciding the contents of the final criteria. As you know, EPA held two public comment periods totaling 135 days, and conducted a series of public hearings in New Mexico. Ultimately, the Administrator of EPA, exercising her independent judgment, determined the contents of the final criteria. We believe EPA's criteria are sound and will effectively protect public health and the environment.

I want to assure you that EPA will keep communication lines open as it undertakes the public rulemaking proceeding to certify whether the WIPP facility will comply with the final disposal regulations. We recognize the importance of this matter to you and all of the residents of New Mexico.

If you have questions regarding this letter or any other concerns, please contact Frank Marcinowski of my staff at (202) 233-9310.

Sincerely,

MARY D. NICHOLS,  
Assistant Administrator  
for Air and Radiation.

Mr. DOMENICI. This letter is written to the attorney general of New Mexico in response to inquiries. "The Agency believes that the amended H.R. 1663"—I will state here, for all intents and purposes, is the Craig amendment—"is a sound bill and makes critical improvements over its antecedent. As you are aware, the Skeen bill, as originally proposed, severely limited EPA's regulatory oversight of WIPP and, we believe, did not provide adequate protection of human health and the environment. Mr. Schaefer's amendments retain EPA as the independent regulator of the WIPP, eliminates extraneous requirements, and leaves intact the provisions of the 1992 WIPP Land Withdrawal Act (LWA) that require EPA to certify whether the WIPP facility will comply with the disposal regulations in accordance with public rule-making procedures."

I do not think it can be any clearer that the EPA wholeheartedly supports this amendment.

In summary, the amendment is almost identical to language agreed to by DOE and EPA. That agreed-upon language was reported by the House Commerce Committee on April 25 and was recently reported by the House National Security Committee.

The legislation would:

Delete the authorization included in the WIPP Land Withdrawal Act to conduct tests underground at WIPP using transuranic waste.

The DOE decided in 1992 not to conduct such tests.

Require the Secretary of Energy to acquire the oil and gas leases on the WIPP site unless the EPA determines the acquisition is not necessary.

Create an incremental licensing process under which DOE will submit chap-

ters of the license application one at a time, and EPA would comment one at a time. The EPA would make a final, encompassing decision. The EPA could request additional information from the DOE at any time.

At the suggestion of the EPA and DOE, provides that the final disposal regulations for WIPP will be the radiation protection standards at 40 C.F.R. 191, and not the Solid Waste Disposal Act.

The WIPP Land Withdrawal Act required that DOE certify compliance with both, a step DOE and EPA agreed would be redundant.

The legislation allows the DOE to use engineered barriers, natural barriers, or any other measures—this last provision being a new provision—to ensure WIPP complies with the final disposal regulations.

This allows DOE to use waste treatment, such as vitrification, to ensure WIPP's compliance.

Deletes the section of the WIPP Land Withdrawal Act dealing with retrieval of the waste emplaced during the test phase since no waste will be emplaced during a test phase.

States that it is the intent of Congress that the Secretary of Energy make a final decision with respect to the disposal of transuranic waste at WIPP by November 30, 1997.

Provides \$20 million per year to New Mexico for impact assistance beginning upon enactment of this legislation.

The waste isolation pilot plant is a permanent disposal facility in a salt bed 2,000 feet below New Mexico for transuranic waste generated in DOE's nuclear weapons complex.

Transuranic waste means waste that includes both radioactive material and solvents, metals, and other refuse from manufacturing.

The WIPP Land Withdrawal Act enacted on October 30, 1992, authorized a 5- to 8-year test phase at WIPP during which transuranic waste could be placed in WIPP and monitored.

Because of the nature of the waste intended for WIPP, the act also made WIPP subject to two sets of regulations: radiation protection standards and the Solid Waste Disposal Act.

In 1993, DOE decided it was not necessary to conduct underground tests at WIPP using transuranic waste.

At the suggestion of DOE and EPA, this amendment makes the WIPP Land Withdrawal Act consistent with the current test phase at WIPP and removes the redundancy of two sets of regulatory standards.

First, the amendment deletes those sections of the WIPP Land Withdrawal Act dealing with tests using transuranic waste.

Second, the amendment, at the suggestion of the EPA, subjects WIPP to the radiation protection standards and removes the application of the Solid Waste Disposal Act. This is necessary to remove the confusion that occurs by imposing two different sets of regulations.

Frankly, it is clear that WIPP can meet with Solid Waste Disposal Act, its 10,000-year radiation protection standards are going to be the real challenge and the relevant regulations.

There are two centers of controversy in that law. First, what hurdles did DOE have to overcome to use transuranic waste for tests in WIPP. And second, what information had to be revealed by those tests for a final disposal decision to be made.

DOE subsequently decided that tests with transuranic waste were not needed.

These changes primarily deal with taking out those provisions of the law dealing with tests using transuranic waste.

The law also required WIPP to meet two different standards for the disposal of waste at WIPP: radiation release standards and solid waste standards.

DOE and EPA now agree that demonstrating compliance with both standards is redundant—they agree compliance is best proven by meeting the radiation release standards.

The original law also provided New Mexico \$20 million per year beginning in the first year transuranic waste was shipped to WIPP. The money was to be used for roads and other improvements.

Because no transuranic waste has been brought to WIPP for the tests, New Mexico has lost out on \$160 million that would have otherwise been provided. This law starts the flow of that money immediately so New Mexico can make the necessary road upgrades.

I indicate to the Senate that it is clear this waste isolation pilot project, one of a kind, the first ever, can meet the requirements of the Solid Waste Disposal Act. It is not that act that is cumbersome and difficult to achieve, but rather the 10,000-year radiation protection standards. Let me repeat: 10,000-year radiation protection standards. These are the standards that are going to be in effect after this amendment is adopted and becomes law. They are in effect now.

All we are suggesting is the EPA and the Department of Energy thinks this is the only set of standards that we need follow and that those that are found under the Solid Waste Disposal Act are redundant and not needed in this case.

I thank all who have cooperated in getting us this far. It is time to get this done. This amendment has been reported out on April 25 from a House committee and was reported recently by the National Security Committee in the House. It has had hearings and been looked at over and over by the regulatory agencies. I believe it is time to adopt it.

I yield the floor.

Mr. THURMOND. Mr. President, I rise in favor of this amendment. It is very similar to WIPP legislation introduced last year in the House. That legislation was agreed to by the Department of Energy and Environmental

Protection Agency and goes a long way toward breaking down the regulatory log jams that are holding up this much needed facility.

The story of WIPP is a story of false starts and needless delays. The delays in opening WIPP have created a massive backlog of materials that are currently being stored at DOE sites throughout the country—often in drums and boxes—at a very high cost to the taxpayers. These wastes need to be stabilized and prepared for shipment to a permanent and safe repository. The WIPP facility provides a safe and permanent disposal option and we should move forward as rapidly as possible with its opening.

Mr. President, we need this facility. We need it now. This amendment will help move this facility forward and I wholeheartedly support its passage.

Mr. KEMPTHORNE. Mr. President, I am pleased to introduce and support the Craig-Kemphorne-Domenici-Bingaman amendment relating to the WIPP land withdrawal. The proposed amendment will simplify the land withdrawal process in a number of important ways. For example, the amendment will reduce the waiting period between the final certification and opening of WIPP from 180 days to 30 days, improve interaction between the Department of Energy and the Environmental Protection Agency, remove duplicative regulatory requirements, save the taxpayers money, expedite the opening of WIPP, and protect the environment, health, and safety of the citizens of New Mexico. In addition, the amendment is similar to a legislation in the other body which is supported by the Department of Energy and the Environmental Protection Agency. This is a good bipartisan amendment, supported by the administration, and I am pleased to be a cosponsor of this important piece of legislation.

The WIPP facility plays an important role in our Nation's effort to show its citizens that we can deal responsibly with the nuclear waste left over from our victory in the cold war. The WIPP facility will serve as a permanent repository for transuranic waste. The waste will be entombed in a salt cavern that slowly seals itself over time. I have visited the WIPP facility and I met with numerous local and State officials from New Mexico who strongly support this project.

The WIPP facility will also allow the Federal Government to meet its court-enforceable commitment to the State of Idaho to ship transuranic waste from Idaho by 1999. The proposed amendment will help ensure the opening of this important facility in time to meet this commitment. WIPP will serve as a symbol of our ability to dispose of nuclear material in a safe and rational way.

I want to thank the two able Senators from New Mexico, Senator DOMENICI and Senator BINGAMAN, for their help in drafting this bipartisan amendment. I also want to thank Sen-

ators MURKOWSKI and JOHNSTON, chairman and ranking member of the Energy Committee, for their support for this important amendment.

Mr. CRAIG. Mr. President, let me close by thanking all of my colleagues for the cooperation and their participation in getting this amendment to the floor. Without the help of Senator DOMENICI and Senator BINGAMAN, this amendment would not be here today. They are the host States, but they have also been extremely diligent in assuring the citizens of their State that once this is in place, it is environmentally sound and certainly protects, in all ways, their citizens.

In my State of Idaho, the Governors' agreement is now negotiated and completed by a Federal court order. It could not go forward without this amendment. Now we have this amendment in place, protecting all of the environmental concerns involved, solving many of the environmental problems we have in our State.

Let me thank my colleagues for their participation. I ask that the amendment be adopted.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to amendment No. 4085, offered by the Senators from Idaho and New Mexico.

The amendment (No. 4085) was agreed to.

Mr. CRAIG. I move to reconsider the vote.

Mr. THURMOND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Under the previous agreement, the Senator from Arkansas is now recognized.

#### CONFORMING AMENDMENT TO GATT LEGISLATION

Mr. PRYOR. Mr. President, I will take a very few moments this afternoon to refresh my colleagues' memories as to why we are here again to act on the GATT issue.

When the Congress passed the GATT legislation, we made two changes to U.S. patent law. First, all patents were extended from 17 to 20 years in length. That is the law today for all patents in every industry in this country.

Second, we adopted a grandfather provision which permitted generic competitors in all industries to go to the market on the original 17-year date if they had made a substantial investment and if they paid a royalty to the patent holder.

But according to the U.S. Trade Representative, the Food and Drug Administration, the Department of Health and Human Services, and the Patent and Trademark Office, the Congress accidentally—and I underline “accidentally”—omitted a conforming amendment in the GATT legislation. The CONGRESSIONAL RECORD also documents our very clear intent to apply the GATT treaty universally without any special exceptions.

Mr. President, as a result of our error and this missing amendment, a single

industry has now been exempted from the GATT grandfather provision. Every single product, every company, and every industry in this country abide by this law today, except for one particular industry. That is the prescription drug industry.

The omission of this single industry has created a loophole that benefits just a few drug companies, especially Glaxo Wellcome. The loophole, Mr. President, in the GATT legislation has given them a \$2.5 billion windfall. That's \$5 million a day. As long as we wait and talk and do nothing, these few drug companies are receiving millions every day which are subsidized by the elderly, by the veterans and by the consumers of America. Today, we have an opportunity to put this to an end. We could bring equity at long last to this issue.

Glaxo Wellcome is the largest drug firm in the world. It is today receiving a lion's share of this multibillion dollar windfall through the world's best-selling drug, Zantac.

Today, generic competitors to Zantac who have already made a substantial investment and readied their products for the market have been unintentionally denied access to the marketplace. Today, they have idled their factories and their workers wait for us to act. Today, the consumers of America are being denied cheaper prices for their drugs which they should have received months ago.

The amendment that I offer today, Mr. President, on behalf of Senator BROWN, Senator CHAFEE, and Senator BRYAN, is simply the conforming amendment which should have been a part of the GATT legislation. This is our opportunity to fix a glaring legislative mistake. In the process, we will save American consumers literally billions of dollars, and we will bring our country into full compliance with our treaty obligations.

Let me remind my colleagues how our friend and colleague, Senator PAUL SIMON of Illinois, recently summed up this issue. He said: "This is as classic a case of public interest versus special interest as you could find."

Last December, we brought this amendment to the floor and unsuccessfully sought an up-or-down vote on it. There was an effort to kill the amendment with a sense-of-the-Senate resolution that called for a hearing in the Judiciary Committee. When we withdrew the amendment from consideration, we promised, like General MacArthur, to return.

But there have been many delays and postponements in the last several months and procedural obstacles thrown up by our opponents. For some mysterious reason, the hearing that was promised took more than 2 whole months to schedule. A markup was promised for March. It was postponed three different times for over a month.

Mr. President, here is the price for our opponents' delay. Here is the price that American consumers are paying and putting into the pockets of a few drug companies. As a result of our

delay, a few companies have collected \$990 million as a windfall. We are just 2 days short of permitting this to grow into a round \$1 billion windfall, a windfall which continues because of a congressional mistake we have still not corrected.

We have waited and waited and waited, while the Judiciary Committee held a hearing and markup. The result of all this delay is that now the record simply verifies that a costly mistake has been made which needs correction. Ambassador Mickey Kantor, then our Trade Representative, testified at the hearing that our amendment "would do nothing more than fulfill our obligation to be faithful to what we had negotiated in the GATT treaty." He confirmed that it "would carry out the intent, not only of the negotiations and what the administration intended, but also what the Congress intended."

When the Judiciary Committee marked up the GATT amendment, it regrettably ordered and reported out a fatally flawed substitute version. According to a letter from the Department of Health and Human Services which has been distributed to each Member of the Senate, the FDA and the Department concluded that the Judiciary or Hatch substitute does not close the loophole. In fact, it would be virtually impossible for a manufacturer to obtain FDA approval under the substitute.

To add insult to injury, Mr. President, the substitute version includes a veritable treasure trove of patent extensions and special breaks for other drug companies that are completely unrelated to the GATT loophole. So we have all waited endlessly, enriched a few companies and ended up with a substitute which is worse than the status quo.

I would add, Mr. President, that the committee marked up on May 2. The committee has yet to file a report on the substitute version. In fact, the committee also has guaranteed we delay for months the consideration of our amendment. Moreover, I understand the distinguished committee chairman, Senator HATCH, will offer the substitute version as a second-degree amendment to our own and further delay consideration.

Mr. President, the only compromise in the committee's work is a compromise of the interests of consumers and our Nation's vital health care programs—Medicaid, Defense Department and CHAMPUS, VA, Public Health and Indian Health Service clinics, private health insurers, and the like.

We have a very clear choice before us this afternoon. We can do the right thing. We can do the right thing by voting for this amendment. We can do the right thing by defeating the substitute version offered as a second-degree amendment by the distinguished chairman of the committee, the Senator from Utah.

Many have asked me, Mr. President, why we are offering this amendment on the Department of Defense authorization bill. There is a very simple an-

swer. First, this amendment would save the Department of Defense over \$30 million. The Department of Defense has estimated that it spends \$900 million a year on prescription drugs for our servicemen, servicewomen, and their families. According to estimates consistent with earlier CBO estimates for Medicaid savings, our GATT amendment would cut those expenditures by over \$30 million.

Mr. President, for this reason alone, we think this is a proper place to bring this amendment to the attention of our colleagues with the intention of receiving their consideration and, hopefully, a positive vote.

I also want to summarize, if I might, Mr. President, what I think may become a second-degree amendment to the Pryor-Chafee-Brown-Bryan bill. First, the Department of Health and Human Services, as I have mentioned, has analyzed the substitute. They concluded that "it does not close the GATT loophole" and includes legal requirements that are "nearly impossible to meet" and "present nearly insurmountable obstacles" to fair competition.

Second, the substitute was originally drafted by the brand name drug industry association, PHRMA. We have a copy of the PHRMA draft. As PHRMA wrote, the substitute "protects the interests of PHRMA members"—not consumers, and certainly not taxpayers.

As a result, Mr. President, the Hatch amendment that we may be considering—which looks like a Rube Goldberg design as far as judicial procedure is concerned—may be described better as a Christmas tree. It is a Christmas tree of special interest favors, new multimillion dollar patent extensions and provisions intended to overturn Federal court decisions. This Christmas tree preserves the GATT loophole. It blocks generic competition. It protects the Glaxo windfall. It overturns the Federal courts. It guarantees endless litigation. It rewards companies like Merck, Zeneca, and Wyeth with millions in special protections without giving my colleagues and I a single credible legal or policy justification.

Finally, Mr. President, Professor Leo Levin, professor emeritus of law at the University of Pennsylvania, is one of the world's leading experts on the problems of cost and delay in civil litigation. I thought it would be interesting if we mentioned the opinions of Professor Levin, the former director of the Federal Judicial Center. Here is what Professor Levin thinks of the HATCH substitute:

My conclusion is that, conservatively, I would expect several years to elapse from the commencement of litigation under the Hatch substitute until final disposition on appeal.

In other words, this is an ironclad guarantee to Glaxo and its compatriots that they can collect their entire \$2.5 billion windfall. It is an ironclad guarantee that competition will be



locked out and that windfall profits flow to the wrong parties.

There is also a sense-of-the-Senate provision in the Hatch substitute which purports to urge parties to litigate quickly. I am sure my colleague from Utah will say this is a godsend; that it will somehow compel the parties to go to court and resolve their differences quickly so that we can have free and orderly competition.

Here is what Professor Levin concluded about that particular sense-of-the-Senate resolution embodied in the Hatch substitute:

This is a laudable sentiment but without legal impact. In short, it evidences recognition of the problem but not an effective solution to the problem.

Mr. President, I could talk on and on about this issue. I do not think we need to talk a lot longer about it. I would like to say that I would enjoy proceeding, if we could. I would be more than happy to enter into an agreement on time. I have not actually sent the amendment to the desk. I will do so at the appropriate time. But I see my colleague from Utah standing. I wonder if he has any comment.

Mr. HATCH addressed the Chair.

Mr. THURMOND addressed the Chair.

The PRESIDING OFFICER. The Senator from South Carolina is recognized.

Mr. THURMOND. Mr. President, do we have a time agreement?

Mr. PRYOR. We do not have a time agreement. I am more than willing to enter into a time agreement for a vote on our amendment to take place.

Mr. THURMOND. What does the Senator suggest as a time agreement?

Mr. PRYOR. Mr. President, I suggest that we have no more than an hour, or perhaps even a 45-minute time agreement. I would like to inquire of my friend from Utah whether this is agreeable.

Mr. HATCH. We are agreeable to 45 minutes.

Mr. THURMOND. Equally divided?

Mr. PRYOR. I am just proposing that.

Mr. HATCH. It is my understanding that Senator PRYOR has an amendment. I believe the Senator from South Carolina will second degree the amendment. I will agree to a 45-minute time limit divided equally on both amendments in order to accommodate my colleague, even though I think I need almost a half-hour to speak on it. But I will agree to 45 minutes.

Mr. SPECTER. Reserving the right to object, Mr. President.

The PRESIDING OFFICER. There has been no unanimous consent offered.

Mr. HATCH. Is the time limit we discussed agreeable to my colleague?

Mr. PRYOR. I would like to make two requests. One, before I agree to such a proposal, I would like to see the amendment in the second degree. I think it would be only fair because the Senator from Utah has had our amendment for many, many months. Second, I would like to ask, should we agree to a time agreement, that I may be imme-

diately recognized should my amendment be tabled or should the second-degree amendment prevail.

Mr. HATCH. I did not hear your whole sentence. Your amendment to be what?

Mr. PRYOR. Should the Hatch amendment be agreed to. I should phrase it that way.

Mr. HATCH. Would the Parliamentarian please state what the offer was?

Mr. THURMOND. Mr. President, could we pause long enough to let him send the amendment to the desk?

The PRESIDING OFFICER. Would the Senator from Arkansas wish to restate the last point that he made?

Mr. PRYOR. Mr. President, I would like to put in a unanimous consent request, that should the Hatch second-degree amendment prevail—and I not get the vote on my amendment—that I might be immediately recognized for an up-or-down vote on my amendment.

Mr. HATCH. If we prevail?

Mr. PRYOR. I would simply reoffer my amendment, and I would like to be recognized for that purpose. And I ask unanimous consent.

Mr. HATCH. If we win, we win; if we lose, we lose. But we prefer to do it in the routine parliamentary fashion.

Mr. PRYOR. Mr. President, that is precisely what I seek. If I may, I think we can resolve this together if I may respectfully suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative check proceeded to call the roll.

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

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

Mr. HATCH. Mr. President, I ask my dear friend from Arkansas to correct me if I misstate this. It is my understanding that Senator PRYOR will neither offer his amendment today, nor does he believe anybody else will offer a similar amendment today. We will save the vote for another day, but we will each make a few comments today.

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. Mr. President, under the circumstances—and the circumstances are these—I have been waiting since January to offer this amendment. I think, as a Member of this body, I am entitled to have a vote on this amendment. Maybe it is a tabling motion. I am not objecting to that. But I think on this particular amendment and on this language, this Senator is entitled to this body deciding, yes, we do want this amendment or, no, we do not.

That is all I have asked for all year. It is all I am asking for now. It is apparent I am not going to get that, so I am not going to send up an amendment at this time, and I will wait until next week or I might wait until next July or I might wait until next September, whenever. But I am going to offer this

amendment, and I hope to get a vote on it. I hope my colleagues will allow me to get a vote on it. I have never second degree an amendment here in 18 years—never. In fact, I have never even been tempted to. And I am not going to second degree my own amendment. I am not going to get cute, parliamentarily speaking. I hope my colleague from Utah will understand and the managers will understand, but I just do not think it is protecting of my rights now to offer an amendment.

If I may, I would like to ask unanimous consent to add a few cosponsors: Senator BYRD, Senator DORGAN, and Senator LEAHY, all to be original cosponsors.

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

Mr. PRYOR. Mr. President, I thank the Chair.

Mr. HATCH. Mr. President, I am prepared to put this to a vote today. As I understand it, if the Senator had called up his amendment, then the distinguished Senator from South Carolina would have called up his second-degree amendment, which is certainly both legitimate under the rules and a common practice in the Senate whenever we have some of these very sensitive, difficult matters to consider.

Let me say this, Mr. President. I admire my colleague from Arkansas. We have been friends for years. He feels very deeply about this.

But there are many of us who feel very deeply about our side of the issue.

When the time comes, I will ask my colleagues to vote against the Pryor amendment and to vote for the compromise legislation on the GATT/Pharmaceutical patent issue that was recently adopted by a bipartisan vote of the Senate Judiciary Committee.

I know many here are asking themselves how many times are we going to have to debate this issue? And, for that matter, they are asking why we are considering it on an underlying bill that is, at best, only tangentially related to the subject matter of our amendment.

We considered the Pryor amendment in the Finance Committee last fall as part of the budget reconciliation bill, and the committee rejected it.

We considered the amendment on December 7 as an amendment to the partial-birth abortion ban bill, and the amendment was not adopted.

My colleagues attempted to offer the bill as an amendment to the Kassebaum-Kennedy health insurance bill, and it was withdrawn.

In counterpoint to the efforts of Senator PRYOR, the Judiciary Committee held a February 27 hearing, as I promised.

On May 2, we held a markup, as I promised.

We wanted to hold the markup before then, but consideration of the immigration bill took longer than anyone anticipated.

The point is that we held the markup, and we did it in as expedited a fashion as possible.

I am pleased to say that, with the support of Senators SPECTER and HEFLIN, we were able to forge a bipartisan compromise that was adopted on a 10-to-7 vote.

We are working hard to file a report on this bill. We do not yet have the CBO on-budget estimates, nor do we have their newly required off-budget, unfunded mandates analysis.

In short, to bring the Pryor-Brown-Chafee amendment up at this time would be to attempt to short-circuit the process that is well underway in the Judiciary Committee.

Senator PRYOR's amendment is nothing more than an effort to engender support for an approach that the Judiciary Committee has already considered and rejected.

And while my preference would be to consider the Judiciary Committee compromise as a freestanding measure, it is clear such will probably not be the case.

I have been around this body long enough to know that you cannot always pick the time and place for a debate. If today is the day, so be it.

I thank my colleague for accommodating me in bringing it up at this time and giving me notice. I hope that in the future we can notify each other on this and, as always, treat each other fairly.

I also hope that a great majority of my colleagues will agree with me that the Pryor amendment is unwarranted and that the Judiciary Committee compromise that Senator THURMOND will offer should be adopted by the Senate.

Before I describe why I think the Judiciary Committee compromise is preferable to the Pryor amendment, I just want to recognize the fact that many in this body have spent a considerable amount of time on this somewhat arcane but very important subject.

Although I firmly disagree with Senators BROWN, PRYOR, and CHAFEE on this matter, I respect each of them. They are good Senators. Frankly, I would prefer working together with them rather than in opposition.

In fact, despite our sharp differences on this particular issue, Senators PRYOR, CHAFEE, and I are working closely together on the Finance Committee to ensure adequate funding of community health centers and rural health clinics.

I will miss debating DAVID PRYOR on these tough and complex pharmaceutical issues when he retires from the Senate later this year. The same is true for HANK BROWN, our good friend.

I will also miss Senator HEFLIN, a great friend who has been on the Judiciary Committee almost as long as I have. He studied this issue carefully as well. I fully agree with the observation he made at one of our recent Judiciary Committee hearings that the generic and innovator segments of the industry have much more in common than they have in contention. I was particularly pleased that Senator HEFLIN voted for

the Judiciary Committee compromise, although he voted with Senator PRYOR last December.

I also wish to commend especially my colleague from Pennsylvania, Senator SPECTER, with helping to develop the Judiciary Committee compromise proposal. He played a critical role in this effort. I want everyone to understand how much the other members of the Judiciary Committee and I value his leadership in this area.

The issue we are debating today centers on the complex interrelationship between the GATT treaty, the Federal Food, Drug, and Cosmetic Act, and the Patent Code. In particular, the question is how certain transition rules contained in the Uruguay Round Agreements Act apply to pioneer pharmaceutical patents which have been extended by the URAA.

This is a tough, contentious issue. That is because there is an inherent tension involved in setting and adjusting the incentives that will result in both the next generation of breakthrough therapies and in making low-cost generic equivalents available. The American people need both breakthrough innovator products and lower cost generics.

But as former Surgeon General Dr. C. Everett Koop has wisely observed:

"... we must resist the temptations of short-term thinking and look at the big picture. The only way to make a real difference in health care costs—and a real difference in people's lives—is to find cures for AIDS, cancer, Alzheimer's and . . . other diseases. The way to do that is to encourage support for medical innovation.

And make no mistake that retaining incentives for biomedical research is exactly what the Judiciary Committee compromise does.

I am extremely pleased to tell my colleagues that Dr. Koop spoke to my staff this morning and said that he is supportive of the Judiciary Committee compromise that I am offering today.

Let me outline the key elements of the Judiciary Committee compromise proposal that I developed, working, as I have said, in close consultation with Senator SPECTER who has a very deep interest in this issue.

This is important, to lay this out, so people realize it is not quite as simple as the distinguished Senator from Arkansas articulates here on the floor today.

The compromise allows generic drug applications which were submitted to the FDA by June 8, 1995, and were found to be sufficiently complete so as to permit substantive review to be approved for marketing during the GATT transition period.

As with other industries under the URAA, a court must first determine that the generic drug manufacturer met the substantial investment requirement.

This investment could not solely consist of expenditures related to the development and submission of an abbreviated new drug application, or ANDA.

Under the Judiciary Committee compromise, the court would take into account activities that were specifically related to the research, development, manufacture, sale, and marketing, and other activities undertaken in connection with the specific generic drug application.

The Judiciary compromise also includes a provision advocated by Senator BIDEN, to treat patents in force on June 8, 1995, as a result of a Hatch-Waxman restoration extension in the same manner as other patents with respect to URAA patent term modifications.

This is fair and warranted given the fact that Hatch-Waxman restoration extensions are granted in partial compensation for time lost due to FDA regulatory review and should be considered wholly independent from any URAA extension.

Finally, at the request of Senator SPECTER, the Judiciary Committee contains a 2-year marketing exclusivity extension for Lodine, a nonsteroidal antiinflammatory product. This product was under FDA NDA review for over 8 years, and presents a factual case in many respects similar to Daypro, which was recently afforded equitable relief in the continuing resolution that was passed in April.

In addition, the proposal contains sense-of-the-Senate language to urge that litigation be concluded as expeditiously as possible. In this regard, let me just add that Senator SPECTER will work with me to add an amendment that will help us to get there.

As a matter of fact, under the Judiciary Committee compromise, the interest of ensuring prompt litigation is promoted by granting the courts the authority to award equitable compensation from the patentee to the generic drug applicant in consideration for marketing time lost due to litigation.

The message here is simple and clear: Equity is a two-way street.

Pioneer drug firms unjustifiably drawing out litigation will be placed in substantial financial risk if it is determined by the court that equity so requires compensation be paid to the generic manufacturer.

These provisions would not apply to products whose patents would have expired, including any restoration periods under the Hatch-Waxman Act, after June 8, 1998. The purpose of this provision is to prohibit obvious gaming of the system by those who may have submitted generic drug applications far in advance than would have been the case in any normal commercial transaction.

It will be interesting to see once CBO completes its analysis of the FDA data whether some generic firms may have submitted applications for products whose patents expire sometime early in the next century. This hardly strikes me as the type of good-faith activity that seems to be contemplated by the URAA transition rules.

The Judiciary Committee compromise is fair and balanced. I urge all of my colleagues to support it.

I would next like to take just a few moments to explain why I believe that this approach is preferable to the Pryor amendment.

As I have stated on a number of occasions, I have several threshold concerns about the Pryor legislation.

First, it undermines the incentives for biomedical research. Dr. Koop and other leading public health experts recognize that it is only through research that great life-saving and cost-saving medical advances flow. Plain and simple, more research will be conducted under the Judiciary Committee compromise than under the Pryor amendment.

Second, it sets a poor, first example on GATT and will act to encourage our trading partners to drag their feet in implementing the intellectual property provisions of the GATT Treaty. I know the U.S. Trade Representative under the Clinton administration takes a different view but I think former Trade Representative Bill Brock got it exactly right, and I ask unanimous consent that his remarks be printed in the RECORD.

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

It will be difficult, if not impossible, for the United States to force other nations to adhere to the TRIPS agreement if we set this unfortunate precedent. In sum, in exchange for the hope of short term savings, the Pryor proposal could cost all U.S. firms and workers the enormous long term gains we worked so hard to achieve in the Uruguay Round. That is penny wise and pound foolish.

Mr. HATCH. Third, it may subject the Federal Treasury to substantial financial liability under the takings clause of the fifth amendment. On this last point, let me just say that the takings issue was discussed at our February hearing. I was very interested to learn that analysts at CBO have independently raised this issue, so I think it is a very real concern. We should attempt to ensure that it is the generic drug manufacturers and pioneer pharmaceutical firms, respectively, who are financially responsible for paying any court-ordered equitable remuneration and equitable compensation.

In addition to these three major policy concerns that I have just outlined, I also take strong exception to the manner in which Senator PRYOR has attempted to characterize this debate. There are two basic arguments that are repeatedly advanced as justification for the Pryor amendment.

The first is the uneven playing field argument. You have heard it many times in this debate. Somehow only the generic drug industry has not been able to take advantage of the GATT transition rules.

But the truth of the matter is that there are no reported cases of any generic product manufacturer, from any other industry reaching, or for that matter even seeking to reach, the mar-

ketplace through the transition rules. If adopted, the Pryor amendment would tilt the playing field by creating a virtually industry-wide advantage being granted to only one industry—the generic drug industry. This can hardly be called leveling the playing field.

The other major argument advanced by the proponents of the Pryor amendment is the alleged unintentional mistake argument. It is said over and over again by my opponents in this debate that adopting the Pryor amendment merely amounts to making a technical correction to achieve an effect that Congress intended all long.

I must say that on the surface this argument has a certain amount of appeal and is easy to understand. The trouble is that it is simply not the borne out by the facts.

It is important for everyone in this body to understand what the Court of Appeals for the Federal circuit found on intent issue last November in the Royce case. Frankly, what they found was that, with my apologies to Gertrude Stein, "there is no there, there." The court said:

The parties have not pointed to, and we have not discovered, any legislative history on the intent of Congress, at the time of passage of the URAA, regarding the interplay between the URAA and the Hatch-Waxman Act.

There have been many attempts to create after-the-fact legislative history—and additional attempts will no doubt be fabricated in the course of our debate today. But, as with the judges on the Federal Circuit, I am aware of no evidence at the time of passage of the URAA that dispositively resolves, or even hints at resolving, the intent issue in the manner now so frequently, so cavalierly, and—it must be stated—so misleadingly, claimed by my opponents. I know where the bald assertions are but where is the beef? What is this evidence?

Frankly, the intent argument is somewhat galling. How many times has this body debated a supposed technical correction measure, like we did for three hours last December, only to refer the matter back to Committee for further study by a razor thin 49 to 48 vote. Technical correction, my eye.

I am also greatly concerned that the Pryor approach contemplates market entry prior to an opportunity for court resolution of the key determinations surrounding substantial investment and equitable remuneration.

A key principle of the Hatch-Waxman Act, and of section 154(c) of the URAA, is to first determine the rights of the patent holder before a generic competitor may enter the market.

This principle should not be casually set aside.

In contrast to the Pryor amendment, the Judiciary Committee substitute—consistent with the longstanding paragraph 4 certification process under the Hatch-Waxman Act and the plain language of section 154(c)—would respect

the innovator's intellectual property by first resolving the substantial investment and equitable remuneration issues.

In this regard, I must register my objection to the recent June 13 letter from Secretary Shalala that seems to interpret the language of section 154(c)(3) as allowing the continuation of infringing activities while the courts resolve the substantial investment and equitable remuneration issues.

This interpretation would be, in my estimation, rejected by the courts because it amounts to de facto compulsory licensing. The protection of prior judicial review is critical.

One of the key reasons why our Nation endorsed the intellectual property provisions of the GATT Treaty—the so-called TRIPS provisions—was to limit the ability of our trading partners to wrongfully devalue American intellectual property through compulsory licensing provisions.

This June 13 administration embrace of compulsory licensing may open up a real can of worms and will send a horrible signal both overseas and to our inventor community here at home.

I have taken too long, I understand. Let me close by simply saying that for the reasons I have given, I hope that my fellow Senators will agree with me that the best course is for the full Senate to adopt the Judiciary Committee compromise. It was hard fought and won in the Judiciary Committee.

It is a fair compromise and one that will benefit the health of the American people and the American public.

Last, but not least, let me just say this: As the author of the Hatch-Waxman bill, this is a very important issue for me. This is something that I believe in or I would not be doing this.

I have been vilified and mistreated and my efforts mischaracterized on this issue. I can live with that, because that has happened to me many times in my political career, as well as to many others here. But I really resent having the issues in this matter mischaracterized in the way some people have done.

I want to say that the generic industry, by and large, has been very fair to me and very decent. I personally appreciate them. I look forward to trying to help them in the future on issues on which they deserve to have help. Unfortunately, this does not happen to be one of those issues.

I hope our colleagues will pay attention to the things that have been said on the floor.

Mr. DODD. Mr. President, I rise today in support of the compromise that the Senator from Utah and chairman of the Judiciary Committee, Senator HATCH, has offered on the GATT pharmaceutical patent issue. I commend him for his leadership on this subject—a subject that is fundamentally an intellectual property issue and that is clearly in the purview of the Senate Judiciary Committee.

This is not the first time we have had this discussion. Earlier this year, the

Senator from Arkansas agreed to allow the Senate Judiciary Committee to consider this issue. On February 27 and March 5, the committee held hearings on this issue with a balanced set of witnesses, and reported out a compromise bill on May 2, 1996, on a bipartisan vote of 10 to 7.

The Judiciary Committee bill would allow the FDA to approve a generic drug for marketing prior to expiration of the GATT patent extension, but only after a generic drug manufacturer complied with requirements spelled out in both the GATT implementing law and the generic drug approval process in the 1984 Hatch-Waxman law.

Under this compromise, generic drug manufacturers would not be treated differently than any other generic manufacturer. Like other generic manufacturers, generic drug manufacturers would be required to prove in court that they had made a substantial investment in their product before June 8, 1995. Court determination of substantial investment and the establishment of equitable remuneration to the patent holder is required under the GATT implementing law prior to generic infringement of patents in all industries.

A generic drug company would have to make substantial investments in purchasing land, building a plant, or other capital investments comparable to what generic companies in other industries would have to make in order to qualify under the transition provision. The investment would have to be more than merely the filing of an abbreviated new drug application [ANDA] for regulatory approval with the FDA, although the generic company would be able to include these costs in proving their investment.

At the same time, this compromise provides unique protection to generic drug companies from the cost of potential delays from the court process prior to entering the market. If a generic drug company wins the determination of substantial investment, the court could order the patent holder to compensate the generic company for the delay in selling their product caused by litigation.

What's more, Senators have heard from dozens of patient and physician groups who point out that without the strong patent protections provided by the law, the investments that have yielded critical, life-saving drugs and biomedical products would not have been made. And unless that patent protection is preserved, pharmaceutical companies will have no incentive to continue their vital research.

Indeed, Daniel Perry, executive director of the Alliance for Aging Research wrote that . . .

Patent rights are the cornerstone of America's biomedical research enterprise. Patents provide a critical incentive for all companies, particularly pioneer pharmaceutical manufacturers, to conduct ground breaking biomedical research.

I would ask unanimous consent that Mr. Perry's and other letters be printed in the RECORD following my remarks.

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

(See exhibit 1)

Mr. DODD. Mr. President, this is a fair and balanced compromise. The committee took into account the unique benefits generic drug manufacturers receive under the FDA process. Generic drug manufacturers are given the use of the safety and efficacy data that is developed over years of research and at an average cost of \$500 million by the brand name pharmaceutical manufacturer. The generic drug industry, in contrast, spends an average of less than \$1 million on their products.

The cornerstone of our intellectual property system is that one person or company should not be able to profit unfairly from another's investment, be it in time or money, at the expense of the original person or company. This compromise protects that fundamental right, and I urge my colleagues to support it.

#### EXHIBIT 1

MAY 20, 1996.

Hon. ORRIN HATCH,  
Chairman, Committee on the Judiciary,  
U.S. Senate, Washington, DC.

DEAR SENATOR HATCH: We are concerned that the Senate may soon consider legislation that would diminish the strong patent terms for pharmaceuticals that resulted when Congress implemented the General Agreement on Tariffs and Trade (GATT). We thank you for your leadership and efforts to preserve strong intellectual property protection. It is vital that all Members of Congress share your understanding of the importance to our patients of strong intellectual property protection, and we ask that you share our concerns with your colleagues.

As gastroenterologists, we have seen first hand the tremendous power of pharmaceutical innovation to forge unparalleled advances in medical care. Prior to the discovery and development of the acid-reducing medicines called H2 antagonists, many patients suffering from peptic ulcer disease had to endure expensive corrective surgery. Since 1977, when the first H2 antagonist was introduced, the incidence of ulcer surgery as well as ulcer-related morbidity has dropped dramatically. This decline in surgery and morbidity has not only benefited our patients, but it has also reduced the overall health care costs for our country since drug therapy is substantially less expensive—not to mention less painful—than ulcer surgery.

The argument in support of changing the GATT patent benefit for pharmaceuticals seems to rest primarily on the potential cost savings to consumers of accelerating the availability of a generic version of one anti-ulcer drug. Such an argument totally ignores the fact that the anti-ulcer marketplace is highly competitive with a wide range of choices, including generics, for patients and physicians.

This argument also ignores the significant cost savings to consumers from advances in medical research. There are new medicines available and coming to the market that can cure peptic ulcer disease. The senior citizen on a fixed income will save far more from the availability of medicines that eradicate the cause of his/her ulcer after a few weeks of therapy than from a less expensive version of a medicine they must continue to take on a daily basis. Fortunately for the patient, the strong patent protection on existing anti-ulcer products has helped fund the research that has made these new medicines possible.

We firmly believe that it is in the best interest of patients to provide strong patent protection. The results of innovative biomedical research funded by patent protection for existing products benefit patients directly. Any attempts to determine the incentives to further research and development is short sighted and leaves patients short changed.

Sincerely,

JOHN H. WALSH, M.D.,  
Professor of Medicine,  
UCLA, Los Angeles,  
CA.

JAMIE S. BARKIN, M.D.,  
Professor of Medicine,  
Univ. of Miami,  
Miami, FL.

ROSEMARIE L. FISHER,  
M.D.,  
Professor of Internal  
Medicine, Yale  
Univ., New Haven,  
CT.

STANLEY B. BENJAMIN,  
M.D.,  
Professor of Medicine,  
Georgetown Univ.,  
Washington, DC.

MALCOLM ROBINSON, M.D.,  
Professor of Medicine,  
Univ. of Oklahoma,  
Oklahoma City, OK.

JOSEPH W. GRIFFIN, M.D.,  
Professor of Medicine,  
Medical College of  
Georgia, Augusta,  
GA.

DAVID L. EARNEST, M.D.,  
Professor of Medicine,  
Univ. of Arizona,  
Tucson, AZ.

DAVID E. FLEISCHER, M.D.,  
Professor of Medicine,  
Georgetown Univ.,  
Washington, DC.

AMERICAN ASSOCIATION FOR  
CANCER RESEARCH, INC.,  
New York, NY, October 18, 1995.

Hon. ROBERT DOLE,  
Majority Leader,  
U.S. Senate, Washington, DC.

DEAR SENATOR DOLE: The American Association for Cancer Research (AACR) respectfully requests that you vote against Senator Pryor's effort to reduce patent protection for pharmaceuticals.

The medical researchers in the AACR have devoted their lives to research and innovation in the struggle to eradicate cancer. In this effort, innovative pharmaceuticals and biotechnology products are our most effective tools. Congress steadfast support of scientific discovery and strong patent protection has encouraged the investment in research and development that make these medicines possible. For the sake of patients everywhere, patent protection should not be weakened.

However, Senator Pryor's legislation to reverse the patent protection extended under GATT to one industry asks you to do just that. This bill attempts to grant exceptions to the GATT patent protections; these exceptions if adopted, have the potential to encourage future attempts to further erode patent protections in the United States. We are gravely concerned about the precedent of singling out one industry, especially one that has positioned the United States as the global leader.

The risk of supporting this legislation would be to weaken the incentives for innovation in academia, research institutions, and medical research-based companies. We believe that this will impede our capacity to address the growing epidemic of cancer.

We urge you to use your leadership position to preserve, not destroy, our national capacity to support research and innovation.

Respectfully,

JOSEPH R. BERTINO, M.D.,  
*President.*

ALLIANCE FOR AGING RESEARCH  
Washington, DC, October 11, 1995.

Hon. ROBERT DOLE,  
*Office of the Majority Leader, U.S. Senate, the  
Capitol Building, Washington, DC.*

DEAR SENATOR DOLE: It has come to my attention that, in connection with a proposal sponsored by Senator David Pryor, Congress is considering changes to existing patent law that would erode patent protection in the United States. I ask you to oppose that effort.

America has always sought to protect and foster innovation primarily through our system of patent protection and patent-term restoration. Recently, in accordance with its multilateral obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights negotiated during the Uruguay Round of GATT, Congress amended the Patent Code to harmonize its provisions with international standards. As a result, patent terms for certain eligible products—in all industries—were extended. Under the Pryor proposal, however, Congress would weaken our implementation of GATT's patent provisions.

As the Executive Director of the Alliance for Aging Research, I am concerned by any proposal that would have such an effect. Patent rights are the cornerstone of America's biomedical research enterprise. Patents provide a critical incentive for all companies, particularly pioneer pharmaceutical manufacturers, to conduct ground breaking biomedical research. Patients and their physicians depend upon access to the fruits of biomedical research—access which can only occur if there are adequate incentives for the research to be conducted in the first place. Congress cannot expect the private sector to continue making high-risk investments in research and development if there is no assurance of strong patent protection (and if there is no assurance that the United States will meet its multilateral obligations to provide such protection.)

This is a particularly critical issue for the aging Americans represented by the Alliance. Clearly, the curtailment of biomedical R&D will lead to a downturn in a rate at which biomedical innovations will become available to the public. New incentives for research and innovation such as those provided by GATT must be maintained. Otherwise, Congress will erode the foundations of a system that has made America the leader in the discovery of new medicines.

I urge you to cast your vote in favor of innovation and research for new treatments that will benefit America's elderly.

Best regards,

DANIEL PERRY,  
*Executive Director.*

THE NATIONAL ORGANIZATION ON  
FATAL ALCOHOL SYNDROME,  
Washington, DC, October 10, 1995.

Hon. BOB DOLE,  
*Hart Senate Office Building,  
Washington, DC.*

DEAR SENATOR DOLE: It has come to my attention that, through an effort by Senator PRYOR, Congress is considering changes to existing law that would chip away at patent protections in the United States, and possibly around the world. I ask you to reject that effort.

This nation has sought to protect and foster innovation since its very beginnings, primarily through our system of patent protec-

tions. Most recently, as a result of the General Agreements on Tariffs and Trade, the U.S. changed its patent terms to bring them in line with international standards. Yet Congress is now considering weakening that agreement.

As a member of the National Organization on Fetal Alcohol Syndrome, I find that possibility very disturbing. Patients afflicted with disease look to biomedical research, especially research taking place in America's pharmaceutical industry, for new and better treatments to restore them to health. But this country's huge investments in research and development cannot be maintained without the assurance of strong patent protection, not only in the U.S., but also in other markets around the world.

If Congress begins chipping away at patent protection in the U.S., it begins chipping away at the foundations of a system that has made this country Number One in the world in the discovery of new medicines. It also begins to undermine patent protection standards around the world. And it begins the process of deflating the hopes of millions of patients in this country who depend on medical research to find a cure.

Please, cast your vote in favor of innovation, and against any effort to undermine patent protection in this or any other country around the world.

Sincerely,

PATTI MUNTER,  
*President.*

UNITED PATIENTS' ASSOCIATION  
FOR PULMONARY HYPERTENSION, INC.,  
*Speedway, IN.*

Hon. CAROL MOSELEY-BRAUN,  
*Hart Senate Office Building,  
U.S. Senate, Washington, DC.*

DEAR SENATOR MOSELEY-BRAUN: I'm writing to you on behalf of 400-500 Americans who suffer from a very rare and very deadly disease known as Primary Pulmonary Hypertension (PPH). Until recently, the best hope for long-term survival from PPH was through a lung or heart/lung transplant. However, today, thanks to research which dates back to the 1970's, a new drug was recently approved to treat PPH which not only is extending these patients' lives but is allowing them to live full, active and productive lives.

I have learned that some generic companies are now trying to change the law so that they can gain financially by bringing their products to market before the patents on the pioneering companies' products expire. I can attest to the value that research-based companies bring to patients as a result of strong patent protection, and I urge you to oppose these efforts.

While I appreciate the cost savings that generic drugs can offer in the short term, I also know that innovative new therapies for complex, life-threatening diseases will come only from research-based pharmaceutical companies. When it comes to serving patients suffering from deadly orphan diseases like PPH, it is the research-based companies that give us hope.

Glaxo Wellcome recently received approval to market the first medicine that will significantly extend the life, greatly improve the quality of life, and help avoid complex, risky surgery for people suffering from PPH. I know of no generic drug company that would commit the millions of dollars or many, many years of research to discover or develop such a medicine, and it is unlikely that they will ever produce a generic version for a patient population so small. There are many other similar patient populations who depend on the research-based companies to bring these new medicines to market.

The purpose of the General Agreement on Tariffs and Trade (GATT) was to strengthen

intellectual property law around the world and bring U.S. intellectual property law into compliance with other industrialized countries. If the GATT resulted in longer patent protection for a few medicines—all of which already face competition from other therapies—that in my view is a benefit for our society.

Our patients have experienced the direct benefits of the tremendous investments that the pharmaceutical industry has made in research and development. Research-based companies need and deserve the incentives provided by strong intellectual property protection. Please do nothing to weaken them.

Sincerely,

JUDITH SIMPSON, R.N., Ed. S.,  
*President, UPAPH.*

AMERICAN SOCIETY OF  
TROPICAL MEDICINE AND HYGIENE,  
October 13, 1995.

Hon. ROBERT DOLE,  
*U.S. Senate, Hart Senate Office Building,  
Washington, DC.*

DEAR SENATOR DOLE: The American Society for Tropical Medicine and Hygiene (ASTMH) respectfully asks that you vote against Senator Pryor's effort to reduce patent protection for pharmaceuticals.

The ASTMH members have dedicated their lives to easing the suffering of patients under their care and returning them to health whenever possible. In this effort, modern medicines are among our most effective tools. Congress' steadfast support of strong patent protection has encouraged the investments in research and development that make these medicines possible. For the sake of patients everywhere, those protections should not be weakened.

Yet, legislation which Senators Pryor and Chafee intend to bring to the Senate floor asks you to do just that. They believe that Congress should grant exceptions to the patent protection provided under the General Agreement for Tariffs and Trade, which could encourage future attempts to further erode those protections in the U.S. It would surely encourage other countries to do the same, especially those who are not fully committed to implementing the patent protections required under GATT.

Long-term, we risk weakening the incentives for innovation that bring us new medicines from the labs of academia, research organizations, and pharmaceutical research companies. We risk losing more lives to disease that might otherwise be saved.

We are dedicated to improving the care we provide our patients. Further, our society is dedicated to the research, treatment and eradication of infectious and emerging diseases worldwide. We need to ensure the U.S. capacity to operate in the international arena. We ask that you lend your support by preserving the innovation that helps us to meet that goal. Please demonstrate your support for patent protection and medical innovation by voting against Senator Pryor's amendment.

Sincerely,

CAROLE A. LONG, Ph.D.,  
*President, ASTMH.*

CYSTIC FIBROSIS FOUNDATION,  
October 10, 1995.

Hon. ROBERT DOLE,  
*Majority Leader,  
U.S. Senate, Washington, DC.*

DEAR SENATOR DOLE: I understand Senators Pryor and Chafee are attempting to amend the Hatch-Waxman Act to eliminate extensions for existing pharmaceutical patents granted by GATT. I urge you not to vote for that amendment, but instead to protect existing legislation that preserves incentives for research and development.

As President and Chief Executive Officer of the Cystic Fibrosis Foundation, I have personally witnessed the great suffering endured by patients and their families in their fight against cystic fibrosis. I have also witnessed how, for many patients, modern medicines have brought hope, relief from suffering, and even a return to health—a miracle made possible by biomedical research.

By rewarding ingenuity and encouraging innovation, patent protection makes possible the investment of hundreds of millions of dollars and years of time and effort in medical research, all the while with no guarantee of success. Because of the discoveries born of these investments, the patients we come in contact with every day benefit through saved lives and improved quality of life. Our health care system benefits from a reduction in the overall cost of care.

While we certainly support patient access to lower cost treatments for disease, that short-term benefit pales if it comes at the long-term expense of finding cures to life-threatening illnesses. The current law governing pharmaceutical patents is fair and in the long-term best interest of patients.

On behalf of those patients who still await a cure or effective treatment to alleviate their suffering, I again urge you not to undercut the patent protection that underlies America's best hope for new and better answers to disease.

Sincerely,

ROBERT J. BEALL, Ph.D.,  
*President and Chief Executive Officer.*

ALLERGY AND ASTHMA NETWORK,  
MOTHERS OF ASTHMATICS, INC.,  
*Fairfax, VA, October 12, 1995.*

Senator BOB DOLE,  
*Majority Leader.*

DEAR SENATOR DOLE: At a time when health care delivery, research and development are evolving faster than anyone can accurately monitor, Senator Pryor's efforts to lead Congress down a road that chips away at patent protections for U.S. pharmaceutical products will dig a health care grave for Americans.

As the founder of the Allergy and Asthma Network/Mothers of Asthmatics, Inc., a mother of four children, three of whom have asthma, a person who has asthma, and as a member of several NIH and FDA advisory councils, I understand the importance, the bottom line impact, of the hastily constructed and poorly debated proposed changes.

I would be delighted to discuss the magnitude of this issue with you in person or over the phone at your convenience (703-385-4403), however, please vote in favor of a healthier America and against any Pryor and/or Chafee proposals to dilute research and development expenditures. Vote for innovation and oppose any effort to undermine patent protection in this country or any other country.

Sincerely,

NANCY SANDER,  
*President.*

AUTISM SOCIETY OF AMERICA,  
*Bethesda, MD, October 12, 1995.*

Senator BOB DOLE,  
*U.S. Senate,*  
*Washington, DC.*

DEAR SENATOR DOLE: I understand Senators Pryor and Chafee are attempting to amend the Hatch-Waxman Act to eliminate extensions for existing pharmaceutical patents granted by GATT. I urge you not to vote for that amendment, but instead to protect existing legislation that preserves incentives for research and development.

While we certainly support patient access to lower cost treatments for disease and dis-

ability rehabilitation, that short-term benefit pales if it comes at the long-term expense of finding cures to life-threatening illnesses. The current law governing pharmaceutical patents is fair and in the long-term best interests of patients.

Our organization, representing over 18,000 parents and professionals whose daily lives are touched by autism, has witnessed the great suffering endured by patients and their families in their struggle with autism. I have personally witnessed how, for many children and adults with autism, modern medicines have brought relief from the extreme, often life-threatening behavioral manifestations of autism, resulting in a renewed hope to the families for a better quality of life for their son or daughter. In some instances, the change was dramatic enough that the entire individual's life, and the lives of those family members who love them, have reached a new level of hope and enthusiasm—a "miracle" made possible by biomedical research.

By rewarding ingenuity and encouraging innovation, patent protection makes possible the investment of hundreds of millions of dollars and years of time and effort in medical research \* \* \* all the while with no guarantee of success. Because of the discoveries born of these investments, the patients we come in contact with every day benefit through saved lives and improved quality of life. Furthermore, our health care system benefits from a reduction in the overall cost of care.

The Pryor and Chafee amendment offers a clear choice: a "NO" vote to preserve incentives for innovation that allow that research to continue, or a "YES" vote to undermine the hope of thousands of patients who await the discovery of an effective treatment for disease.

On behalf of those patients everywhere (including some 380,000 individuals with autism) who still await a cure or effective treatment to alleviate their suffering, I again urge you not to undercut the patent protection that underlies America's best hope for new and better answers to disease and life-threatening disabilities.

Sincerely,

SANDRA H. KOWNACKI,  
*President.*

NATIONAL KIDNEY ASSOCIATION,  
*November 22, 1995.*

Hon. CAROL MOSELEY-BRAUN,  
*Senate Hart Office Building,*  
*Washington, DC.*

DEAR SENATOR MOSELEY-BRAUN: I am writing you as both a constituent, and as the President of the National Kidney Cancer Association. Thank you for your recent vote in support of the enforcement of the General Agreement on Tariffs and Trade (GATT) provision regarding drug patents.

Your action will allow significant pharmaceutical research to continue on numerous diseases, including kidney cancer. As you may be aware, kidney cancer afflicts thousand of individuals each year and at the present time, no cure exists for this disease.

Our greatest hope for a cure is innovative pharmaceutical and biotechnology products, derived from private sector efforts. To find this cure, millions of dollars will have to be spent. It is imperative that Congress provide steadfast support for scientific discovery and strong patent protection for new drugs and therapies. My view is that this new GATT law will encourage further investment in research and development, and make new medicines possible. This new law gives hope to millions around the world, including kidney cancer patients, who currently have no options.

I applaud your courage in opposing efforts to weaken the GATT patent provisions. Keep

up the important battle to support research and development of new drugs. Thank you for your determination and insightful leadership.

Sincerely,

EUGENE P. SCHONFELD,  
*President and CEO.*

Mr. THURMOND. Mr. President, the Pryor amendment concerns the complex interrelationship among the GATT Treaty, the Federal Food, Drug and Cosmetic Act, and the Patent Code.

We considered this very issue last December on the Senate floor when Senator PRYOR attempted to have this matter attached to the bill to ban partial birth abortions. The Senate voted at that time to have the Judiciary Committee—that is the committee with proper jurisdiction—to consider this important issue. The Judiciary Committee held a comprehensive hearing on this matter on February 27 of this year and Senator PRYOR testified at that time.

Mr. President, following the hearing in the Judiciary Committee, of which I am a member, the committee amended a proposal similar to Senator PRYOR's amendment with a bipartisan compromise. The Judiciary Committee approved the compromise. This bill will be available for Senate floor consideration in due course. It would be most appropriate to consider Senator PRYOR's amendment at that time. The Department of Defense reauthorization bill is not—and I want to repeat, is not—the proper vehicle on which to debate the Pryor amendment. Unfortunately, we are now having to debate this contentious intellectual property issue.

Our second-degree amendment would reflect a bipartisan compromise agreed upon by the Judiciary Committee. The chairman of the Judiciary Committee, Senator HATCH, has spoken today on the practical effect of this amendment which he drafted with others when this matter was before his committee.

Mr. President, as I noted earlier, this is a very difficult and complex issue which addresses how certain transition rules contained in the Uruguay Round Agreements Act apply to the pioneer pharmaceutical patents which have been extended by the act. The overall approach to this issue is to find an appropriate balance to encourage research and development of breakthrough innovator drugs while making low cost generic equivalents available to the public. The Judiciary Committee approved one approach which many believe reaches the goal of encouraging research and development but also expediting their generic equivalents to the marketplace.

It would be my preference to debate the Pryor amendment when the full Senate turns to consideration of the bill recently approved by the Judiciary Committee. That would seem to me to be the appropriate time to consider the Pryor amendment. Yet, here we are on the Defense bill debating the Pryor amendment in a compressed manner.



We should proceed on this Defense bill, which is vital to our national security.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. BROWN. Mr. President, I know the Senator from Nevada was here ahead of me. If it is all right with him, I will just make a very brief statement.

Mr. BRYAN. By way of response, I am always delighted to hear the enlightened words of my friend from Colorado, and I anxiously await his important comments to the Senate.

Mr. BROWN. I can only wish my wife held me in similarly high esteem. She sometimes finds my talks somewhat too long.

Mr. President, I simply want to add a few words as cosponsor of the Pryor amendment. We have traded it back and forth. I think the distinguished Senator from Arkansas has made a great contribution by bringing this portion of our law up.

It is a complicated area. I would like, with the indulgence of Members, just to briefly try and simplify it, if I can.

We have in the past followed the law. The American law was 17 years of exclusive protection for a patented item. Many countries in the world had a law that said 20 years from the time of filing for that patent. So we differed from the world somewhat. When the trade pact was approved, which this Congress did approve, did ratify, we agreed to go to a system followed by most other countries; that is, 20 years from when you file it instead of 17 years from when it is approved. A modest change.

For some items that are patented, that is, the creator has exclusive protection, that meant they got a longer period of coverage than originally planned, a longer period of coverage than they had when they created the product or invented it, a longer period of coverage than what they budgeted for, a longer period of coverage than what the law said. In other words, when we ratified that treaty and passed the implementing language, we made a retroactive change in the law. Twenty years ago, if you said, "What is the law, what protection do I get?" we changed the law even though you relied on it.

What the GATT Treaty did and we did as a Congress was create an exception that said, look, if you relied on the old law and you invested money in reliance on that law, you should be allowed to compete with that product. So we did give people a serendipitous extension of the patent protection. But we said if someone is harmed by that—that is, they made a substantial investment in competing with you under the terms of the law—we are going to say OK for them, they have a right to compete.

That is all this issue is really about. The issue is whether or not if you as a businessman or businesswoman made an investment in reliance on our law to

compete, whether or not you should have a chance to compete.

The way this Congress handled that issue is they drafted a transition rule that said, "Yes, if you made a substantial investment, you relied on that law, you can compete." There was only one product they left out, and that was patented drugs. Every other patented item that this Nation recognizes and gives exclusive protection to got the treatment, got the exception, were allowed to compete if they made a substantial investment. The only one that did not get it was drugs.

Is there a reason to treat drugs differently? I do not think so. That case certainly has not been made in deliberations. The patent protection is not different in length for drugs than it is for anything else in the past. That transition law treated drugs totally different than anything else.

When we inquired about it, all the committees said, "It's an oversight, it's a mistake, we'll correct it." That is all this amendment is. It simply treats drugs the same way we treat everybody else.

How do I feel about it? My sense is that we ought to treat drugs like any other patented item. My sense is, it is only fair if someone has relied on that old law—that is, made an investment, relied on the law—that you honor your obligation. It is the same as giving somebody your word. It is pretty basic. It is pretty simple.

If I say something, and you rely on it, and you invest in reliance on it, I ought to keep my word to you. That is what we did for every other patented item. That is all this amendment does.

Do people who have patented drugs who get a serendipitous 20 additional months, or in that range, oppose the amendment? Of course they do. It is not a surprise. If somebody said, "Here's a check for \$100 million"—the money involved in this is big; it is not small; and it may well be in the billions, not millions—of course they are interested in protecting that. I do not fault them. They are defending their rights.

But, Mr. President, our obligation goes much farther than simply helping out a friend or helping out a company that got a serendipitous gift out of this. Our obligation, as Members of the U.S. Senate and Members of Congress, goes to protecting the public.

There is no question that the public benefits by this amendment—no question. There is no question that this is fair because it is the same treatment everybody else got. There is no question that people who relied on the old law and made an investment, in my mind, deserve to be treated like in every other area.

The question is pretty basic. Do you carve out a special gift and exception for a few companies that benefited by this oversight? Or do you treat them the same as everybody else? Mr. President, this Congress ought to be concerned about encouraging competition,

not hiding from it. This Congress ought to be concerned about fair treatment.

It is quite true, as the distinguished Senator from Utah indicated, this was considered in Judiciary. It is quite true that the Senator from Utah prevailed. I was unable to persuade the committee of the merits of my position. It is quite true that that measure that he passed is coming out to the floor.

My impression, though, is a bit different than what he described with regard to the condition of the report that is being put together. Our views on it, the views that favor this amendment, have been ready for some time. Certainly we feel that we have played no part in holding up the report. We have been ready to go all this time.

So I appreciate the Senator from Utah raising that point. Inasmuch as there appears to be a misunderstanding about it, we will clear it up this afternoon. Mr. President, let me also extend my thanks to the distinguished Senator from Nevada for his kindness and indulgence. I yield the floor.

Mr. BRYAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Nevada.

Mr. BRYAN. Mr. President, I thank the Chair, and I, again, express my appreciation to my colleague from Colorado for an extraordinarily clear and lucid explanation of what must appear to the folks at home, listening to this debate on television, as a very arcane, technical, esoteric kind of an argument. Let me try to distill his thoughts a little further, if I may.

What we are talking about is money, big money, hundreds of millions of dollars, even billions of dollars. When that kind of money is on the table, all kinds of special interests come forward and seek to protect themselves. I want to comment a little bit further on that.

One of my colleagues raised the question as to the propriety of adding this amendment to a Department of Defense authorization bill. I think there is a compelling argument as to why we should do so. The Department of Defense spends each year \$900 million on drugs—\$900 million. If the amendment authored by the distinguished Senator from Arkansas, of which the Senator from Colorado and I and others are cosponsors, is adopted, we save \$30 million each year. So the relevancy of this debate is very much appropriately addressed to a DOD authorization bill.

My colleague from Colorado, I think, did an extraordinary job of explaining the history, and I will not belabor that point other than to make the point, as he did, this industry, the drug industry, through inadvertence and omission, is given separate treatment, separate, distinct and special treatment, that no other industry or product in America receives. It is that inequity that generates the interest of the Senator from Arkansas and others of us to remedy and to correct this.

Our amendment, which was debated sometime last year, had the endorsement of the U.S. Trade Representative,

the Patent Office, and the FDA, and would plug this loophole. Since last December, as these windfall profits have continued to accumulate, American consumers, veterans, seniors, and others across the country have continued to pay more than they should pay for certain prescription drugs.

Mr. President, the loophole is open today. We face the same issue. Each and every day, American consumers are paying millions of dollars more than they ought to. So let me suggest, as I view my responsibilities as a Member of this Chamber, it is highly appropriate that we seek to correct this inequity and to provide the relief to which American consumers are entitled and to do so immediately.

When the loophole-closing amendment came to the Senate floor last fall, a vote was taken, a critical vote in which, by a margin of one vote, 48-49 the Senate defeated the amendment that the Senator from Arkansas, the Senator from Colorado and others of our colleagues offered.

A compromise was reached after that vote. The Judiciary Committee would review the GATT treaty problem and report back to the Senate with its recommendation. This was to be a good-faith effort to analyze the issue. It is fair to ask the question, What was the outcome of this review? Well, the Judiciary Committee did report out a substitute bill to our GATT amendment, albeit 5 months after our amendment was voted upon, 5 months in which drug companies have continued to reap windfall profits and 5 months that the American public have been forced to pay higher drug prices than they should have, that the American taxpayer has been required to pay more money for those essential programs offered by the Department of Defense, the Veterans Administration, and other agencies of the Federal Government which purchase prescription drugs on behalf of the clientele which they service.

This substitute is called the Pharmaceutical Industry Special Equity Act of 1996. It has somewhat of an ironic ring to it—the Pharmaceutical Industry Special Equity Act of 1996. Who does it benefit? It benefits the drug industry in a very special way that is inequitable to American consumers and particularly those who are on fixed incomes.

What we are really being asked to support today, in the form of the substitute, is a bill that codifies—in my view codifies—the very GATT treaty mistake that our amendment seeks to correct, a bill that continues the GATT treaty loophole for such drug manufacturers as Glaxo-Wellcome, Inc. and its ulcer/heartburn drug Zantac, the world's best selling drug, which costs twice as much as it should because of this loophole that we seek to close.

More than 100 drugs are being protected from generic drug competition because of this loophole. These include the hypertension drug Capoten, which

costs 40 percent more due to the loophole, and the cholesterol-lowering drug Mevacor, the ulcer drug Prilosec, and the antifungal agent drug Diflucan.

It is a bill that ensures that seniors across the Nation will continue to pay more than they should for prescription drugs that they need and that are essential to their health, a bill that ensures taxpayers will pay more than they should to provide prescription drugs for the Medicaid and the veterans medical programs, a bill that creates tremendous legal barriers—in my view, insurmountable barriers—to the generic drug manufacturing industry to ensure that these manufacturers cannot bring to the marketplace lower priced prescription drugs, a bill that ensures the prescription drug manufacturers continue to enjoy their \$2.3 billion windfall, plus a bill that extends special patent extensions for two brand name drug companies, Zeneca and Wyeth Ayerst Laboratories, which received a 2-year patent extension for Lodine, its antiinflammatory medicine. What has occurred here? In my view, we have a situation that is worse than before. Not only do some prescription drug companies retain their windfall profits, they are protected from nearly any possibility that any generic manufacturer will be able to compete against them during this extended patent term.

Generic drug manufacturers will be required to prove a substantial investment before being allowed to compete against any brand name drug. The key change, however, is that this substantial investment requirement is being defined much differently, to ensure the generic manufacturers cannot, as a practical matter, compete against any brand-name drug benefiting from the extended patent period under the GATT Treaty.

Before the GATT Treaty, substantial investment was considered to be those expenses and activities involved in developing a submission to compete to the FDA. Under the substitute measure, substantial investment is defined much differently.

In addition, under the substitute bill, a generic manufacturer must prove not only they have a substantial investment, but also they are required to make a determination of the kind of equitable remuneration to the brand name manufacturer before any generic drug can be manufactured.

Mr. President, you do not have to be a rocket scientist to recognize those who are enjoying these windfall profits are not going to be eager to agree as to what equitable remuneration may be. In effect, we create a lawyers' field day to debate what is, in fact, equitable remuneration.

The effect of the change is, first, it will be virtually impossible for any generic manufacturer to meet the new substantial investment standard. Secondly, it will mean that generic manufacturers will be tied up in court proving substantial investment and what is

equitable remuneration before they can bring any generic drug to the marketplace. Two obstacles, two hurdles, two barriers that, as a practical matter, are going to be virtually insurmountable.

Who is being forgotten? Who gets hurt in this change? Those Americans particularly that are on a fixed income. That is primarily our senior community. They have been paying and will continue to pay more than they should for lack of a prescription drug alternative.

I am puzzled to think as to why anyone believes it is equitable to force seniors, many on very limited incomes, to pay more for a drug than they should so prescription drug manufacturers can continue to reap the windfall profits that this loophole has created.

I must say I am astonished by the provisions of this Pharmaceutical Industry Special Equity Act—a misnomer, if ever there was one; a special interest provision, if there ever was. My colleagues who talk the virtues of competition in the marketplace surely must find this substitute bill to be a bit beyond the pale.

I remind my colleagues, there is no reason to allow a limited number of prescription drug companies an unintended windfall profit to the detriment of all Americans who depend upon prescription drugs in order to sustain their health. Seniors, veterans, and the most vulnerable in our country cannot fight the brand name pharmaceutical industry on its own. They deserve and need our protection from an industry that is trying to codify a mistake, to perpetuate their windfall profit markets.

I hope my colleagues can see the loophole for the mistake it is and this substitute bill for the larger mistake it would be. We should always remember who is being hurt by the loophole in the State.

We have the ability to end this inequity now. The means to do so is the amendment offered by my distinguished colleague from Arkansas. I yield the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. SPECTER. I thank the Chair.

Mr. President, I have found the current controversy to be an extremely complicated one as it has worked its way through the Judiciary Committee in trying to structure an arrangement which would be fair to all sides—fair to those who have made investments in patent pharmaceutical products and fair to those who are relying upon generic drugs.

As has been indicated at some length, we have very substantial investments which were being made to find new pharmaceutical products, to cure many ailments—wonder drugs, so to speak. At the same time, there is an enormously important consideration that generic drugs be available to senior citizens and others who are of modest

means, and also to help reduce the tremendous governmental costs involved with health care in America.

The controversy has arisen because of the ambiguity in the term substantial investment and the difficulty in defining equitable remuneration. It is my view that the Congress ought to define those terms, as opposed to leaving the matter to judicial interpretation.

We talk a great deal on the floor of the U.S. Senate about not having judges involved in legislation and about having statutory definitions to express the will of the Congress. This, I think, is a classic case where the Congress really ought to come to grips with the complexities and define what we mean by substantial investment and what we mean by equitable remuneration.

In order to try to reach a resolution of this matter, my staff and I have worked for many months, including long meetings where I have personally participated with representatives from both sides in an effort to try to structure a definition which would be fair and equitable. There has been a consideration that substantial investment would be determined solely by the filing by the generic of the abbreviated new drug application (ANDA) prior to June 8 of 1995.

I am not persuaded that the filing of an ANDA in and of itself is sufficient to constitute a substantial investment. There is a contention that more has to be undertaken in order to constitute the so-called substantial investment.

I have supported the amendment by Senator HATCH in the Judiciary Committee with substantial reservations, waiting until the time the matter reached the floor with the hope we might work out an accommodation among all of the parties. As I have said to the parties privately and also publicly, they have a much firmer handle on the intricacies of these definitions than do we in the Congress. I am still hopeful that a compromise may be worked out.

What I have added to the so-called Hatch substitute is a very tight time line on judicial determination as to what is a substantial investment if we cannot find a legislative definition for substantial investment, and also a provision that any losses sustained by the generic companies for the lack of sales in the interim be compensated by the pharmaceutical companies which have the patents.

Another consideration which I find to be very problematic is the fact this has taken so long. As the distinguished Senator from Arkansas has pointed out, the fact that it takes so long disadvantages the generics and also those who would rely upon the generic products.

I just had a brief conversation with my distinguished colleague from Arkansas, Senator PRYOR, and I told him I thought it might be useful if we had a colloquy on the record. We have had quite a number of conversations and

have exchanged correspondence, and at one point several weeks ago Senator PRYOR wrote me a very strong, friendly letter, but a strong letter in the sense of trying to resolve the issue. I responded the very next day because of the importance of the issue. I know the sincerity with which the Senator from Arkansas has dealt with the issue, as, candidly, have we all.

I think it would be useful to discuss with the Senator from Arkansas, the originator of the original legislation, the content of his proposal, which, as I understand it, is to have a determination of substantial investment or the generic filing of the so-called ANDA prior to June 8, 1995.

As I understand it, and I put this in the form of a question to my colleague from Arkansas, is it the intent of his bill that the generic, in order to qualify, would have to establish a substantial investment?

Mr. PRYOR. Mr. President, if I may respond to my friend from Pennsylvania, we all recognize that the question of substantial investment in this particular issue has been of great concern to the Senator from Pennsylvania.

It is true that we have corresponded about this issue. I have attempted to accommodate the Senator's concern in our legislation for a more precise definition of substantial investment. In fact, our original legislation included a provision which very narrowly defined substantial investment. While we, too, sought to provide guidance to the courts, the provision was regrettably attacked by Glaxo and its compatriots as an effort to provide special treatment to their generic competitors. To ensure that all parties understood that our amendment is a simple, straightforward effort to bring a rogue industry into compliance with the rest of the country, we withdrew this language.

Mr. President, as I understand the complex GATT implementing law, the generic competitor has the burden of establishing whether it has made a substantial investment in court. This is my understanding of the present law, and the present law would simply be extended in the area of substantial investment to the inappropriately exempted prescription drug industry if my proposal is adopted.

Mr. SPECTER. Mr. President, if I may follow up on that, I do not fully understand what the Senator from Arkansas just said. Would it be the obligation, then, of the generic manufacturer to show that there had been compliance with the law, that there had been a substantial investment?

Mr. PRYOR. That is absolutely true. The Uruguay Round Agreements Act clearly establishes it is the obligation of the generic competitor to prove a substantial investment before the court. It is the court which determines whether or not a substantial investment has, in fact, been made. This is true for all industries today, except for one.

Mr. SPECTER. Well, since that is the purported intent of the legislation of the Senator from Arkansas, then the sale of the generic could not be made until the court had determined that there was a substantial investment. It is my understanding that the substitute proposed by the distinguished Senator from South Carolina, Senator THURMOND, in collaboration with the distinguished Senator from Utah, Senator HATCH, would do the same thing. The substitute would not accept the filing, but would require the generic manufacturer to go to court and satisfy the court that there had been a substantial investment. Is that not the effect of the legislation of the Senator from Utah?

Mr. PRYOR. Mr. President, I regret I must correct the Senator from Pennsylvania. Both current law and our amendment allows for the sale of generic competitors, contemporaneous to a court determination of substantial investment. In other words, the term substantial investment is defined in the Pryor-Brown-Chafee-Bryan legislation in the present language of the GATT implementing legislation, the Uruguay Round Agreements Act. I thank my colleague for raising a very important point. We are not changing the GATT agreement on substantial investment in any shape, form, or fashion. In fact, by bringing this sole outlier industry into compliance with the rest of the country, one might argue that we are keeping even closer to the spirit and letter of our obligations under that agreement than is the case today.

Mr. SPECTER. Well, if the Senator from Arkansas is prepared to have a judicial determination as to what a substantial investment is before the generic is offered for sale—I see my colleague shaking his head in the negative. I thought that is what the Senator from Arkansas said.

Mr. PRYOR. No, my friend and colleague is mistaken. The present law says that a generic competitor may come onto the marketplace, even though the court has not resolved the issue of whether they have made substantial investment. If, hypothetically, after the generic competitor has entered the marketplace and competed with the patent holder, it is then determined by the court that a substantial investment has not been made, then the court imposes damages upon the generic competitor to render the patent holder whole.

Mr. SPECTER. Well, how is that fee or compensation determined?

Mr. PRYOR. That compensation is determined according to the language of the Uruguay Round Agreements Act, the GATT implementing legislation. On that point, let me reference the letter from the Department of Health and Human Services about the Thurmond-Hatch substitute. This is the agency which would have to implement the substitute. The letter states that "it will be nearly impossible to meet the

'substantial investment' requirement" under the substitute. Elsewhere, it concludes the substitute "defines substantial investment—a matter that the URAA left to the courts—and does so in a manner that would make it virtually impossible for a generic drug company to meet the requirement."

Mr. SPECTER. If the Senator from Arkansas would come back to my question, I am not on the Thurmond-Hatch substitute. My question is on the proposal of the Senator from Arkansas; that is, if you allow the generic to enter the field without a determination by a court of what is a substantial investment, and then, as the Senator from Arkansas said, if there is a later determination that there has not been a substantial investment and the generic company has to pay compensation, how is that compensation determined?

Mr. PRYOR. If I might respond to my colleague, in 35 U.S.C. 284, the situation is this. If, in the extremely unlikely event that a false claim of substantial investment is actually made by a generic competitor coming into the marketplace, the court may award damages in full, plus interest. If for some reason the court felt particularly strongly that the claim of substantial investment was false, fraudulent or otherwise inappropriate, it has further discretion to award treble damages to the patent holder.

Mr. SPECTER. If my colleague will yield, I am not talking about fraud, I am talking simply about a conclusion that there has not been a substantial investment, and then you have a situation where the generic has been selling its product. How is there a determination made as to what the damages are to the pharmaceutical company that has the patent?

Mr. PRYOR. I would answer my colleague with reference to the law as it currently affects every industry but one. The court would determine damages on the basis of lost sales or profits, the length of time expired, and the multitude of other facts which leave the court uniquely suited to make such determinations on a case-by-case basis. I believe that was the compelling logic behind adoption of the GATT language in this respect, and I feel it should be equally compelling for this single, rogue industry.

I would again emphasize that we are not changing the GATT or URAA language as it relates to substantial investment. We are keeping it. We are applying this language to the drug companies, just as it applies to every other company, every other industry, and every other business entity in our country.

Mr. SPECTER. Well, as the Senator from Arkansas outlines, there is going to be a judicial determination, and the question is whether the generic drugs may be sold prior to the time the judicial determination is made, or whether the generic drugs may be sold only after the judicial determination is made.

Under the expedited procedures that I am proposing, it would be a very, very prompt resolution. If the court determines that the generic had a substantial investment and had been denied access to the market for a period of time, then, for the period of time where the generic had been denied access, there would be damages paid. Really, we are very close together, as the Senator and I discussed this, with the essential difference being, who is going to bear the burden of proof in showing substantial investment? Those facts, really, are within the control of the generic manufacturer—after all, it is the generic manufacturer who knows what the generic manufacturer has sold, and it seems to me that there ought to be that determination made.

As I listened to the Senator from Nevada earlier, I understood him to say that there would be a determination of substantial investment prior to the entry into the market of the generic manufacturer. As I had listened to the Senator from Arkansas earlier, it seemed to me that that was the same contention, that there would be a determination of substantial investment prior to the entry by the generic manufacturer.

Mr. PRYOR. As I mentioned earlier, we are not in any way changing the URAA or GATT language. In fact, I look forward to the Senator from Pennsylvania offering language or an amendment to expedite the convoluted process contemplated in the substitute version. I emphasize again the reservations of the Department of Health and Human Services, regarding both the interminable delays in litigation and the unique, unattainable requirements imposed on generic competitors through the substitute version's unworkable definition of substantial investment. And as Professor Levin—I might say, probably known well by the Senator from Pennsylvania—of the University of Pennsylvania has concluded—

Mr. SPECTER. He is a good friend. He is not always necessarily right.

Mr. PRYOR. Professor Levin concluded that the sense-of-the-Senate language in the Hatch substitute purporting to encourage parties to litigate quickly was of little effect. I quote:

This is laudable sentiment but without legal impact. In short, it evidences recognition of the problem but not an effective solution.

That is from Professor Levin.

So my colleagues and I look forward to the Senator's contribution to this issue. We have already addressed this question with him before. I can say without reservation that any changes proposed in the Senate to expedite litigation under the Hatch-Thurmond substitute would be welcome, as it currently contemplates an entirely unworkable and unbalanced process intended to block competition in the marketplace.

So I look forward to the Senator from Pennsylvania offering that contribution. I look forward to working

with him. I agree that we are very close to a meeting of the minds on this particular issue.

Mr. SPECTER. Mr. President, I do intend to pursue the expedited procedure. One of the items that I agree with the Senator from Arkansas on is how much time has passed here. I think that his cause might be advanced by accepting the burden of proof on the generic manufacturer and allowing this litigation to go forward with the provision for expedited procedures, and then damages for any time that the generic manufacturers are denied entry into the market after a substantial investment had been made, as determined in judicial proceedings, because what is happening now is that there have been lengthy proceedings in the Judiciary Committee. We have a very busy calendar.

The managers of this bill want to move ahead with the Department of Defense authorization bill. But having brought this matter to the floor, it is an important one which merits at least this much discussion. We think that the Members could come to an agreement and find some way to expedite a legislative determination, which even if the burden is shifted to the generics—and they have to establish the judicial determination first—it may be very much more to the Senator's advantage than having this matter go over from today to sometime in the future. And who knows when there will be a determination, given the short year, the election year, the appropriations bills, and all of the work of the Congress will have?

Mr. PRYOR. Mr. President, let me respond. Then I am going to sit down because I am going to Little Rock in just a few minutes.

Mr. SPECTER. Mr. President, maybe I should save my better arguments for later.

Mr. PRYOR. This Senator looks forward to working with him on this matter. We also would like to respond by saying that we hope when the Senator offers an amendment or language in this field, that it will not be a lawyers relief amendment, which the substitute amendment very clearly is in fact and in effect. It would tie up the marketplace in litigation with impossible definitions and insuperable barriers for years and years.

Speaking of expedited procedure, I have been trying since January to get on the floor and have a vote on this amendment—just a simple vote with an hour or 30 minutes equally divided, whether up or down or to table the amendment. But for some reason or another, some of my colleagues on the other side, including some of my very best friends, have prevented this all year.

Before we move forward and before the final vote is cast on this DOD authorization bill, this Senator is going to get a vote on our amendment. We think that it should be voted on. We think that is only fair. And I am going to push for a vote on this proposal on the DOD authorization bill.

The Senator from Pennsylvania probably knows that the Department of Defense buys \$900 million worth of prescription drugs every year for servicemen and servicewomen all over the world. They can save \$30 million overnight by the passage of the amendment that my colleagues and I have proposed.

I hope our friend and colleague, the Senator from Pennsylvania, will help us find an expedited procedure to bring this amendment to a favorable resolution by letting the Senate vote up or down on it once and for all.

I thank the Senator.

Mr. SPECTER. I thank my colleague for the colloquy. I will try to help him find an expedited procedure. I will not suggest anything that would make a lawyer rich, even though my colleague may be returning to the practice of law after he finishes the distinguished service in this Congress. But it would be my suggestion that Senator PRYOR, Senator HATCH, Senator THURMOND, and the Members sit down and try to work it out, to try to get the parties in the pharmaceutical companies and the generics, where they really understand the intricacies and the facts of the matter, to try to solve this off the floor, because I think that would be in the best interest of the American people.

Mr. KEMPTHORNE. Mr. President, what is the pending business before the Senate?

The PRESIDING OFFICER (Mr. ABRAHAM). The Kyl amendment No. 4049.

Mr. KEMPTHORNE. Mr. President, I ask unanimous consent on behalf of Senator BROWN that he be added as a cosponsor to amendment No. 4055, the Kerrey-McCain amendment regarding compensation for lost commandos.

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

Mr. KEMPTHORNE. Mr. President, I ask unanimous consent to lay aside the pending amendment.

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

#### AMENDMENT NO. 4089

(Purpose: To waive any time limitation that is applicable to awards of the Distinguished Flying Cross to certain persons)

Mr. KEMPTHORNE. I offer an amendment which would waive the time limitations toward certain declarations for specified persons. I believe the amendment has been cleared on both sides.

The PRESIDING OFFICER. The clerk will report.

The clerk read as follows:

The Senator from Idaho [Mr. KEMPTHORNE] proposes an amendment numbered 4089.

Mr. KEMPTHORNE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of subtitle D of title V add the following:

#### SEC. 540. WAIVER OF TIME LIMITATIONS FOR AWARD OF CERTAIN DECORATIONS TO SPECIFIED PERSONS.

(a) WAIVER OF TIME LIMITATIONS.—Any limitation established by law or policy for the time within which a recommendation for the award of a military decoration or award must be submitted shall not apply in the case of awards of decorations as described in subsection (b), the award of each such decoration having been determined by the Secretary of the Navy to be warranted in accordance with section 1130 of title 10, United States Code.

(b) DISTINGUISHED FLYING CROSS.—Subsection (a) applies to awards of the Distinguished Flying Cross for service during World War II as follows:

(1) FIRST AWARD.—First award, for completion of at least 20 qualifying combat missions, to the following members and former members of the Armed Forces:

Vernard V. Aiken of Wilmington, Vermont.  
Ira V. Babcock of Dothan, Georgia.  
George S. Barlow of Grafton, Virginia.  
Earl A. Bratton of Bodega Bay, California.  
Herman C. Edwards of Johns Island, South Carolina.

James M. Fitzgerald of Anchorage, Alaska.  
Paul L. Hitchcock of Raleigh, North Carolina.

Harold H. Hottle of Hillsboro, Ohio.  
Samuel M. Keith of Anderson, South Carolina.

Otis Lancaster of Wyoming, Michigan.  
John B. McCabe of Biglerville, Pennsylvania.

James P. Merriman of Midland, Texas.  
The late Michael L. Michalak, formerly of Akron, New York.

The late Edward J. Naparkowsky, formerly of Hartford, Connecticut.

A. Jerome Pfeiffer of Racine, Wisconsin.  
Duane L. Rhodes of Earp, California.  
Frank V. Roach of Bloomfield, New Jersey.  
Arnold V. Rosekrans of Horseheads, New York.

Joseph E. Seaman, Jr. of Bordertown, New Jersey.

Luther E. Thomas of Panama City, Florida.

Merton S. Ward of South Hamilton, Massachusetts.

Simon L. Webb of Magnolia, Mississippi.  
Jerry W. Webster of Leander, Texas.

Stanley J. Orlowski of Jackson, Michigan.  
(2) SECOND AWARD.—Second award, for completion of at least 40 qualifying combat missions, to the following members and former members of the Armed Forces:

Ralph J. Deceuster of Dover, Ohio.  
Elbert J. Kimble of San Francisco, California.

George W. Knauff of Monument, Colorado.  
John W. Lincoln of Rockland, Massachusetts.

Alan D. Marker of Sonoma, California.  
Joseph J. Oliver of White Haven, Pennsylvania.

Arthur C. Adair of Grants Pass, Oregon.  
Daniel K. Connors of Hampton, New Hampshire.

Glen E. Danielson of Whittier, California.  
Prescott C. Jernegan of Hemet, California.

Stephen K. Johnson of Englewood, Florida.  
Warren E. Johnson of Vista, California.

Albert P. Emsley of Bothell, Washington.  
Robert B. Carnes of West Yarmouth, Massachusetts.

Urbain J. Fournier of Houma, Louisiana.  
John B. Tagliapieri of St. Helena, California.

Ray B. Stiltner of Centralia, Washington.  
(3) THIRD AWARD.—Third award, for completion of at least 60 qualifying combat missions, to the following members and former members of the Armed Forces:

Glenn Bowers of Dillsburg, Pennsylvania.

Arthur C. Casey of Irving, California.  
Robert J. Larsen of Gulf Breeze, Florida.  
William A. Nickerson of Portland, Oregon.  
David Mendoza of McAllen, Texas.

(4) FOURTH AWARD.—Fourth award, for completion of at least 80 qualifying combat missions, to the following members and former members of the Armed Forces:

Arvid L. Kretz of Santa Rosa, California.  
George E. McClane of Cocoa Beach, Florida.

Robert Bair of Ontario, California.

(5) FIFTH AWARD.—Fifth award, for completion of at least 100 qualifying combat missions, to the following members and former members of the Armed Forces:

William A. Baldwin of San Clemente, California.

George Bobb of Blackwood, New Jersey.  
John R. Conrad of Hot Springs, Arkansas.  
Herbert R. Hetrick of Roaring Springs, Pennsylvania.

William L. Wells of Cordele, Georgia.

(6) SIXTH AWARD.—Sixth award, for completion of at least 120 qualifying combat missions, to Richard L. Murray of Dallas, Texas.

#### AMENDMENT NO. 4090 TO AMENDMENT NO. 4089

(Purpose: To amend title 18, United States Code, with respect to the stalking of members of the Armed Forces of the United States and their immediate families)

Mr. WARNER. Mr. President, I send to the desk an amendment in the second degree.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Virginia (Mr. WARNER), for himself, and Mrs. HUTCHISON, proposes an amendment numbered 4090 to amendment No. 4089.

Mr. WARNER. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

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

The amendment is as follows:

At the end of the amendment, add the following new section:

#### SEC. . MILITARY PERSONNEL STALKING PUNISHMENT AND PREVENTION ACT OF 1996.

(a) SHORT TITLE.—This section may be cited as the "Military Personnel Stalking Punishment and Prevention Act of 1996".

(b) IN GENERAL.—Title 18, United States Code, is amended by inserting after section 2261 the following:

#### "§ 2261A. Stalking of Members of the Armed Forces of the United States

"(a) IN GENERAL.—Whoever, within the special maritime and territorial jurisdiction of the United States or in the course of interstate travel, with the intent to injure or harass any military person, places that military person in reasonable fear of the death of, or serious bodily injury to, that military person or a member of the immediate family of that military person shall be punished as provided in section 2261.

"(b) DEFINITIONS.—For purposes of this section—

"(1) the term 'immediate family' has the same meaning as in section 115; and

"(2) the term 'military person' means—

"(A) any member of the Armed Forces of the United States (including a member of any reserve component); and

"(B) any member of the immediate family of a person described in subparagraph (A)."

#### (c) CONFORMING AMENDMENTS.—

(1) Section 2261(b) of title 18, United States Code, is amended by inserting "or section 2261A" after "this section".

(2) Sections 2261(b) and 2262(b) of title 18, United States Code are each amended by

striking "offender's spouse or intimate partner" each place it appears and inserting "victim".

(3) The chapter heading for chapter 110A of title 18, United States Code, is amended by inserting "AND STALKING" after "VIOLENCE".

(d) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 110A of title 18, United States Code, is amended by inserting after the item relating to section 2261 the following new item:

"2261A. Stalking of members of the Armed Forces of the United States."

(e) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the day after the date of enactment of this Act.

Mr. WARNER. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. WARNER. Mr. President, this amendment in the second degree I send on behalf of myself and the distinguished Senator from Texas [Mrs. HUTCHISON]. The amendment in the second degree reflects legislation that is badly needed by the whole of the United States. But given certain parliamentary situations at this time, this amendment submitted by myself and Senator HUTCHISON is limited to military personnel and their dependents.

It is my judgment that the Congress has been far too slow to address fully the rising problems associated with the many forms of domestic violence. This amendment directs the Congress' attention to one form, commonly referred to as "stalking." It will enable military personnel and their dependents and families to better deal with this tragic problem, which, regrettably, is on the rise all across our land.

Yesterday I attended a press conference with Senator HUTCHISON, at which time she issued a plea concerning her bill, which is identical in many forms to this bill but applicable to all women across the United States—let her bill go free. It is at the desk, being held at the desk. Yet, all across this great Nation of ours, women every day are in fear for themselves, their families, and their children.

Mr. President, it is time for the Senate of the United States to act. The House has acted, and it is time for the Senate to act.

I have joined with Senator HUTCHISON on her bill, but we were informed—and I say with respect to the managers on the other side of the aisle—that the strongest objection would be issued if Senator HUTCHISON and I were to raise her bill as an amendment to this military authorization bill. Therefore, I, along with Senator HUTCHISON, have carved out from her bill companion legislation which applies to military personnel, their dependents and their families. That is what I have just sent to the desk as an amendment in the second degree.

Military women are in some respects at greater risk than others because so often they are, on the shortest of no-

tice, transferred to other States, other jurisdictions, in a matter of an hour or less, to take on new responsibilities. It is imperative that they be given the maximum protection against this frightful crime.

Further, in my State of Virginia, an integral part of the greater Metropolitan Washington area covering Virginia, Maryland, and District of Columbia, it is a matter of great ease to cross the jurisdictional lines between the three entities. This amendment would provide the most important protection, Mr. President, whereby if a spouse were to obtain a restraining order in a court, that restraining order would be equally effective in other States and jurisdictions.

I want to repeat that. One of the main features of this amendment is to allow that individual menaced by the threat or actuality of stalking to get a court order and to have that court order effective equally in the 49 other States and the District of Columbia.

I bring to the attention of the Senate an article which appeared in the Washington Post just a few days ago dated June 16, 1996. The headline reads "Navy Officer, Husband Die After Shooting at Andrews Air Force Base." This incident happened right here in Maryland. I will read the article in part and ask unanimous consent, Mr. President, the entire article be printed at the end of my presentation of the amendment.

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

(See exhibit 1.)

Mr. WARNER [reading]. When military police at Andrews Air Force Base received a warning early yesterday that a man was on his way to the military installation to kill his wife, they raced to close the gates of the base. But a short time later, both husband and wife, a Navy petty officer, lay dead inside their home and an Air Force police officer was seriously wounded. The slain woman was identified by Air Force officials as Melissa Comfort, age 28. Her husband was Michael Comfort, age 34. The couple's two young daughters and another adult who were inside the home for several hours after Michael Comfort arrived were unharmed.

The woman had obtained, Mr. President, a court order. This amendment would provide protection for persons like Petty Officer Comfort and military personnel all over the United States, their spouses and their dependents. It would make it a Federal crime to stalk another person on a military installation. Second, stalkers subject to restraining orders issued in any one State or the District of Columbia would be guilty of a Federal crime if they followed their victim to another jurisdiction and violated the terms of the order. In both of these instances, this amendment would enlist the resources of the Federal Bureau of Investigation to work with local law enforcement in the investigation and such other actions taken by law enforcement in the prosecution of the stalking cases. This amendment would be especially effective for military personnel and their families in this greater metropolitan area, as I stated, because of the close proximity of the three legal jurisdictions.

This extension of the enforcement mechanisms of a court order across State lines is the very heart of this legislation, Mr. President, together with enlisting the very able expertise of the Federal Bureau of Investigation.

This amendment is unquestionably relevant to the issues raised by the annual authorization bill because it is the duty of the Armed Services Committee and the duty of the Senate as a whole to provide military personnel every possible assistance in the prosecution of their duties in wearing the uniform. Protection of military personnel and their families is a key component in maintaining a well-trained and motivated military force. More and more women, fortunately, are joining our Armed Forces. I mention that in the context of the fact that women are by far the primary victims of this type of domestic violence. Congress must, therefore, take care that our support system for which we are responsible—remember, Congress is the one that is responsible for the support system of the U.S. military—is such that they can perform their duties.

Mr. President, I am a strong supporter of S. 1729, the bill that is currently at the desk, sponsored by the distinguished Senator from Texas, Mrs. HUTCHISON, entitled, "Interstate Stalking, Punishment and Prevention Act of 1996." This legislation would do even more to significantly enhance the fabric of laws designed to deter and punish stalking.

First, the measure of the Hutchison bill would make it a Federal crime to stalk another person across State lines or on Federal property. The amendment I am introducing today will address those cases involving the military and their dependents. Hopefully, the Congress will take up the Hutchison bill so that it is applicable to all women. The value of today's procedure is that the Senate will vote on the Warner amendment eventually. It will vote. I predict this vote may well be 100 to nothing, sending the strongest signal that this legislation, which will be adopted for military personnel and their dependents, should be expeditiously adopted for all women across this land.

Stalkers, under both bills, covered by one State's restraining order would face a Federal felony—a Federal felony—if they followed their victims to another State or the District of Columbia and continued to perpetrate the criminal action of stalking.

Third, the relationships other than spouses and ex-spouses would be covered by the Hutchison bill, recognizing abusive relationships can and do happen between persons of the opposite sex who are not married or divorced.

Mr. President, this action by the Congress is long overdue. As I said, the House has acted on a companion piece



of legislation to that being held at the desk. There is no reason, in my judgment, why the Senate should not expeditiously act, as has the House of Representatives, to get this bill to the President for signature as quickly as possible.

Mr. President, I yield the floor.

#### EXHIBIT 1

[From the Washington Post, June 16, 1996]

#### NAVY OFFICER, HUSBAND DIE AFTER SHOOTINGS AT ANDREWS AIR FORCE BASE

(By Steve Vogel and Arthur Santana)

When military police at Andrews Air Force Base received a warning early yesterday that a man was on his way to the military installation to kill his wife, they raced to close the gates to the base. But a short time later, both husband and wife, a Navy petty officer, lay dead inside their home, and an Air Force police officer was seriously wounded.

The slain woman was identified by Air Force officials as Melissa Comfort, 28. Her husband was Michael Comfort, 34. The couple's two young daughters and another adult, who were inside the home for several hours after Michael Comfort arrived, were unharmed, authorities said.

Just before 2:30 a.m., someone called 911 and reported that Melissa Comfort's life was in danger. Officials have not identified the caller.

After police dispatchers altered the base about the call, military police sealed off Andrews to try to prevent Michael Comfort from entering, according to Air Force officials. But it is possible that he already may have been on the grounds. Michael Comfort, who is not in the military, did not live with his wife on the base, according to Lt. Karl Johnson, a Navy spokesman, who said Michael Comfort was barred from seeing his wife by a protective order.

"Unfortunately, the individual got in before they locked down, or he jumped the fence," said Mike Beeman, a base spokesman. Beeman said Air Force police took action "moments after" the warning was received.

Two members of Air Force Security Police were sent to check on Melissa Comfort and her daughters in the town house-style duplex in the 4600 block of Maple Court on the western edge of the base. But upon arrival, a man fired a shotgun at the officers, officials said.

"One guy opened fire and then retreated inside the house," Beeman said.

One of the military police officers, security Airman 1st Class Michael Blagoue, was struck in the face and abdomen by shotgun pellets, Johnson said. Blagoue was in stable condition at the base hospital, where he was expected to stay the night, officials said.

The military police fired back at Comfort, Johnson said. "Whether they hit the suspect, we don't know," Beeman said.

Additional gunfire was heard soon afterward from inside the house. Military police surrounded the home and evacuated nearby homes, officials said.

The couple's girls, ages 4 and 2, were inside the home, along with a woman, a family friend who has been stationed overseas. It was not immediately clear whether the woman entered the home before or after Michael Comfort arrived.

"We were told he was holding everybody hostage," Beeman said.

After several hours without contact with anyone inside the town house, police forced their way into the home at 6:10 a.m. and found the friend and the two children unharmed and both Comforts dead from shotgun wounds. Officials could not immediately say why the friend did not try to con-

tact police in the three hours before police entered the home.

"We don't know why they didn't exit the home earlier," Beeman said.

Air Force spokesman could not say in which rooms the dead couple, the children and the friend were found or the location of the children at the time of the shootings.

Johnson said Melissa Comfort, a petty officer second class originally from Fairmont, N.C., who joined the Navy in 1986, was assigned to the Office of Naval Intelligence in Suitland.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. BYRD. Mr. President, has the Pastore rule expired for the day?

The PRESIDING OFFICER. Yes, it has.

Mr. BYRD. I thank the Chair. Time is not controlled?

The PRESIDING OFFICER. Time is not controlled.

#### HAPPY BIRTHDAY, WEST VIRGINIA

Mr. BYRD. Mr. President, most people in this city, the majority of my colleagues in this Chamber included, will walk around this harried town today and breathe deeply the sultry air of summer that has settled in upon us, registering only the mingling of Maine Avenue fish markets, tour-bus fumes, and suburban barbecues.

I, however, nudge open my office window and am greeted by the fragrances of breezes that have swept across the Appalachians, up and down the Alleghenies, and have gently settled into the Potomac Valley. My lungs fill with the spicy scents of cool sylvan settings and the sweet bouquet of mountain laurel.

The sounds that most others hear today may be just the clacking of Metro trains, the clamor of commuting workers, and the roar of circling airline traffic.

But through the urban din, I hear the sounds of string bands flowing down the hollows and over the hills, the rush of river rapids, and the laughter of adventurous climbers, scaling Seneca Rocks.

Mr. President, to most, today may mark merely the beginning of another long, sticky summer but to me it is a date that tugs at my soul, calling me home.

This day is the 133rd anniversary of the birth of West Virginia, my beloved home State.

At the time West Virginia was admitted to the Union, America was in the midst of a cruel and bloody civil conflict and West Virginia herself was gripped by a vicious type of guerrilla warfare which saw brothers and sons and neighbors and longtime friends, facing one another across battle lines in mountain skirmishes.

Fortunately, at the war's end, we remained one Nation—bound more strongly than before—and West Virginia, having recovered from her divisive beginnings and settled comfortably into this more solid union, went on to mature into a graceful, independent-minded State.

West Virginia is where I long to be—the land where saffron shafts of sunlight pierce through the early morning mists in spring; where hymns from the religious song books speak louder than guns, and the attendance at family reunions can still swell into the hundreds.

It is a land of hardworking, honest, loyal, patriotic God-fearing people who care about their communities and each other. Since the moment of her birth, West Virginia has undergone great change; yet, as I so often like to boast, she has never lost her grasp on the "old values" that continue to set her apart among the 50 States.

Today, faith resides in her hills just as surely as it did when I was just a boy, living in her southern coal mining communities.

Faith is what has kept us going when hope has been in short supply. But it is hope that shapes our vision of the future and drives us to achieve our dreams.

Mr. President, today, as we celebrate West Virginia's 133d birthday, it is appropriate that we should reflect upon her past. But it is also fitting that we should take this time to measure her progress and look toward her tomorrows.

Therefore, on her birthday, my wish for my State and her people is for the availability of quality education to prepare our workforce for the jobs of the future; access to adequate health care; a continuation of a comfortable quality of life; construction of a more modern, safer transportation infrastructure; and further development of a robust business climate; protection of her natural resources; a comfortable quality of life, and the preservation of those "old values" that will guide her on a successful and honorable path into the next millennium.

While West Virginia may adapt and modernize and enjoy the fruits of economic prosperity, I hope that she will always be the sort of place that fills her native sons and daughters with a longing to be home.

Happy birthday, West Virginia. You are always in my heart.

Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

Mr. THURMOND. Mr. President, I yield to the distinguished Senator from Rhode Island.

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. PELL. Mr. President, I thank my friend and colleague.

#### CHURCH BURNINGS

Mr. PELL. Mr. President, to burn a church is to destroy more than a building. Burning a church strikes at the

soul of a community, at its most sacred place. These fires bring terror and tears to communities that often have known all too much of both. And we are all diminished in spirit by the despicable doings of a hate-filled few.

Yet even from such a cowardly and vile act, great good has sprung. I note that upon the publicizing of these burnings, there has been an outpouring of support for the beleaguered congregations, both to fund the rebuilding of the churches and to assist in the apprehension of the perpetrators. Reconstruction of the churches has become a community affair, with volunteers from across the Nation.

Those who would burn a church should remember that to do so serves only to awaken a moral imperative to speak out and act against such violence. George Washington reflected the spirit of the Nation when he wrote in a letter to the congregation of Touro Synagogue of Newport, RI, that the Government of the United States "gives to bigotry no sanction, to persecution no assistance." Today, 206 years later, Washington's words echo with renewed fervor across an outraged land.

#### THE DEATH OF LE MAI, VICE FOREIGN MINISTER OF VIETNAM

Mr. PELL. Mr. President, I wish to note with regret the sudden death last week of Le Mai, the Deputy Foreign Minister of Vietnam. Le Mai hosted me for dinner just 3 weeks ago when I was in Hanoi. I found him to be warm, intelligent, and above all eager to continue the process of improving relations with the United States.

Mai's death comes at a particularly difficult time in Vietnamese politics. The Communist Party is scheduled to hold a crucial party congress at the end of this month, where several important decisions regarding the near future of the country will be made. Mai would have been a strong force pushing Vietnam toward a more open economic system. He told me in Hanoi that Vietnam's biggest mistake so far was imposing a demand economy. He argued that the laws of capitalism "just are" and that Vietnam has developed much since economic reforms were started in the late 1980's. He also would have been a strong force pushing his government toward more friendly relations with the West. He recognized that his country needed political, as well as economic reforms and said he wanted closer relations with the United States in part to help his fellow countrymen better understand our system.

Le Mai was one of the principle architects of the normalization process between the United States and Vietnam and his dedication to moving that relationship further forward was evident in our discussions. He stressed the need for the United States to have an active presence in Southeast Asia, economically, politically and even militarily. He understood the lingering problems that many in both countries

have with the bilateral relationship because of the war, but argued that it was important for governments to try to forge policies to get past people's emotions. He recognized, too, the responsibility that he and other leaders in both countries had in creating those policies, telling me that "our generation fought the war, so it is our duty to solve the problems" that resulted from it.

His death is a loss to his country and to the ongoing process of improving relations between our two countries.

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. NUNN. Mr. President, I ask unanimous consent that the quorum call be rescinded.

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

#### NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

The Senate continued with the consideration of the bill.

##### PRIVILEGE OF THE FLOOR

Mr. NUNN. Mr. President, on behalf of Senator JOHNSTON, I request that a member of his staff, Comdr. Paul Gonzales, a congressional fellow, be allowed floor privileges for the duration of debate on the Defense authorization bill.

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

Ms. SNOWE. Mr. President, I wish to express my support for S. 1745, the Defense authorization bill for fiscal year 1997. The Armed Services Committee has done an outstanding job by bringing to the full Senate a bill that responsibly addresses this country's national security needs.

Fortunately, the end of the cold war has reduced the most immediate threat of nuclear war. And while it is natural to feel relief that the struggle against Soviet expansionism has been won, it would be naive and short-sighted to conclude that real threats to our Nation's security no longer exist. The end of the cold war has uncapped a host of long-simmering regional conflicts around the globe. Combined with the proliferation of nuclear and missile technology as well as chemical and biological weapons, these limited conflicts carry the potential for far wider consequences. We must recognize that the world is still a dangerous place and that maintaining an adequate level of military preparedness must continue to be a national priority.

The fact is that funding for national defense has been on a dangerous downward track for over a decade. Funding for national defense has fallen by 41 percent in real terms since 1985. The fiscal year 1997 defense budget will be at its lowest level since the Korean war buildup began in 1950.

Even more alarming is the fact that military procurement has dropped by

71 percent over the last 10 years. The practical result is that our service men and women are forced to use aging equipment which will increasingly impair military readiness. The defense budget submitted by President Clinton for fiscal year 1997 would unwisely continue this neglect of our military hardware and would—not for the first time, I might add—postpone spending for critical weapons modernization programs into the future.

The Armed Services Committee deserves credit for crafting a responsible bill that addresses the need for modernization and provides the necessary resources. The \$12.9 billion added by the committee to the administration's defense funding request is mainly for additional procurement items including one DDG-51 destroyer, four F-16 fighter planes, six F/A-18's, and one C-17 cargo transport. Nearly 30 percent of the \$12.9 billion added by the committee is for accelerated research and development for programs such as missile defense, the new attack submarine, and a new arsenal ship armed with cruise missiles. These add-ons reflect the concerns and priorities of the military services themselves.

While upgrading and modernizing military hardware deserves a high priority, so too does ensuring that our Armed Forces personnel receive the benefits they deserve. The best military equipment in the world is of little value without the highly trained and hard-working service men and women on whom our national defense depends. I am therefore pleased that the fiscal year 1997 Defense authorization bill authorizes a 3-percent military pay raise and a 4-percent increase in the basic allowance for quarters.

Overall, the committee proposes a reasonable level of defense spending in the coming fiscal year, one which I believe acknowledges that defense resources are not unlimited. The committee's recommendation of \$267.3 billion in defense spending for fiscal year 1997 is only \$2.1 billion above the fiscal year 1996 level in nominal terms. Adjusted for inflation, the committee's recommended defense authorization level is actually \$5.6 billion below the current level of defense spending in real terms.

Mr. President, the people of Maine support a strong national defense and they have always been ready to do their part. Maine's Bath Iron Works is one of two private U.S. shipyards that build the Arleigh Burke class destroyer for the Navy. I am pleased that the fiscal year 1997 Defense authorization bill authorizes \$3.4 billion for four destroyers in fiscal year 1997 plus \$750 million in advance procurement for one additional ship in fiscal year 1998. The advanced procurement for a fiscal year 1998 destroyer is crucial to implementing the Navy's acquisition plan of building three ships per year in each of the 4 years from fiscal year 1998 through fiscal year 2001. As a result of this orderly and efficient procurement

plan, the price per ship will drop significantly and the Navy will realize cost savings of \$1 billion over the 4-year period.

The bill also adds \$45.3 million to continue the Navy's current strength of 13 active and 9 reserve squadrons of P-3 patrol aircraft. Four active and three reserve P-3 squadrons are based at Maine's Brunswick Naval Air Station, the only active military airfield in New England. These squadrons play an important role in antisubmarine warfare in the North Atlantic sealanes and in the Navy's littoral warfare mission in Europe and the Mediterranean region. One of the active P-3 squadrons based at Brunswick Naval Air Station in Maine is targeted for decommissioning for budgetary reasons, not because there has been any change in the Navy's mission. The funds authorized in this bill will ensure that Brunswick NAS will maintain its current level of four active P-3 squadrons.

Mr. President, S. 1745 embodies a well-balanced approach to our national defense in fiscal year 1997. It preserves our readiness to meet military emergencies, it emphasizes modernization and new weapons procurement, it continues research and development of promising new technologies, and it treats our military personnel fairly. Again, I congratulate the Armed Services Committee on their work, and I urge that the bill be adopted.

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

The assistant legislative clerk proceeded to call the roll.

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

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

#### MILITARY NOMINATIONS

Mr. NUNN. Mr. President, I know the Senator from South Carolina has been working diligently, and he called a hearing. We have a number of very important military nominations out of our committee. They are now pending on the calendar. I know he has also followed that and has been working diligently to try to get all of these nominations approved by the end of business this evening, or certainly by tomorrow.

I both thank him for that, and I emphasize to all of our colleagues how important it is. Many of these positions need to be filled now. We have had these nominations before us for the appropriate time. We have looked into them on the committee. They are very top officials that will be going to various and important positions all over the world.

We have General Kadish, U.S. Air Force, who is one of these.

We have General Kross. General Kross will be going to TRANSCOM.

We have a number of Army nominations.

We have General Tilelli, to be the top military official in a very, very impor-

tant and volatile part of the world, Korea. He wears two hats, both in U.S. Army and the U.N. Command.

We have General Wesley Clark in the SOUTHCOM position—enormously important.

We have a number of U.S. Army Reserve officers: General Bergson, General Caton, General Kropp, General O'Connell, Colonel Deloatch, to be major generals; Colonel Diamond, to be brigadier general; Colonel Gilley, Colonel Gilliam, Colonel Roan, Colonel Rossi, and Colonel Simmons, to be brigadier generals.

We have Lt. Gen. David Bramlett going to FORCEM, another very important position, commanding all of our Army forces in the United States.

We have General Schoomaker.

We have a number of Marine Corps generals:

Brigadier General Braaten; Brigadier General DeLong; Brigadier General Hanlon; Brigadier General Higginbotham; Brigadier General Karamarkovich; Brig. Gen. Jack Klimp;

Maj. Gen. Carol Mutter, she will become the head of manpower in the Marines Corps. She will also become the highest ranking female to serve not only in the Marine Corps but also in the history of our military. I have met her, have talked to her, and have followed her career—an enormously important general.

I will not name all of these, but I guess the first thing I would like to say to my chairman, Senator THURMOND, is that I appreciate his diligence in trying to get these nominations through, and I hope that we will be able to get all of them through this evening.

I certainly urge my colleagues who may have questions about any of the nominees or have any concerns about the nominees, to basically come to the floor and let us know and state their concerns, and let us see if we cannot follow them and get all of these nominations through.

I think it is important for them to go through. I believe, if any of them do not go through, that it is very important for the leadership of the Senate to schedule a debate and let us debate them. If there are any concerns about any of them, I think we ought to debate it, get the concern out on the floor and have the Senate vote on it.

That would be my hope. I believe the Senator from South Carolina will share that hope.

Mr. THURMOND. Mr. President, these nominations have been before us for quite a time. They all meet the requirements. They should be approved. They are needed in their respective services. I hope that we could get those up as quickly as possible and get them approved.

There is one that is being objected to by a Senator. Maybe we can act on the rest of them. I would like to see all of them acted on, including that one. But maybe we can act on the rest of them so they can go about performing their duties.

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

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

#### NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

The Senate continued with the consideration of the bill.

Mr. NUNN. Mr. President, there was a unanimous-consent request that was submitted today asking that all amendments be filed today or not be in order. That unanimous-consent request was not agreed to. It is my strong hope, though, that we will be able to have that kind of unanimous-consent request agreed to early next week.

I serve notice on our side of the aisle that we would like all amendments filed by 4 o'clock next Tuesday afternoon. I have talked to the chairman about this. I have talked to the majority leader, Senator LOTT, about this. It is certainly my intention to do everything possible to get that kind of unanimous-consent agreement early next week.

So I serve notice today to all our colleagues, particularly those on the Democratic side of the aisle, from my perspective, that I will do everything in my power to help Senator THURMOND, and the leaders on both sides of the aisle, in their efforts to move this bill next week. The way to do that is to have all amendments that are going to be considered on this bill in by Tuesday at 4 o'clock.

It is my understanding that the majority leader would like to pass this bill next week, as well as the Defense appropriations bill. We have gotten bogged down on nongermane amendments now. It is my hope we can get back on Defense amendments, stick to those and get this bill done next week.

Mr. THURMOND addressed the Chair. The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, there is no more important legislation before this Congress than to get this Defense authorization bill passed. We have been pleading with the Members to come in with their amendments. They have been delayed, delayed. Now the time has come to act.

We ask everyone who has an amendment to come forward and present their amendment by Tuesday at 4 o'clock. We are going to begin acting. We would like to have the amendments all in at that time. I urge all of the Members to do that, especially those on the Republican side. Senator NUNN has spoken about the Democratic side. He and I are working together. We are working together for the good of the country with this bill. It is nonpartisan.

We want to get action. We want to get results. We want to help this Nation. To do it, we ought to pass this Defense authorization bill as soon as possible.

Mr. President, I also want to commend our able majority leader for all he is doing to help us get this bill passed. He was a member of this committee at one time, a very stalwart, able member. I am sure he will continue his commitment on this bill. We thank him very much.

Mr. LOTT addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. LOTT. Mr. President, I thank the distinguished chairman for those comments. I enjoyed my 8 years on the committee. I will always feel like I am a part of it. As usual, I will continue to take orders and directions from the Senator from South Carolina and the Senator from Georgia, as I have just been doing to try to find ways to move this bill and get some votes and also get some of the issues that really should not be on this bill to be handled in some other way. I am going to work with the distinguished Democratic leader to make sure we do that.

I, too, want to say Members should have their amendments ready. I am glad we are going to move on Tuesday to get that list. We have already notified our Members on our hot line system today as if a unanimous-consent agreement was reached, even though it was not, to get their amendments in. We really need to press that point. I know the Democratic leader is going to be working on that, too. We will work with you.

We are determined we are going to get this bill done before there is any Fourth of July recess. We made a commitment to go out next Friday, but we have work to do, and we are going to get it done next week, even if we do have to stay late at night.

Mr. THURMOND. I think it is well for them to understand, we are going to take no recess until we get this bill accomplished.

Mr. LOTT. Mr. President, I do have some requests now we would like to work through with the Democratic leader.

#### MORNING BUSINESS

##### NOMINATION OF KEITH R. HALL

Mr. COHEN. Mr. President, I would like to take this opportunity to endorse the nomination of Mr. Keith R. Hall to be Assistant Secretary of the Air Force for Space. I have known Mr. Hall since 1983, when I was first appointed to serve on the Senate Intelligence Committee. I came to know Mr. Hall particularly well during the period from 1987 to 1990, when I served as the vice chairman of the Intelligence Committee. During that period, the chairman and I relied heavily on Mr. Hall for assessments of the arcane

programmatics surrounding the President's budget submissions for the Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the National Reconnaissance Office. Throughout this period, Mr. Hall demonstrated exceptional knowledge and expertise, unflagging energy and integrity, and a truly nonpartisan spirit of cooperation with myself and other members of the minority party on the committee.

In 1991, Mr. Hall left the Intelligence Committee to become the Deputy Assistant Secretary of Defense for Intelligence and Security in the Office of the Secretary of Defense. By all accounts, he served very ably in that position, instituting new procedures to try and eliminate potentially wasteful duplication between national and tactical intelligence programs. From May 1995, until February of this year, Mr. Hall served as the Executive Director for Intelligence Community Affairs. In that position, Mr. Hall was directly responsible to the Director of Central Intelligence for developing the President's National Foreign Intelligence Program. I think it came as no surprise to anyone that Secretary Deutch brought Mr. Hall with him from the Defense Department when he became Director of Central Intelligence.

As my colleagues are aware, the National Reconnaissance Office has been the target of substantial controversy in recent years as a result of the costs associated with its new headquarters as well as the accumulation of a vast excess of carry-forward funds that accumulated in various accounts in recent years. Inevitably, these controversies have damaged the morale of the organization, notwithstanding the numerous spectacular achievements of the NRO. There is no doubt in my mind that Mr. Hall will be forthright in all of his dealings with Congress; that he will ensure there is no repetition of such controversies; and that he will be able to maintain and effectively manage the careful cooperation between the Intelligence Community and Defense Department that is necessary for the effective operation of the National Reconnaissance Office.

Mr. Hall has earned the confidence of officials at all levels of the administration and he certainly earned my confidence during his able service on the staff of the Senate Intelligence Committee. He is an outstanding individual and I urge my colleagues to support his nomination.

I ask unanimous consent that a copy of Mr. Hall's complete résumé be printed in the RECORD.

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

KEITH R. HALL, DEPUTY DIRECTOR, NATIONAL RECONNAISSANCE OFFICE

Keith R. Hall was appointed Deputy Director, National Reconnaissance Office (NRO) and Acting Director, NRO on 27 February 1996. Prior to his appointment, Mr. Hall had served as Executive Director for Intelligence

Community Affairs, assuming that position in May 1995. In this capacity he led a community staff which reported directly to the Director of Central Intelligence providing advice and assistance to the Director in planning and executing his Community management responsibilities. Mr. Hall was then principal architect and co-chairman of the Intelligence Program Review Group process. He was also co-chairman of the Security Policy Forum and with the Vice Chairman Joint Chiefs of Staff, directed the study group which proposed the creation of the Imagery and Mapping Agency.

Mr. Hall has been involved in United States intelligence in various capacities since 1970. He served nine years in Army intelligence where he was assigned to various signals and human intelligence positions, including two tours in which he commanded overseas operational intelligence units. In 1979, having been nominated and competitively selected as a Presidential Management Intern, he resigned from the Army and was appointed to the Office of Management and Budget where he was the budget examiner for the Central Intelligence Agency until 1983.

From 1983 to 1991, Mr. Hall served in a variety of professional staff positions with the Senate Select Committee on Intelligence, eventually serving as Deputy Staff Director. In that capacity, he had primary responsibility for supporting Committee members in the annual budget authorization process involving all United States intelligence activities. As a member of the Committee's senior staff, he also played a key role in other Committee activities including oversight of intelligence programs, interaction with other Congressional and Executive Branch elements, and review of intelligence-related legislation.

From 1991 until his appointment as Executive Director for Intelligence Community Affairs, Mr. Hall served as the Deputy Assistant Secretary of Defense for Intelligence and Security in the Office of the Secretary of Defense. His responsibilities included policy development, resource management, and oversight for all Defense intelligence, counterintelligence, and security activities. In this capacity he served as Chairman of the National Counterintelligence Policy Board and Co-Chairman of the Intelligence Systems Board.

He received his BA in History and Political Science from Alfred University and a Masters in Public Administration from Clark University. Mr. Hall has received several military awards and decorations; the Director of the Office of Management and Budget Award for Professional Achievement, the Central Intelligence Agency Gold Seal Medallion, and the Secretary of Defense Award for Distinguished Civilian Service.

#### FOREIGN OIL CONSUMED BY THE UNITED STATES? HERE'S WEEKLY BOX SCORE

Mr. HELMS. Mr. President, the American Petroleum Institute reports that for the week ending June 14, the United States imported 8,400,000 barrels of oil each day, 400,000 barrels less than the 8,800,000 barrels imported during the same week a year ago.

Americans relied on foreign oil for 57 percent of their needs last week. Before the Persian Gulf War, the United States obtained about 45 percent of its oil supply from foreign countries. During the Arab oil embargo in the 1970's, foreign oil accounted for only 35 percent of America's oil supply.

Anybody else interested in restoring domestic production of oil? U.S. producers provide jobs for American workers. Politicians had better ponder the economic calamity sure to occur in America if and when foreign producers shut off our supply—or double the already enormous cost of imported oil flowing into the United States—now 8,400,000 barrels a day.

#### THE VERY BAD DEBT BOXSCORE

Mr. HELMS. Mr. President, I think so often of that November evening long ago, in 1972, when the television networks reported that I had won the Senate race in North Carolina. It was 9:17 in the evening and I recall how stunned I was.

I had never really anticipated that I would be the first Republican in history to be elected to the U.S. Senate by the people of North Carolina. When I got over that, I made a commitment to myself that I would never fail to see a young person, or a group of young people, who wanted to see me.

I have kept that commitment and it has proved enormously meaningful to me because I have been inspired by the estimated 60,000 young people with whom I have visited during the 23 years I have been in the Senate.

A large percentage of them are greatly concerned about the total Federal debt which back in February exceeded \$5 trillion for the first time in history. Congress created this monstrous debt which coming generations will have to pay.

Mr. President, the young people who visit with me almost always are inclined to discuss the fact that under the U.S. Constitution, no President can spend a dime of Federal money that has not first been authorized and appropriated by both the House and Senate of the United States.

That is why I began making these daily reports to the Senate on February 25, 1992. I decided that it was important that a daily record be made of the precise size of the Federal debt which, at the close of business yesterday, Wednesday, June 19, 1996, stood at \$5,120,985,354,306.65. On a per capita basis, the existing Federal debt amounts to \$19,316.20 for every man, woman, and child in America on a per capita basis.

The increase in the national debt in the 24 hours since my report yesterday—which identified the total Federal debt as of close of business on Tuesday, June 18, 1996—shows an increase of more than \$2 billion—\$2,784,604,782.12, to be exact. That 1-day increase alone is enough to match the total amount needed to pay the college tuition for each of the 412,901 students for 4 years.

#### NOMINATION OF ALICE M. RIVLIN

Mr. ABRAHAM. Mr. President, earlier this afternoon, I joined 40 Republicans to oppose the nomination of Alice Rivlin to the Board of Governors

of the Federal Reserve. I wanted to take a moment now to explain my vote.

Let me emphasize that my vote should not reflect personally on Dr. Rivlin. Instead, it was exclusively based upon the manner in which the Clinton administration has not been forthcoming regarding its budget submission for fiscal year 1997.

As has been made clear in previous debates, in order to reach balance by the year 2002, the Clinton budget would require dramatic discretionary spending cuts in 2001 and 2002. These cuts would affect programs across the Government, including veterans' health care, medical research, and WIC.

Subsequent to the submission of this budget, several Cabinet Secretaries testified before Congress that the spending cuts required under the President's budget were subject to renegotiation on a yearly basis and should not be taken literally. In other words, the President's own appointees, who helped put his budget together, were claiming that the policies necessitated by that budget were not going to be pursued.

As Director of the Office of Management and Budget, Dr. Rivlin has been requested to account for the conflict between the President's budget and the testimony of his Cabinet Secretaries. As of this afternoon, however, Dr. Rivlin has been unable to provide what would be termed, in my opinion, as a suitable explanation. That is why I opposed her nomination.

Before I yield the floor, Mr. President, let me make myself clear. I have no misgivings about Dr. Rivlin's fitness or ability to fill the position to which the President has nominated her. Instead, my vote reflects my dismay at Congress' inability to get a straight answer from the administration about whether it stands behind its budget submission or not.

#### FORMER ALABAMA SENATOR JEREMIAH DENTON AND THE DENTON AMENDMENT PROGRAM

Mr. HEFLIN. Mr. President, former Alabama Senator Jeremiah Denton was recently honored at a luncheon and conference here on Capitol Hill for a significant amendment he sponsored and secured passage of in 1984. The event honoring Senator Denton was hosted jointly by our colleague Senator DEWINE of Ohio and Matthew:25 Ministries in Cincinnati, which operates a relief program for schools, orphanages, and clinics in Nicaragua.

This amendment passed as a part of the Defense authorization bill on October 19, 1984. It allowed, for the first time, the shipment of humanitarian goods from non-profit groups free of charge on military planes on a space-available basis. These goods include school, medical, and agricultural supplies and range from hospital beds to pencils.

Congress approved the legislation in order to resolve various legal questions

involved in such shipments and in order to take advantage of unused space on military vessels in Central America in times of crisis. It has since been expanded to encompass most of the world, and to date, more than 10 million pounds of goods have been shipped to needy countries. In fiscal year 1995, the program was used to transport approximately 2 million pounds of humanitarian goods to 21 different countries. It is now known widely as the Denton Amendment Program. Senator Denton was a member of the Armed Services Committee while in the Senate.

Groups such as Gay Construction of Decatur, AL, have used the program to ship 40,000 pounds of medical and school supplies to orphans in Albania. The Episcopal Diocese of Mississippi used it in March 1995 to send 4,000 pounds of medical supplies and clothing to a small village in the Honduras.

Under the Denton program, the Department of Defense pays for the extra fuel used by its planes due to the heavier loads. The U.S. Agency for International Development pays for inspection costs, which are usually very small, and the Department of State monitors compliance of shipments to be certain they are consistent with American foreign policy initiatives.

Senator Denton was once a Navy pilot who was shot down over Vietnam on July 18, 1965. He spent 7½ years as a prisoner-of-war in a camp in Vietnam. He first received national attention during a 1966 interview his captors arranged with a Japanese television station. During this interview, he defied his captors' order to condemn American policy, saying he would support the U.S. Government's position as long as he lived. He also blinked the word "torture" in Morse code into the camera. The message, which was picked up by Naval intelligence officers, was the first confirmation that American POW's were being beaten and generally mistreated by the North Vietnamese. Senator Denton's ordeal was documented in his book, "When Hell Was in Session," which was also made into a movie.

As a military pilot and naval aviator, he had seen the poverty that existed in many countries, especially in Central America. He also knew that there was often empty space on cargo flights and that pilots often made "dry runs" in order to maintain their edge. When he put these facts together, the idea for his amendment came rather easily.

I commend and congratulate former Senator Denton for his strong leadership roles in both the Armed Forces and in the U.S. Senate. I also salute him for the tremendous sacrifices he made for his country during the Vietnam war. The Denton Amendment Program is an outstanding example of how the concern and efforts of one individual can make a real difference in the world.

## MESSAGES FROM THE HOUSE

## ENROLLED BILLS SIGNED

At 12:03 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

S. 1136. An act to control and prevent commercial counterfeiting, and for other purposes.

H.R. 3029. An act to designate the United States courthouse in Washington, District of Columbia, as the "E. Barrett Prettyman United States Courthouse."

The enrolled bills were signed subsequently by the President pro tempore [Mr. THURMOND].

At 4:19 p.m., a message from the House of Representatives, delivered by Mr. Hays, 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. 3005. An act to amend the Federal securities laws in order to promote efficiency and capital formation in the financial markets, and to amend the Investment Company Act of 1940 to promote more efficient management of mutual funds, protect investors, and provide more effective and less burdensome regulation.

H.R. 3107. An act to impose sanctions on persons making certain investments directly and significantly contributing to the enhancement of the ability of Iran or Libya to develop its petroleum resources, and on persons exporting certain items that enhance Libya's weapons or aviation capabilities or enhance Libya's ability to develop its petroleum resources, and for other purposes.

## MEASURES REFERRED

The following concurrent resolution, previously received from the House of Representatives, was read and referred as indicated:

H. Con. Res. 187. Concurrent resolution expressing the sense of Congress with respect to recent church burning; to the Committee on the Judiciary.

## MEASURES PLACED ON THE CALENDAR

The following measure was placed on the calendar:

H.R. 3107. An act to impose sanctions on persons making certain investments directly and significantly contributing to the enhancement of the ability of Iran or Libya to develop its petroleum resources, and on persons exporting certain items that enhance Libya's weapons or aviation capabilities or enhance Libya's ability to develop its petroleum resources, and for other purposes.

The following measure was read the first and second times by unanimous consent and placed on the calendar:

H.R. 3525. An act to amend title 18, United States Code, to clarify the Federal jurisdiction over offenses relating to damage to religious property.

## EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and doc-

uments, which were referred as indicated:

EC-3077. A communication from the Director of the Office of Regulations Management, Office of the General Counsel, Department of Veterans Affairs, transmitting, pursuant to law, the report of a final rule entitled "Educational Assistance for Members of the Selected Reserve," (RIN2900-AE43) received on June 6, 1996; to the Committee on Veterans' Affairs.

EC-3078. A communication from the Director of the Office of Regulations Management, Office of the General Counsel, Department of Veterans Affairs, transmitting, pursuant to law, the report of a final rule entitled "Invention by Employees of Department of Veterans Affairs," (RINAI03) received on June 10, 1996; to the Committee on Veterans' Affairs.

EC-3079. A communication from the Director of the Office of Regulations Management, Office of the General Counsel, Department of Veterans Affairs, transmitting, pursuant to law, the report of a final rule entitled "Educational Assistance Programs and Service Members Occupational Conversion and Training Act Program," (RIN2900-AH31) received on June 13, 1996; to the Committee on Veterans' Affairs.

EC-3080. A communication from the President of the Kennedy Center for the Performing Arts, transmitting, pursuant to law, the annual report of the Kennedy Center for 1995; to the Committee on Rules and Administration.

EC-3081. A communication from the Assistant General Counsel, Department of Education, transmitting, pursuant to law, a rule relative to the William D. Ford Federal Direct Loan Program, (RIN1840-AC19) received on June 13, 1996; to the Committee on Labor and Human Resources.

EC-3082. A communication from the Assistant General Counsel, Department of Education, transmitting, pursuant to law, a rule relative to the report entitled "Bilingual Education: Graduate Fellowship Program," (RIN1885-AA21) received on June 13, 1996; to the Committee on Labor and Human Resources.

EC-3083. A communication from the Assistant General Counsel, Department of Education, transmitting, pursuant to law, a rule relative to the report entitled "Fund for the Improvement of Education: Elementary School Mathematics and Science Equipment Program," received on June 18, 1996; to the Committee on Labor and Human Resources.

EC-3084. A communication from the Director, Regulations Policy, Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Revocation of Obsolete Regulations," received on June 17, 1996; to the Committee on Labor and Human Resources.

EC-3085. A communication from the Director, Regulations Policy, Management Staff, Office of Policy, Food and Drug Administration, Department of Health and Human Services, transmitting, pursuant to law, the report of a rule entitled "Revocation of Certain Regulations Affecting Food," received on June 12, 1996; to the Committee on Labor and Human Resources.

EC-3086. A communication from the Assistant Secretary for Occupational Safety and Health, Department of Labor, transmitting, pursuant to law, a rule relative to Personal Protective Equipment for Shipyard Employment (PPE), (RIN1218-AA74) received on June 12, 1996; to the Committee on Labor and Human Resources.

EC-3087. A communication from the Assistant Secretary for Occupational Safety and

Health, Department of Labor, transmitting, pursuant to law, a rule entitled "Interpretive Bulletin 96-1 Relating to Participant Investment Education," (RIN1210-AA50) received on June 12, 1996; to the Committee on Labor and Human Resources.

EC-3088. A communication from the Labor Member of the Railroad Retirement Board, transmitting, supplemental correspondence expressing strong support for the bill (S. 1552) to amend the Railroad Retirement Act to permit payment of annuities to certain surviving divorced spouses who are not currently entitled to benefits; to the Committee on Labor and Human Resources.

EC-3089. A communication from the Deputy Executive Director and Chief Operating Officer of the Pension Benefit Guaranty Corporation, transmitting, pursuant to law, the report of a rule relative to the valuation of plan benefits in single-employer plans, received on June 11, 1996; to the Committee on Labor and Human Resources.

EC-3090. A communication from the Acting Assistant Attorney General, Office of Legislative Affairs, Department of Justice, transmitting, pursuant to law, the report of settlements for calendar year 1995; to the Committee on the Judiciary.

EC-3091. A communication from the Acting Assistant Attorney General, Office of Legislative Affairs, Department of Justice, transmitting, a draft of proposed legislation entitled "The Enhanced Prosecution and Punishment of Armed Dangerous Felons Act of 1996"; to the Committee on the Judiciary.

EC-3092. A communication from the Chairperson of the U.S. Commission on Civil Rights, transmitting, a statement condemning the wave of arson attacks that have damaged or destroyed more than 30 African American churches in recent months; to the Committee on the Judiciary.

EC-3093. A communication from the Chairman of the Federal Communications Commission, transmitting, pursuant to law, the Agency's report under the Freedom of Information Act for calendar year 1995; to the Committee on the Judiciary.

EC-3094. A communication from the Chairman of the Council of the District of Columbia, transmitting, pursuant to law, copies of D.C. Act 11-279 adopted by the Council on May 7, 1996; to the Committee on Governmental Affairs.

EC-3095. A communication from the Executive Director of the Committee For Purchase From People Who Are Blind Or Severely Disabled, transmitting, pursuant to law, a rule relative to additions to the procurement list, received on June 18, 1996; to the Committee on Governmental Affairs.

EC-3096. A communication from the Director of the Office of Government Ethics, transmitting, pursuant to law, the rule concerning Public Financial Disclosure, Conflicts of Interest, and Certificates of Divestiture for Executive Branch Officials, received on June 18, 1996; to the Committee on Governmental Affairs.

EC-3097. A communication from the Deputy Associate Administrator for Acquisition Policy, Office of Policy, Planning, and Evaluation, General Services Administration, transmitting, pursuant to law, a report of final and interim revisions to the Federal Acquisition Regulation, received on June 7, 1996; to the Committee on Governmental Affairs.

EC-3098. A communication from the Director of the Federal Emergency Management Agency, transmitting, pursuant to law, the report of the Office of Inspector General for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC-3099. A communication from the Administrator of the National Aeronautics and



Space Administration, transmitting, pursuant to law, the report of the Office of Inspector General for the period October 1, 1995 through March 31, 1996; to the Committee on Governmental Affairs.

EC-3100. A communication from the Acting Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the rule regarding notification of foreign government personnel, received on June 7, 1996; to the Committee on Foreign Relations.

EC-3101. A communication from the Acting Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, a rule relative to shipping and seamen, received on June 10, 1996; to the Committee on Foreign Relations.

EC-3102. A communication from the Acting Assistant Secretary of State (Legislative Affairs), transmitting, pursuant to law, the report of a Presidential Determination relative to the Assistance Program for Russia; to the Committee on Foreign Relations.

EC-3103. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State, the report of the texts of international agreements, other than treaties, and background statements; to the Committee on Foreign Relations.

EC-3104. A communication from the Assistant Secretary of Policy, Management and Budget, Department of the Interior, transmitting, pursuant to law, a final rule entitled "Department of the Interior Regulation System; Solicitation Provisions and Contract Clauses," (RIN1090-AA56) received on June 13, 1996; to the Committee on Energy and Natural Resources.

EC-3105. A communication from the Assistant Secretary of Policy, Management and Budget, Department of the Interior, transmitting, pursuant to law, a final rule entitled "Department of the Interior Acquisition Regulations; Forms," (RIN1090-AA57) received on June 13, 1996; to the Committee on Energy and Natural Resources.

EC-3106. A communication from the Assistant Secretary of the Interior for Fish and Wildlife and Parks, transmitting, pursuant to law, three final rules including a rule entitled "Public Use Regulations for the Alaska Peninsula," (RIN1018-AD30, 1024-AC27, 1024-AC42) received on June 13, 1996; to the Committee on Energy and Natural Resources.

EC-3107. A communication from the Secretary of Energy, transmitting, pursuant to law, the report of the "Program Update 1995" for the Clean Coal Technology Demonstration Program; to the Committee on Energy and Natural Resources.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mrs. KASSEBAUM, from the Committee on Labor and Human Resources, with an amendment in the nature of a substitute:

S. 1477. A bill to amend the Federal Food, Drug, and Cosmetic Act and the Public Health Service Act to improve the regulation of food, drugs, devices, and biological products, and for other purposes (Rept. No. 104-284).

By Mr. HATFIELD, from the Committee on Appropriations:

Special Report entitled "Revised Allocation to Subcommittees of Budget Totals from the Concurrent Resolution for Fiscal Year 1996" (Rept. No. 104-285).

By Mr. STEVENS, from the Committee on Appropriations, without amendment:

S. 1894. An original bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1997, and for other purposes (Rept. No. 104-286).

By Mr. BURNS, from the Committee on Appropriations, with amendments:

H.R. 3517. A bill making appropriations for military construction, family housing, and base realignment and closure for the Department of Defense for fiscal year ending September 30, 1997, and for other purposes (Rept. No. 104-287).

By Mr. CHAFEE, from the Committee on Environment and Public Works, without amendment:

H.R. 3364. A bill to designate a United States courthouse in Scranton, Pennsylvania, as the "William J. Nealon United States Courthouse".

By Mr. STEVENS, from the Committee on Governmental Affairs, with an amendment in the nature of a substitute:

S. 704. A bill to establish the Gambling Impact Study Commission.

By Mr. CHAFEE, from the Committee on Environment and Public Works, without amendment:

S. 1636. A bill to designate the United States Courthouse under construction at 1030 Southwest 3rd Avenue, Portland, Oregon, as the "Mark O. Hatfield United States Courthouse," and for other purposes.

## EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. HELMS, from the Committee on Foreign Relations:

Treaty Doc. 103-35 Bilateral Investment Treaty between the United States and Jamaica (Exec. Rept. 104-11).

### TEXT OF THE COMMITTEE RECOMMENDED RESOLUTION OF ADVICE AND CONSENT

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of The Treaty Between the United States of America and Jamaica Concerning the Reciprocal Encouragement and Protection of Investment, with Annex and Protocol, signed at Washington on February 4, 1994 (Treaty Doc. 103-35).

Treaty Doc. 103-36 Bilateral Investment Treaty between the United States and Belarus (Exec. Rept. 104-12).

### TEXT OF THE COMMITTEE RECOMMENDED RESOLUTION OF ADVICE AND CONSENT

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of The Treaty Between the United States of America and the Republic of Belarus Concerning the Encouragement and Reciprocal Protection of Investment, with Annex, Protocol, and Related Exchange of Letters, signed at Minsk on January 15, 1994 (Treaty Doc. 103-36). The Senate's advice and consent is subject to the following declaration, which the President, using existing authority, shall communicate to the Republic of Belarus, in connection with the exchange of the instruments of ratification of the Treaty:

(1) It is the Sense of the Senate that the United States:

(a) supports the Belarusian Parliament and its essential role in the ratification process of this Treaty;

(b) recognizes the progress made by the Belarusian Parliament toward democracy during the past year;

(c) fully expects that the Republic of Belarus will remain an independent state committed to democratic and economic reform; and

(d) believes that, in the event that the Republic of Belarus should unite with any other state, the rights and obligations established under this agreement will remain

binding on that part of the Successor State that formed the Republic of Belarus prior to the union.

Treaty Doc. 103-37 Bilateral Investment Treaty between the United States and Ukraine (Exec. Rept. 104-13).

### TEXT OF THE COMMITTEE RECOMMENDED RESOLUTION OF ADVICE AND CONSENT

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of The Treaty Between the United States of America and Ukraine Concerning the Encouragement and Reciprocal Protection of Investment, with Annex and Related Exchange of Letters, done at Washington on March 4, 1994 (Treaty Doc. 103-37).

Treaty Doc. 103-38 Bilateral Investment Treaty between the United States and Estonia (Exec. Rept. 104-14).

### TEXT OF THE COMMITTEE RECOMMENDED RESOLUTION OF ADVICE AND CONSENT

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of The Treaty Between the Government of the United States of America and the Government of the Republic of Estonia Concerning the Encouragement and Reciprocal Protection of Investment, with Annex, done at Washington on April 19, 1994 (Treaty Doc. 103-38).

Treaty Doc. 104-10 Bilateral Investment Treaty between the United States and Mongolia (Exec. Rept. 104-15).

### TEXT OF THE COMMITTEE RECOMMENDED RESOLUTION OF ADVICE AND CONSENT

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of The Treaty Between the United States of America and Mongolia Concerning the Encouragement and Reciprocal Protection of Investment, with Annex and Protocol, signed at Washington on October 6, 1994 (Treaty Doc. 104-10).

Treaty Doc. 104-12 Bilateral Investment Treaty between the United States and Latvia (Exec. Rept. 104-16).

### TEXT OF THE COMMITTEE RECOMMENDED RESOLUTION OF ADVICE AND CONSENT

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of The Treaty Between the Government of the United States of America and the Government of the Republic of Latvia Concerning the Encouragement and Reciprocal Protection of Investment, with Annex and Protocol, signed at Washington on January 13, 1995 (Treaty Doc. 104-12).

Treaty Doc. 104-13 Bilateral Investment Treaty between the United States and Georgia (Exec. Rept. 104-17).

### TEXT OF THE COMMITTEE RECOMMENDED RESOLUTION OF ADVICE AND CONSENT

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of The Treaty Between the Government of the United States of America and the Government of the Republic of Georgia Concerning the Encouragement and Reciprocal Protection of Investment, with Annex, signed at Washington on March 7, 1994 (Treaty Doc. 104-13).

Treaty Doc. 104-14 Bilateral Investment Treaty between the United States and Trinidad and Tobago (Exec. Rept. 104-18).

### TEXT OF THE COMMITTEE RECOMMENDED RESOLUTION OF ADVICE AND CONSENT

*Resolved, (two-thirds of the Senators present concurring therein),* That the Senate advise and consent to the ratification of The Treaty Between the Government of the United States of America and the Government of the Republic of Trinidad and Tobago Concerning the Encouragement and Reciprocal

Protection of Investment, with Annex, with Protocol, signed at Washington on September 26, 1994 (Treaty Doc. 104-14).

Treaty Doc. 104-19 Bilateral Investment Treaty between the United States and Albania (Exec. Rept. 104-19).

TEXT OF THE COMMITTEE RECOMMENDED  
RESOLUTION OF ADVICE AND CONSENT

*Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of The Treaty Between the Government of the United States of America and the Government of the Republic of Albania Concerning the Encouragement and Reciprocal Protection of Investment, with Annex and Protocol, signed at Washington on January 11, 1995 (Treaty Doc. 104-19).*

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. STEVENS:

S. 1894. An original bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1997, and for other purposes; from the Committee on Appropriations; placed on the calendar.

By Mr. GRASSLEY:

S. 1895. A bill to amend the Internal Revenue Code of 1986 to allow certain cash rent farm landlords to deduct soil and water conservation expenditures; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND  
SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LOTT:

S. Res. 267. A resolution to make changes in Committee membership for the 104th Congress; considered and agreed to.

STATEMENTS ON INTRODUCED  
BILLS AND JOINT RESOLUTIONS

By Mr. GRASSLEY:

S. 1895. A bill to amend the Internal Revenue Code of 1986 to allow certain cash rent farm landlords to deduct soil and water conservation expenditures; to the Committee on Finance.

TAX LEGISLATION

• Mr. GRASSLEY. Mr. President, I introduce important tax legislation to improve our Nation's soil conservation and water quality. This measure will extend the conservation expense income tax deduction to farmers who improve soil and water conservation and rent that farmland to family members on a cash basis. This legislation builds upon an existing and successful income tax provision that applies to similar improvements on share-crop rentals. I encourage my colleagues to cosponsor this legislation and thereby endorse an environmental tax policy that uniformly encourages conservation improvements on our Nation's farms.

Among all of our Nation's farmland, 4 out of 5 acres in the United States rely on private landowners and tenants

to care for the natural resources. Even though all farmers should be encouraged to become good stewards of the land, current tax policy does not provide incentives to help all private landowners and tenants to make conservation improvements that are consistent with environmental policy. On the one hand, farm landlords operating on a share-crop basis are rewarded with an income tax deduction for soil and water conservation improvements. However, cash rent landlords who make the same conservation improvements are denied a similar income tax deduction. My legislation will eliminate this inequality.

Mr. President, 43 percent of our Nation's farmland is rented. Of that farmland, 35 percent is rented on a share-crop basis, and 65 percent is rented on a cash basis. Share-crop rentals are arrangements where landlords typically contribute the real estate and improvements, and tenants contribute the labor. Cash rentals are also arrangements where landlords usually contribute the real estate and improvements. However, the landlords also contribute labor since these agreements are many times within a family farm environment.

To further compare, share-crop landlords may deduct certain costs paid or incurred for the treatment or moving of earth for soil and water conservation such as leveling, conditioning, grading, and terracing farmland. Likewise, share-crop landlords may also deduct costs incurred to build and maintain drainage ditches and earthen dams. Cash rentals, however, are not provided a tax deduction even though they practice similar conservation methods. In other words, with the substance between these rentals being often the same, the tax treatment of conservation expenses is vastly different.

Mr. President, it may surprise you to know that many family farmers are cash rent landlords. The life cycle of a family farm is one where aging parents gradually pass the family farm to their sons or daughters. In many cases, because the children cannot initially afford to purchase the family farms from their parents, a parent-child business relationship often starts out as a rental. Sometimes it is a share-crop rental, other time they agree to a cash rent relationship.

Unfortunately, our tax and environmental policy toward these two relationships remains irrational. If a landlord share-crops with a stranger, then that landlord can deduct conservation expenditures. However, if a widowed farm-wife cash rents farmland to her daughter and watches over the grandchildren while she is in the field, the grandmother cannot deduct conservation expenditures. Furthermore, a retired father who cash rents to his son and provides labor assistance during harvest is denied a conservation tax deduction.

I believe that our tax policy should encourage and reward sound soil con-

servation practices regardless of the situation of the farmers. At a minimum, our tax policy should reward family farmers who make long term soil conservation improvements to any of their farmland. In fact, these sound conservation practices have already aided many farmers in reducing our level of soil erosion. The USDA reported in its 1992 Natural Resources Inventory that soil erosion has decreased by 1 billion tons annually. The USDA attributes one half of that decrease to improved conservation efforts by farmers. Nonetheless, our Nation's tax policy requires that family farmers on a cash rent basis bear much of the expense of this successful environmental policy. My legislation fixes this problem. Surely, it will yield even further soil and water conservation of our Nation's most valuable non-renewable resource, farmland.●

ADDITIONAL COSPONSORS

S. 684

At the request of Mr. HATFIELD, the names of the Senator from Washington [Mrs. MURRAY], the Senator from Kentucky [Mr. McCONNELL], the Senator from Virginia [Mr. ROBB], the Senator from Massachusetts [Mr. KERRY], and the Senator from Utah [Mr. HATCH] were added as cosponsors of S. 684, a bill to amend the Public Health Service Act to provide for programs of research regarding Parkinson's disease, and for other purposes.

S. 704

At the request of Mr. SIMON, the name of the Senator from Virginia [Mr. ROBB] was added as a cosponsor of S. 704, a bill to establish the Gambling Impact Study Commission.

S. 1489

At the request of Mrs. MURRAY, the name of the Senator from Oregon [Mr. WYDEN] was added as a cosponsor of S. 1489, a bill to amend the Wild and Scenic Rivers Act to designate a portion of the Columbia River as a recreational river, and for other purposes.

S. 1703

At the request of Mr. MURKOWSKI, the name of the Senator from Vermont [Mr. JEFFORDS] was added as a cosponsor of S. 1703, a bill to amend the Act establishing the National Park Foundation.

S. 1802

At the request of Mr. THOMAS, the name of the Senator from South Dakota [Mr. PRESSLER] was added as a cosponsor of S. 1802, a bill to direct the Secretary of the Interior to convey certain property containing a fish and wildlife facility to the State of Wyoming, and for other purposes.

S. 1843

At the request of Mr. INHOFE, the name of the Senator from Kentucky [Mr. McCONNELL] was added as a cosponsor of S. 1843, a bill to provide for the allocation of funds from the Mass Transit Account of the Highway Trust Fund, and for other purposes.

S. 1890

At the request of Mr. KENNEDY, the names of the Senator from Virginia [Mr. ROBB], the Senator from Florida [Mr. GRAHAM], and the Senator from North Dakota [Mr. DORGAN] were added as cosponsors of S. 1890, a bill to increase Federal protection against arson and other destruction of places of religious worship.

S. 1893

At the request of Mrs. BOXER, her name was added as a cosponsor of S. 1893, a bill to provide for the settlement of issues and claims related to the trust lands of the Torres-Martinez Desert Cahuilla Indians, and for other purposes.

## SENATE RESOLUTION 85

At the request of Mr. CHAFEE, the name of the Senator from Tennessee [Mr. FRIST] was added as a cosponsor of Senate Resolution 85, a resolution to express the sense of the Senate that obstetrician-gynecologists should be included in Federal laws relating to the provision of health care.

## SENATE RESOLUTION 263

At the request of Ms. MOSELEY-BRAUN, the name of the Senator from North Dakota [Mr. DORGAN] was added as a cosponsor of Senate Resolution 263, a resolution relating to church burning.

## AMENDMENT NO. 4055

At the request of Mr. KEMPTHORNE the name of the Senator from Colorado [Mr. BROWN] was added as a cosponsor of amendment No. 4055 proposed to S. 1745, an original bill to authorize appropriations for fiscal year 1997 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.

# SENATE RESOLUTION 267—TO MAKE CHANGES IN COMMITTEE MEMBERSHIP FOR THE 104TH CONGRESS

Mr. LOTT submitted the following resolution; which was considered and agreed to:

## S. RES. 267

*Resolved*, That notwithstanding any provision of the Standing Rules of the Senate, the following Senators are either added to or removed from the following committees for the 104th Congress, or until their successors are appointed:

Added to:

Armed Services: The Senator from Kansas [Mrs. FRAHM];

Banking, Housing, and Urban Affairs: The Senator from Kansas [Mrs. FRAHM];

Finance: The Senator from Mississippi [Mr. LOTT];

Governmental Affairs: The Senator from New Mexico [Mr. DOMENICI];

Agriculture, Nutrition and Forestry: The Senator from Texas [Mr. GRAMM];

Rules and Administration: The Senator from Mississippi [Mr. LOTT];

Budget: The Senator from Florida [Mr. MACK].

Removed From:

Armed Services: The Senator from Mississippi [Mr. LOTT];

Banking, Housing, and Urban Affairs: The Senator from New Mexico [Mr. DOMENICI];

Governmental Affairs: The Senator from Colorado [Mr. BROWN]; and

Budget: The Senator from Mississippi [Mr. LOTT].

## AMENDMENTS SUBMITTED

## THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

### GRAMM (AND OTHERS) AMENDMENT NO. 4083

Mr. GRAMM (for himself, Mr. ROTH, Mr. INOUE, Mr. LOTT, Mr. CRAIG, Mrs. HUTCHISON, Mr. THURMOND, Mr. REID, Mr. INHOFE, Mr. ROBB, Mr. MCCONNELL, and Mr. WARNER) proposed an amendment to the bill (S. 1745) to authorize appropriations for fiscal year 1997 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:

At the end of title VII, add the following:

### SEC. 708. PLANS FOR MEDICARE SUBVENTION DEMONSTRATION PROGRAMS.

(A) PROGRAM FOR ENROLLMENT IN TRICARE MANAGED CARE OPTION.—(1) Not later than September 6, 1996, the Secretary of Defense and the Secretary of Health and Human Services shall jointly submit to Congress and the President a report that sets forth a specific plan and the Secretaries' recommendations regarding the establishment of a demonstration program under which—

(A) military retirees who are eligible for Medicare are permitted to enroll in the managed care option of the Tricare program; and

(B) the Secretary of Health and Human Services reimburses the Secretary of Defense from the Medicare program on a capitated basis for the costs of providing health care services to military retirees who enroll.

(2) The report shall include the following:

(A) The number of military retirees projected to participate in the demonstration program and the minimum number of such participants necessary to conduct the demonstration program effectively.

(B) A plan for notifying military retirees of their eligibility for enrollment in the demonstration program and for any other matters connected with enrollment.

(C) A recommendation for the duration of the demonstration program.

(D) A recommendation for the geographic regions in which the demonstration program should be conducted.

(E) The appropriate level of capitated reimbursement, and a schedule for such reimbursement, from the Medicare program to the Department of Defense for health care services provided enrollees in the demonstration program.

(F) An estimate of the amounts to be allocated by the Department for the provision of health care services to military retirees eligible for Medicare in the regions in which the demonstration program is proposed to be conducted in the absence of the program and an assessment of revisions to such allocation that would result from the conduct of the program.

(G) An estimate of the cost to the Department and to the Medicare program of providing health care services to Medicare eligible military retirees who enroll in the demonstration program.

(H) An assessment of the likelihood of cost shifting among the Department and the Medicare program under the demonstration program.

(I) A proposal for mechanisms for reconciling and reimbursing any improper payments among the Department and the Medicare program under the demonstration program.

(J) A methodology for evaluating the demonstration program, including cost analyses.

(K) An assessment of the extent to which the Tricare program is prepared to meet requirements of the Medicare program for purposes of the demonstration program and the provisions of law or regulation that would have to be waived in order to facilitate the carrying out of the demonstration program.

(L) An assessment of the impact of the demonstration program on military readiness.

(M) Contingency plans for the provision of health care services under the demonstration program in the event of the mobilization of health care personnel.

(N) A recommendation of the reports that the Department and the Department of Health and Human Services should submit to Congress describing the conduct of the demonstration program.

(b) FEASIBILITY STUDY FOR PROGRAM FOR ENROLLMENT IN TRICARE FEE-FOR-FEE-SERVICE OPTION.—Not later than January 3, 1997, the Secretary of Defense and the Secretary of Health and Human Services shall jointly submit to Congress and the President a report on the feasibility and advisability of expanding the demonstration program referred to in subsection (a) so as to provide the Department with reimbursement from the Medicare program on a fee-for-service basis for health care services provided Medicare-eligible military retirees who enroll in the demonstration program. The report shall include a proposal for the expansion of the program if the expansion is determined to be advisable.

(c) AUTHORIZATION OF APPROPRIATIONS.—Of the amounts authorized to be appropriated in section 301, \$75,000,000 shall be made available to carry out the demonstration program referred to in subsection (a) if Congress authorizes the program by the end of the Second Session of the 104th Congress.

## THE SENATE CAMPAIGN FINANCE REFORM ACT OF 1996

### GREGG AMENDMENT NO. 4084

(Ordered referred to the Committee on Rules and Administration.)

Mr. GREGG submitted an amendment intended to be proposed by him to the bill (S. 1219) to reform the financing of Federal elections, and for other purposes; as follows:

At the appropriate place, insert:

### SEC. . WRITTEN CONSENT REQUIRED TO USE UNION DUES AND OTHER MANDATORY EMPLOYEE FEES FOR POLITICAL ACTIVITIES.

(a) IN GENERAL.—Section 316(b) of the Federal Election Campaign Act of 1971 (2 U.S.C. 441b(b)) is amended by adding at the end the following new paragraph:

“(8)(A) No dues, fees, or other moneys required as a condition of membership in a labor organization or as a condition of employment shall be collected from an individual for use in activities described in subparagraph (A), (B), or (C) of paragraph (2) unless

the individual has given prior written consent for such use.

“(B) Any consent granted by an individual under subparagraph (A) shall remain in effect until revoked and may be revoked in writing at any time.

“(C) This paragraph shall apply to activities described in paragraph (2)(A) only if the communications involved expressly advocate the election or defeat of any clearly identified candidate for elective public office.”

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts collected more than 30 days after the date of the enactment of this Act.

## THE NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 1997

### CRAIG (AND OTHERS) AMENDMENT NO 4085

Mr. CRAIG (for himself, Mr. KEMPTHORNE, Mr. DOMENICI, Mr. BINGAMAN, Mr. MURKOWSKI, and Mr. JOHNSTON) proposed an amendment to the bill, S. 1745, supra; as follows:

On page 446, after line 12, insert the following subtitle:

Subtitle E.—Waste Isolation Pilot Plant Land Withdrawal Act Amendments.”

#### SECTION 1. SHORT TITLE AND REFERENCE.

(a) SHORT TITLE.—This Act may be cited as the “Waste Isolation Pilot Plant Land Withdrawal Amendment Act”.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Waste Isolation Pilot Plant Land Withdrawal Act (Public Law 102-579).

#### SEC. 2. DEFINITIONS.

Paragraphs (18) and (19) of section 2 are repealed.

#### SEC. 3. TEST PHASE AND RETRIEVAL PLANS.

Section 5 and the item relating to such section in the table of contents are repealed.

#### SEC. 4. MANAGEMENT PLAN.

Section 4(b)(5)(B) is amended by striking “or with the Solid Waste Disposal Act (42 U.S.C. 6901 et seq.)”.

#### SEC. 5. TEST PHASE ACTIVITIES.

Section 6 is amended—

(1) by repealing subsections (a) and (b),

(2) by repealing paragraph (1) of subsection (c),

(3) by redesignating subsection (c) as subsection (a) and in that subsection—

(A) by repealing subparagraph (A) of paragraph (2),

(B) by striking the subsection heading and the matter immediately following the subsection heading and inserting “STUDY.—The following study shall be conducted:”,

(C) by striking “(2) REMOTE-HANDLED WASTE.—”,

(D) by striking “(B) STUDY.—”,

(E) by redesignating clauses (i), (ii), and (iii) as paragraphs (1), (2), and (3), respectively, and

(F) by realigning the margins of such clauses to be margins of paragraphs,

(5) in subsection (d), by striking “, during the test phase, a biennial” and inserting “a” and by striking “, consisting of a documented analysis of” and inserting “as necessary to demonstrate”, and

(6) by redesignating subsection (d) as subsection (b).

#### SEC. 6. DISPOSAL OPERATIONS.

Section 7(b) is amended to read as follows:

“(b) REQUIREMENTS FOR COMMENCEMENT OF DISPOSAL OPERATIONS.—The Secretary may commence emplacement of transuranic waste underground for disposal at WIPP only upon completion of—

“(1) the Administrator’s certification under section 8(d)(1) that the WIPP facility will comply with the final disposal regulations;

“(2) the acquisition by the Secretary (whether by purchase, condemnation, or otherwise) of Federal Oil and Gas Leases No. NMNM 02953 and No. NMNM 02953C, unless the Administrator determines, under section 4(b)(5), that such acquisition is not required; and,

“(3) the expiration of the 30-day period beginning on the date on which the Secretary notifies Congress that the requirements of section 9(a)(1) have been met.”.

#### SEC. 7. ENVIRONMENTAL PROTECTION AGENCY DISPOSAL REGULATIONS.

(a) SECTION 8(d)(1).—Section 8(d)(1) is amended—

(1) by amended subparagraph (A) to read as follows:

“(A) APPLICATION FOR COMPLIANCE.—Within 30 days after the date of the enactment of the Waste Isolation Pilot Plant Land Withdrawal Amendment Act, the Secretary shall provide to Congress a schedule for the incremental submission of chapters of the application to the Administrator beginning no later than 30 days after such date. The Administrator shall review the submitted chapters and provide requests for additional information from the Secretary as needed for completeness within 45 days of the receipt of each chapter. The Administrator shall notify Congress of such requests. The schedule shall call for the Secretary to submit all chapters to the Administrator no later than October 31, 1996. The Administrator may at any time request additional information from the Secretary as needed to certify, pursuant to subparagraph (B), whether the WIPP facility will comply with the final disposal regulations.”; and

(2) in subparagraph (D), by striking “after the application is” and inserting “after the full application has been”.

(b) SECTION 8(d)(2), (3).—Section 8(d) is amended by striking paragraphs (2) and (3), by striking “(1) COMPLIANCE WITH DISPOSAL REGULATIONS.—”, and by redesignating subparagraphs (A), (B), (C), and (D) of paragraph (1) as paragraph (1), (2), (3), and (4), respectively.

(c) SECTION 8(g).—Section 8(g) is amended to read as follows:

“(G) ENGINEERED AND NATURAL BARRIERS, ETC.—The Secretary shall use both engineered and natural barriers and any other measures (including waste form modifications) to the extent necessary at WIPP to comply with the final disposal regulations.”.

#### SEC. 8. COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS.

(a) SECTION 9(a)(1).—Section 9(a)(1) is amended by adding after and below subparagraph (H) the following: “With respect to transuranic mixed waste designated by the Secretary for disposal at WIPP, such waste is exempt from treatment standards promulgated pursuant to section 3004(m) of the Solid Waste Disposal Act (42 U.S.C. Sec. 6924(m)) and shall not be subject to the land disposal prohibitions in section 3004(d), (e), (f), and (g) of the Solid Waste Disposal Act.”.

(b) SECTION 9(b).—Subsection (b) of section 9 is repealed.

(c) SECTION 9(c)(2).—Subsection (c)(2) of section 9 is repealed.

(d) SECTION 14.—Section 14 is amended—

(1) in subsection (a), by striking “No provision” and inserting “Except for the exemption from the land disposal restrictions described in section 9(a)(1), no provision”; and

(2) in subsection (b)(2), by striking “including all terms and conditions of the No-Migration Determination” and inserting “except that the transuranic mixed waste designated by the Secretary for disposal at WIPP is exempt from the land disposal restrictions described in section 9(a)(1)”.

#### SEC. 9. RETRIEVABILITY.

(a) SECTION 10.—Section 10 is amended to read as follows:

##### “SEC. 10. TRANSURANIC WASTE.

“It is the intent of Congress that the Secretary will complete all actions required under section 7(b) to commence emplacement of transuranic waste underground for disposal at WIPP no later than November 30, 1997.”.

(b) CONFORMING AMENDMENT.—The item relating to section 10 in the table of contents is amended to read as follows:

“Sec. 10. Transuranic waste.”.

#### SEC. 10. DECOMMISSIONING OF WIPP

Section 13 is amended—

(1) by repealing subsection (a), and

(2) in subsection (b), by striking “(b) MANAGEMENT PLAN FOR THE WITHDRAWAL AFTER DECOMMISSIONING.—Within 5 years after the date of the enactment of this Act, the” and inserting “The”.

#### SEC. 11. ECONOMIC ASSISTANCE AND MISCELLANEOUS PAYMENTS.

(a) Section 15(a) is amended by adding at the end the following: “An appropriation to the State shall be in addition to any appropriation for WIPP.”.

(b) \$20,000,000 is authorized to be appropriated in fiscal year 1997 to the Secretary for payment to the State of New Mexico for road improvements in connection with the WIPP.

### HATFIELD (AND WYDEN) AMENDMENT NO. 4086

(Ordered to lie on the table.)

Mr. HATFIELD (for himself and Mr. WYDEN) submitted an amendment intended to be proposed by them to the bill, S. 1745, supra; as follows:

At the end of subtitle D of title XXXI, add the following:

#### SEC. 3161. PARTICIPATION OF STATE OF OREGON IN REMEDIAL ACTIONS AT HANFORD RESERVATION, WASHINGTON.

(a) PARTICIPATION.—For purposes of remedial actions at the Hanford Reservation, Washington, under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.), the State of Oregon shall also be treated as the State in which Hanford Reservation is located under subparagraphs (D), (E), (G), and (H) of section 121(f)(1) of that Act (42 U.S.C. 9621(f)(1)).

(b) MEMORANDUM OF UNDERSTANDING.—The State of Oregon may enter into a memorandum of understanding with the State of Washington, the Site Manager of the Hanford Reservation, and the Administrator of the Environmental Protection Agency in order to address issues of mutual concern to such States regarding the Hanford Reservation. The entry into such a memorandum shall not delay the implementation of section 121 of that Act with respect to the Hanford Reservation.

### HATFIELD AMENDMENTS NOS. 4087-4088

(Ordered to lie on the table.)

Mr. HATFIELD submitted two amendments intended to be proposed by him to the bill, S. 1745, supra; as follows:

## AMENDMENT NO. 4087

At the end of subtitle D of title X add the following:

**SEC. 1044. DEMOCRACY STABILIZATION FINANCIAL ASSISTANCE PROGRAM.**

(a) **ESTABLISHMENT.**—The Secretary of Defense shall establish a program to support the strengthening of constitutional democracy in established and emerging democracies throughout the world through the awarding of grants for support of programs for the promotion of education in civics and government in the democratic tradition.

(b) **PROGRAMS SUPPORTED.**—The Secretary may award a grant to an organization for support of a 5-year program conducted by that organization that promotes cooperation in civics and government education by educational leaders, teacher trainers, scholars in disciplines related to civics and government, educational policy-makers, private citizens, business leaders, and government officials who are established and emerging democracies and are dedicated to democracy.

(c) **MAXIMUM NUMBER OF GRANTS.**—The Secretary may award up to four grants under the program.

(d) **ELIGIBLE GRANT RECIPIENTS.**—To be eligible for award of a grant under this section an organization shall be experienced in the following:

(1) The development and implementation of civics and government education curricula for students in kindergarten through twelfth grade throughout the United States, whether the experience is gained through work with local educational agencies, State educational agencies, or private educational institutions.

(2) The development and implementation of cooperative university-based, college-based, or other school-based in-service training programs for civics and government teachers at the kindergarten through twelfth grade levels.

(3) The administration of international exchange programs for the study of civics and government which involve exchanges of educational leaders, teacher trainers, scholars in disciplines related to civics and government, educational policymakers, private citizens, business leaders, and government officials among established and emerging democracies.

(e) **GRANT AGREEMENT.**—The Secretary and the recipient of a grant shall enter into an agreement that sets forth such terms and conditions for the use of the grant funds as the Secretary of Defense may prescribe.

(f) **USIA INVOLVEMENT.**—(1) The Secretary of Defense shall—

(A) obtain the concurrence of the Director of the United States Information Agency in the design of the program under this section; and

(B) consult with the Director in the awarding of grants to particular recipients, including the making of determinations of eligibility and the specification of terms and conditions of grant agreements under subsection (e).

(2) The Director of the United States Information Agency shall have particular responsibility for ensuring that—

(A) programs assisted under this section are not duplicative of other efforts; and

(B) any foreign institutions involved in such programs are creditable.

(g) **OVERSIGHT COMMITTEE.**—(1) The Secretary of Defense and the Director of the United States Information Agency shall jointly establish a committee for oversight of the grant program under this section. The committee shall be composed of an equal number of representatives of each such official.

(2) The oversight committee shall prescribe the following:

(A) The specifications for solicitations of grant proposals.

(B) The eligibility criteria (consistent with subsection (d)).

(C) The process for reviewing grant proposals, including the criteria for selection of proposals for grant award.

## AMENDMENT NO. 4088

At the end of subtitle F of title 10 add the following:

**SEC. 1072. NATIONAL WAR AND PEACE COLLEGE.**

(a) **DESIGNATION OF NATIONAL WAR AND PEACE COLLEGE.**—The National War College (located as of the date of the enactment of this Act at Fort McNair, District of Columbia) is redesignated as the "National War and Peace College".

(b) **REFERENCES.**—Any reference in a law, map, regulation, document, paper, or other record of the United States to the National War College shall be deemed to be a reference to the National War and Peace College.

**KEMPTHORNE AMENDMENT NO. 4089**

Mr. KEMPTHORNE proposed an amendment to the bill, S. 1745, *supra*; as follows:

At the end of subtitle D of title V add the following:

**SEC. 540. WAIVER OF TIME LIMITATIONS FOR AWARD OF CERTAIN DECORATIONS TO SPECIFIED PERSONS.**

(a) **WAIVER OF TIME LIMITATION.**—Any limitation established by law or policy for the time within which a recommendation for the award of a military decoration or award must be submitted shall not apply in the case of awards of decorations as described in subsection (b), the award of each decoration having been determined by the Secretary of the Navy to be warranted in accordance with section 1130 of title 10, United States Code.

(b) **DISTINGUISHED FLYING CROSS.**—Subsection (a) applies to awards of the Distinguished Flying Cross for service during World War II as follows:

(1) **FIRST AWARD.**—First award, for completion of at least 20 qualifying combat missions, to the following members and former members of the Armed Forces:

Vernard V. Aiken of Wilmington, Vermont.  
Ira V. Babcock of Dothan, Georgia.  
George S. Barlow of Grafton, Virginia.  
Earl A. Bratton of Bodega Bay, California.  
Herman C. Edwards of Johns Island, South Carolina.

James M. Fitzgerald of Anchorage, Alaska.  
Paul L. Hitchcock of Raleigh, North Carolina.

Harold H. Hottle of Hillsboro, Ohio.  
Samuel M. Keith of Anderson, South Carolina.

Otis Lancaster of Wyoming, Michigan.  
John B. McCabe of Biglerville, Pennsylvania.

James P. Merriman of Midland, Texas.  
The late Michael L. Michalak, formerly of Akron, New York.

The late Edward J. Naparkowsky, formerly of Hartford, Connecticut.

A. Jerome Pfeiffer of Racine, Wisconsin.  
Duane L. Rhodes of Earp, California.

Frank V. Roach of Bloomfield, New Jersey.  
Arnold V. Rosekrans of Horseheads, New York.

Joseph E. Seaman, Jr. of Bordentown, New Jersey.

Luther E. Thomas of Panama City, Florida.

Merton S. Ward of South Hamilton, Massachusetts.

Simon L. Webb of Magnolia, Mississippi.  
Jerry W. Webster of Leander, Texas.

Stanley J. Orlowski of Jackson, Michigan.

(2) **SECOND AWARD.**—Second award, for completion of at least 40 qualifying combat missions, to the following members and former members of the Armed Forces:

Ralph J. Deceuster of Dover, Ohio.  
Elbert J. Kimble of San Francisco, California.

George W. Knauff of Monument, Colorado.  
John W. Lincoln of Rockland, Massachusetts.

Alan D. Marker of Sonoma, California.  
Joseph J. Oliver of White Haven, Pennsylvania.

Arthur C. Adair of Grants Pass, Oregon.  
Daniel K. Connors of Hampton, New Hampshire.

Glen E. Danielson of Whittier, California.  
Prescott C. Jernegan of Hemet, California.

Stephen K. Johnson of Englewood, Florida.  
Warren E. Johnson of Vista, California.

Albert P. Emsley of Bothell, Washington.  
Robert B. Carnes of West Yarmouth, Massachusetts.

Urbain J. Fournier of Houma, Louisiana.  
John B. Tagliapieri of St. Helena, California.

Ray B. Stiltner of Centralia, Washington.

(3) **THIRD AWARD.**—Third award, for completion of at least 60 qualifying combat missions, to the following members and former members of the Armed Forces:

Glenn Bowers of Dillsburg, Pennsylvania.  
Arthur C. Casey of Irving, California.

Robert J. Larsen of Gulf Breeze, Florida.  
William A. Nickerson of Portland, Oregon.

David Mendoza of McAllen, Texas.

(4) **FOURTH AWARD.**—Fourth award, for completion of at least 80 qualifying combat missions, to the following members and former members of the Armed Forces:

Arvid L. Kretz of Santa Rosa, California.  
George E. McClane of Cocoa Beach, Florida.

Robert Bair of Ontario, California.

(5) **FIFTH AWARD.**—Fifth award, for completion of at least 100 qualifying combat missions, to the following members and former members of the Armed Forces:

William A. Baldwin of San Clemente, California.

George Bobb of Blackwood, New Jersey.  
John R. Conrad of Hot Springs, Arkansas.

Herbert R. Hetrick of Roaring Springs, Pennsylvania.

William L. Wells of Cordele, Georgia.

(6) **SIXTH AWARD.**—Sixth award, for completion of at least 120 qualifying combat missions, to Richard L. Murray of Dallas, Texas.

**WARNER (AND HUTCHISON) AMENDMENT NO. 4090**

Mr. WARNER (for himself and Mrs. HUTCHISON) proposed an amendment to the bill, S. 1745, *supra*; as follows:

At the end of the amendment, add the following new section:

**SEC. . MILITARY PERSONNEL STALKING PUNISHMENT AND PREVENTION ACT OF 1996.**

(a) **SHORT TITLE.**—This section may be cited as the "Military Personnel Stalking Punishment and Prevention Act of 1996".

(b) **IN GENERAL.**—Title 18, United States Code, is amended by inserting after section 2261 the following:

**"§ 2261A. Stalking of members of the Armed Forces of the United States**

"(a) **IN GENERAL.**—Whoever, within the special maritime and territorial jurisdiction of the United States or in the course of interstate travel, with the intent to injure or harass any military person, places that military person in reasonable fear of the death of, or serious bodily injury to, that military person or a member of the immediate family of that

military person shall be punished as provided in section 2261.

“(b) DEFINITIONS.—For purposes of this section—

“(1) the term ‘immediate family’ has the same meaning as in section 115; and

“(2) the term ‘military person’ means—

“(A) any member of the Armed Forces of the United States (including a member of any reserve component); and

“(B) any member of the immediate family of a person described in subparagraph (A).”.

(c) CONFORMING AMENDMENTS.—

(1) Section 2261(b) of title 18, United States Code, is amended by inserting “or section 2261A” after “this section”.

(2) Sections 2261(b) and 2262(b) of title 18, United States Code, are each amended by striking “offender’s spouse or intimate partner” each place it appears and inserting “victim”.

(3) The chapter heading for chapter 110A of title 18, United States Code, is amended by inserting “AND STALKING” after “VIOLENCE”.

(d) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 110A of title 18, United States Code, is amended by inserting after the item relating to section 2261 the following new item:

“2261A. Stalking of members of the Armed Forces of the United States.”.

(e) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the day after the date of enactment of this Act.

#### FAIRCLOTH AMENDMENT NO. 4091

(Ordered to lie on the table.)

Mr. FAIRCLOTH submitted an amendment intended to be proposed by him to the bill, S. 1745, supra; as follows:

At the end of subtitle B of title II add the following:

#### SEC. 223. SOUTHERN OBSERVATORY FOR ASTROPHYSICAL RESEARCH PROJECT.

Of the total amount authorized to be appropriated under section 201(4), \$3,000,000 is available for the Southern Observatory for Astrophysical Research (SOAR) project of the Defense Advanced Research Projects Agency.

#### THE SENATE CAMPAIGN FINANCE REFORM ACT OF 1996

##### MCCAIN (AND OTHERS) AMENDMENT NO. 4092

Mr. LOTT (for Mr. MCCAIN for himself, Mr. FEINGOLD, and Mr. THOMPSON) proposed an amendment to the bill, S. 1219, supra; as follows:

Strike all after the enacting clause and insert the following:

#### SECTION 1. SHORT TITLE.

This Act may be cited as the “Senate Campaign Finance Reform Act of 1996”.

#### SEC. 2. AMENDMENT OF CAMPAIGN ACT; TABLE OF CONTENTS.

(a) AMENDMENT OF FECA.—When used in this Act, the term “FECA” means the Federal Election Campaign Act of 1971 (2 U.S.C. 431 et seq.).

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title.

Sec. 2. Amendment of campaign Act; table of contents.

#### TITLE I—SENATE ELECTION SPENDING LIMITS AND BENEFITS

Sec. 101. Senate election spending limits and benefits.

Sec. 102. Free broadcast time.

Sec. 103. Broadcast rates and preemption.

Sec. 104. Reduced postage rates.

Sec. 105. Contribution limit for eligible Senate candidates.

Sec. 106. Reporting requirement for eligible Senate candidates.

#### TITLE II—REDUCTION OF SPECIAL INTEREST INFLUENCE

Subtitle A—Elimination of Political Action Committees From Federal Election Activities

Sec. 201. Ban on activities of political action committees in Federal elections.

Subtitle B—Provisions Relating to Soft Money of Political Parties

Sec. 211. Soft money of political parties.

Sec. 212. State party grassroots funds.

Sec. 213. Reporting requirements.

Subtitle C—Soft Money of Persons Other Than Political Parties

Sec. 221. Soft money of persons other than political parties.

Subtitle D—Contributions

Sec. 231. Contributions through intermediaries and conduits.

Subtitle E—Independent Expenditures

Sec. 241. Clarification of definitions relating to independent expenditures.

Sec. 242. Reporting requirements for certain independent expenditures.

#### TITLE III—MISCELLANEOUS PROVISIONS

Sec. 301. Restrictions on use of campaign funds for personal purposes.

Sec. 302. Campaign advertising amendments.

Sec. 303. Filing of reports using computers and facsimile machines.

Sec. 304. Audits.

Sec. 305. Limit on congressional use of the franking privilege.

Sec. 306. Authority to seek injunction.

Sec. 307. Reporting requirements for contributions of \$50 or more.

#### TITLE IV—CONSTITUTIONALITY AND EFFECTIVE DATE

Sec. 401. Severability.

Sec. 402. Expedited review of constitutional issues.

Sec. 403. Effective date.

Sec. 404. Regulations.

#### TITLE I—SENATE ELECTION SPENDING LIMITS AND BENEFITS

##### SEC. 101. SENATE ELECTION SPENDING LIMITS AND BENEFITS.

(a) IN GENERAL.—FECA is amended by adding at the end the following new title:

#### “TITLE V—SPENDING LIMITS AND BENEFITS FOR SENATE ELECTION CAMPAIGNS

##### “SEC. 501. CANDIDATES ELIGIBLE TO RECEIVE BENEFITS.

“(a) IN GENERAL.—For purposes of this title, a candidate is an eligible Senate candidate if the candidate—

“(1) meets the primary and general election filing requirements of subsections (c) and (d);

“(2) meets the primary and runoff election expenditure limits of subsection (b);

“(3) meets the threshold contribution requirements of subsection (e);

“(4) does not exceed the limitation on expenditures from personal funds under section 502(a); and

“(5) meets the in-State contribution requirements of subsection (f).

“(b) PRIMARY AND RUNOFF EXPENDITURE LIMITS.—

“(1) IN GENERAL.—The requirements of this subsection are met if—

“(A) the candidate or the candidate’s authorized committees did not make expendi-

tures for the primary election in excess of the lesser of—

“(i) 67 percent of the general election expenditure limit under section 502(b); or

“(ii) \$2,750,000; and

“(B) the candidate and the candidate’s authorized committees did not make expenditures for any runoff election in excess of 20 percent of the general election expenditure limit under section 502(b).

“(2) INDEXING.—The \$2,750,000 amount under paragraph (1)(A)(ii) shall be increased as of the beginning of each calendar year based on the increase in the price index determined under section 315(c), except that the base period shall be calendar year 1995.

“(c) PRIMARY FILING REQUIREMENTS.—

“(1) IN GENERAL.—The requirements of this subsection are met if the candidate files with the Commission a certification that—

“(A) the candidate and the candidate’s authorized committees—

“(i) will meet the primary and runoff election expenditure limits of subsection (b); and

“(ii) will accept only an amount of contributions for the primary and runoff elections that does exceed those limits;

“(B) the candidate and the candidate’s authorized committees will meet the limitation on expenditures from personal funds under section 502(a); and

“(C) the candidate and the candidate’s authorized committees will meet the general election expenditure limit under section 502(b).

“(2) DEADLINE FOR FILING CERTIFICATION.—The certification under paragraph (1) shall be filed not later than the date the candidate files as a candidate for the primary election.

“(d) GENERAL ELECTION FILING REQUIREMENTS.—

“(1) IN GENERAL.—The requirements of this subsection are met if the candidate files a certification with the Commission under penalty of perjury that—

“(A) the candidate and the candidate’s authorized committees—

“(i) met the primary and runoff election expenditure limits under subsection (b);

“(ii) did not accept contributions for the primary or runoff election in excess of the primary or runoff expenditure limit under subsection (b), whichever is applicable, reduced by any amounts transferred to the current election cycle from a preceding election cycle; and

“(iii) did not accept contributions for the primary or runoff election that caused the candidate to exceed the limitation on contributions from out-of-State residents under subsection (f);

“(B) at least one other candidate has qualified for the same general election ballot under the law of the candidate’s State;

“(C) the candidate and the authorized committees of the candidate—

“(i) except as otherwise provided by this title, will not make expenditures that exceed the general election expenditure limit under section 502(b);

“(ii) will not accept any contributions in violation of section 315; and

“(iii) except as otherwise provided by this title, will not accept any contribution for the general election involved to the extent that the contribution—

“(I) would cause the aggregate amount of contributions to exceed the sum of the amount of the general election expenditure limit under section 502(b), reduced by any amounts transferred to the current election cycle from a previous election cycle and not taken into account under subparagraph (A)(ii); or

“(II) would cause the candidate to exceed the limitation on contributions from out-of-State residents under subsection (f); and



“(D) the candidate intends to make use of the benefits provided under section 503.

“(2) DEADLINE FOR FILING CERTIFICATION.—The certification under paragraph (1) shall be filed not later than 7 days after the earlier of—

“(A) the date on which the candidate qualifies for the general election ballot under State law; or

“(B) if under State law, a primary or runoff election to qualify for the general election ballot occurs after September 1, the date on which the candidate wins the primary or runoff election.

“(e) THRESHOLD CONTRIBUTION REQUIREMENTS.—

“(1) IN GENERAL.—The requirements of this subsection are met if the candidate and the candidate's authorized committees have received allowable contributions during the applicable period in an amount at least equal to the lesser of—

“(A) 10 percent of the general election expenditure limit under section 502(b); or

“(B) \$250,000.

“(2) DEFINITIONS.—In this subsection:

“(A) ALLOWABLE CONTRIBUTION.—The term ‘allowable contribution’—

“(i) means a contribution that is made as a gift of money by an individual pursuant to a written instrument identifying the individual as the contributor; but

“(ii) does not include a contribution from an individual residing outside the candidate's State to the extent that acceptance of the contribution would bring a candidate out of compliance with subsection (f).

“(B) APPLICABLE PERIOD.—The term ‘applicable period’ means—

“(i) the period beginning on January 1 of the calendar year preceding the calendar year of the general election involved and ending on the date on which the certification under subsection (c)(2) is filed by the candidate; or

“(ii) in the case of a special election for the office of Senator, the period beginning on the date on which the vacancy in the office occurs and ending on the date of the general election.

“(f) LIMITATION ON OUT-OF-STATE CONTRIBUTIONS.—

“(1) REQUIREMENTS.—

“(A) IN GENERAL.—The requirements of this subsection are met if at least 60 percent of the total amount of contributions accepted by the candidate and the candidate's authorized committees are from individuals who are legal residents of the candidate's State.

“(B) SPECIAL RULE FOR SMALL STATES.—In the case of a candidate to which the general election expenditure limit under section 502(b)(1)(B)(i) applies, the requirements of this subsection are met if, at the option of the candidate—

“(i) at least 60 percent of the total amount of contributions accepted by the candidate and the candidate's authorized committees are from individuals who are legal residents of the candidate's State; or

“(ii) at least 60 percent of the number of individuals whose names are reported to the Commission as individuals from whom the candidate and the candidate's authorized committees accept contributions are legal residents of the candidate's State.

“(2) PERSONAL FUNDS.—For purposes of paragraph (1), amounts consisting of funds from sources described in section 502(a) shall be treated as contributions from individuals residing outside the candidate's State.

“(3) TIME FOR DETERMINATION.—A determination whether the requirements of paragraph (1) are met shall be made each time a candidate is required to file a report under section 304 and shall be made on an aggregate basis.

“(4) REPORTING REQUIREMENTS.—In addition to information required to be reported under section 304, a candidate that elects to comply with the requirements of paragraph (1)(B)(ii) shall include in each report required to be filed under section 304 the name and address of each individual that, during the calendar year in which the reporting period occurs, makes contributions aggregating \$20 or more.

#### “SEC. 502. LIMITATION ON EXPENDITURES.

“(a) LIMITATION ON USE OF PERSONAL FUNDS.—

“(1) IN GENERAL.—The aggregate amount of expenditures that may be made during an election cycle by an eligible Senate candidate or the candidate's authorized committees from the sources described in paragraph (2) shall not exceed the lesser of—

“(A) 10 percent of the general election expenditure limit under subsection (b); or

“(B) \$250,000.

“(2) SOURCES.—A source is described in this paragraph if the source is—

“(A) personal funds of the candidate and members of the candidate's immediate family; or

“(B) personal loans incurred by the candidate and members of the candidate's immediate family.

“(3) AMENDED DECLARATION.—A candidate who—

“(A) declares, pursuant to this title, that the candidate does not intend to expend funds described in paragraph (2) in excess of the amount applicable to the candidate under paragraph (1); and

“(B) subsequently changes the declaration or expends such funds in excess of that amount, shall file an amended declaration with the Commission and notify all other candidates for the same office not later than 24 hours after changing the declaration or exceeding the limits, whichever occurs first, by sending a notice by certified mail, return receipt requested.

“(b) GENERAL ELECTION EXPENDITURE LIMIT.—

“(1) IN GENERAL.—Except as otherwise provided in this title, the aggregate amount of expenditures for a general election by an eligible Senate candidate and the candidate's authorized committees shall not exceed the lesser of—

“(A) \$5,500,000; or

“(B) the greater of—

“(i) \$950,000; or

“(ii) \$400,000; plus

“(I) 30 cents multiplied by the voting age population not in excess of 4,000,000; and

“(II) 25 cents multiplied by the voting age population in excess of 4,000,000.

“(2) EXCEPTION.—In the case of an eligible Senate candidate in a State that has not more than 1 transmitter for a commercial Very High Frequency (VHF) television station licensed to operate in that State, paragraph (1)(B)(ii) shall be applied by substituting—

“(A) ‘80 cents’ for ‘30 cents’ in subclause (I); and

“(B) ‘70 cents’ for ‘25 cents’ in subclause (II).

“(3) INDEXING.—The amount otherwise determined under paragraph (1) for any calendar year shall be increased by the same percentage as the percentage increase for such calendar year under section 501(b)(2).

“(c) PAYMENT OF TAXES.—The limitation under subsection (b) shall not apply to any expenditure for Federal, State, or local taxes with respect to earnings on contributions raised.

“(d) EXCEPTIONS FOR COMPLYING CANDIDATES RUNNING AGAINST NONCOMPLYING CANDIDATES.—

“(1) EXCESSIVE CONTRIBUTIONS TO, OR PERSONAL EXPENDITURES BY, OPPOSING CANDIDATE.—

“(A) 10 PERCENT EXCESS.—

“(i) IN GENERAL.—If any opponent of an eligible Senate candidate is a noneligible candidate who—

“(I) has received contributions; or

“(II) has made expenditures from a source described in subsection (a);

in an aggregate amount equal to 110 percent of the general election expenditure limit, primary election expenditure limit, or runoff election expenditure limit applicable to the eligible Senate candidate, the general election expenditure limit, primary election expenditure limit, or runoff election expenditure limit (as the case may be) applicable to the eligible Senate candidate shall be increased by 20 percent.

“(ii) FUNDRAISING IN ANTICIPATION OF INCREASE.—Notwithstanding any other provision of this title, if any opponent of an eligible Senate candidate is a noneligible candidate who—

“(I) has received contributions; or

“(II) has made expenditures from a source described in subsection (a);

in an aggregate amount equal to 50 percent of the general election expenditure limit, primary election expenditure limit, or runoff election expenditure limit applicable to the eligible Senate candidate, the eligible Senate candidate may accept contributions in excess of the general election expenditure limit, primary election expenditure limit, or runoff election expenditure limit (as the case may be) so long as the eligible Senate candidate does not make any expenditures with such excess contributions before becoming entitled to an increase in the limit under clause (i).

“(B) 50 PERCENT EXCESS.—If any opponent of an eligible Senate candidate is a noneligible candidate who—

“(I) has received contributions; or

“(II) has made expenditures from a source described in subsection (a);

in an aggregate amount equal to 150 percent of the general election expenditure limit, primary election expenditure limit, or runoff election expenditure limit applicable to the eligible Senate candidate, the general election expenditure limit, primary election expenditure limit, or runoff election expenditure limit (as the case may be) applicable to the eligible Senate candidate shall be increased by 50 percent.

“(C) 100 PERCENT EXCESS.—If any opponent of an eligible Senate candidate is a noneligible candidate who—

“(I) has received contributions; or

“(II) has made expenditures from a source described in subsection (a);

in an aggregate amount equal to 200 percent of the general election expenditure limit, primary election expenditure limit, or runoff election expenditure limit applicable to the eligible Senate candidate, the general election expenditure limit, primary election expenditure limit, or runoff election expenditure limit (as the case may be) applicable to the eligible Senate candidate shall be increased by 100 percent.

“(2) REVOCATION OF ELIGIBILITY OF OPPONENT.—If the status of eligible Senate candidate of any opponent of an eligible Senate candidate is revoked under section 505(a), the general election expenditure limit applicable to the eligible Senate candidate shall be increased by 20 percent.

“(e) EXPENDITURES IN RESPONSE TO INDEPENDENT EXPENDITURES.—If an eligible Senate candidate is notified by the Commission under section 304(c)(4) that independent expenditures totaling \$10,000 or more have been

made in the same election in favor of another candidate or against the eligible candidate, the eligible candidate shall be permitted to spend an amount equal to the amount of the independent expenditures, and any such expenditures shall not be subject to any limit applicable under this title to the eligible candidate for the election.

**"SEC. 503. BENEFITS THAT ELIGIBLE CANDIDATES ARE ENTITLED TO RECEIVE.**

"An eligible Senate candidate shall be entitled to receive—

"(1) the broadcast media rates provided under section 315(b) of the Communications Act of 1934;

"(2) the free broadcast time provided under section 315(c) of the Communications Act of 1934; and

"(3) the reduced postage rates provided in section 3626(e) of title 39, United States Code.

**"SEC. 504. CERTIFICATION BY COMMISSION.**

"(a) IN GENERAL.—Not later than 48 hours after an eligible candidate qualifies for a general election ballot, the Commission shall certify the candidate's eligibility for free broadcast time under section 315(c) of the Communications Act of 1934. The Commission shall revoke the certification if the Commission determines that a candidate fails to continue to meet the requirements of this title.

"(b) DETERMINATIONS BY COMMISSION.—A determination (including a certification under subsection (a)) made by the Commission under this title shall be final, except to the extent that the determination is subject to examination and audit by the Commission under section 505.

**"SEC. 505. REVOCATION; MISUSE OF BENEFITS.**

"(a) REVOCATION OF STATUS.—

"(1) IN GENERAL.—If the Commission determines that any eligible Senate candidate—

"(A) has received contributions in excess of 110 percent of—

"(i) the applicable primary election limit under this title;

"(ii) the applicable general election limit under this title; or

"(iii) the limitation on contributions from out-of-State residents under section 501(f); or

"(B) has expended personal funds in excess of 110 percent of the limit under section 502(a),

the Commission shall revoke the certification of the candidate as an eligible Senate candidate and notify the candidate of the revocation.

"(2) PAYMENT OF VALUE OF BENEFITS.—On receipt of notification of revocation of eligibility under paragraph (1), a candidate—

"(A) shall pay an amount equal to the value of the benefits received under this title; and

"(B) shall be ineligible for benefits available under section 315(b) of the Communications Act of 1934 (47 U.S.C. 315(b)) for the duration of the election cycle.

"(b) MISUSE OF BENEFITS.—If the Commission determines that any benefit made available to an eligible Senate candidate under this title was not used as provided for in this title or that a candidate has violated any of the spending limits contained in this Act, the Commission shall so notify the candidate, and the candidate shall pay an amount equal to the value of the benefit."

(b) TRANSITION PERIOD.—Expenditures made before January 1, 1997, shall not be counted as expenditures for purposes of the limitations contained in the amendment made by subsection (a).

**SEC. 102. FREE BROADCAST TIME.**

(a) IN GENERAL.—Section 315 of the Communications Act of 1934 (47 U.S.C. 315) is amended—

(1) in the third sentence of subsection (a) by striking "within the meaning of this sub-

section" and inserting "within the meaning of this subsection and subsection (c)";

(2) by redesignating subsections (c) and (d) as subsections (d) and (e), respectively;

(3) by inserting after subsection (b) the following:

"(c) FREE BROADCAST TIME.—

"(1) IN GENERAL.—Except as provided in paragraph (3), each eligible Senate candidate who has qualified for the general election ballot as a candidate of a major or minor party shall be entitled to receive a total of 30 minutes of free broadcast time from broadcasting stations within the candidate's State or an adjacent State.

"(2) TIME.—

"(A) PRIME TIME.—Unless a candidate elects otherwise, the broadcast time made available under this subsection shall be between 6:00 p.m. and 10:00 p.m. on any day that falls on Monday through Friday.

"(B) LENGTH OF BROADCAST.—Except as otherwise provided in this Act, a candidate may use such time as the candidate elects, but time may not be used in lengths of less than 30 seconds or more than 5 minutes.

"(C) MAXIMUM REQUIRED OF ANY ONE STATION.—A candidate may not request that more than 15 minutes of free broadcast time be aired by any one broadcasting station.

"(3) MORE THAN 2 CANDIDATES.—In the case of an election among more than 2 candidates described in paragraph (1), only 60 minutes of broadcast time shall be available for all such candidates, and broadcast time shall be allocated as follows:

"(A) MINOR PARTY CANDIDATES.—The amount of broadcast time that shall be provided to the candidate of a minor party shall be equal to 60 minutes multiplied by the percentage of the number of popular votes received by the candidate of that party in the preceding general election for the Senate in the State (or if subsection (e)(4)(B) applies, the percentage determined under that subsection).

"(B) MAJOR PARTY CANDIDATES.—The amount of broadcast time remaining after assignment of broadcast time to minor party candidates under clause (i) shall be allocated equally between the major party candidates.

"(4) ONLY 1 CANDIDATE.—In the case of an election in which only 1 candidate qualifies to be on the general election ballot, no time shall be required to be provided by a broadcasting station under this subsection.

"(5) EXEMPTION.—The Federal Election Commission shall by regulation exempt from the requirements of this subsection—

"(A) a licensee the signal of which is broadcast substantially nationwide; and

"(B) a licensee that establishes that the requirements of this subsection would impose a significant economic hardship on the licensee;" and

(4) in subsection (d) (as redesignated by paragraph (2))—

(A) by striking "and" at the end of paragraph (1);

(B) by striking the period at the end of paragraph (2) and inserting a semicolon; and

(C) by adding at the end the following:

"(3) the term 'major party' means, with respect to an election for the United States Senate in a State, a political party whose candidate for the United States Senate in the preceding general election for the Senate in that State received 5 percent or more of the number of popular votes received by all candidates for the Senate;

"(4) the term 'minor party' means, with respect to an election for the United States Senate in a State, a political party—

"(A) whose candidate for the United States Senate in the preceding general election for the Senate in that State received 5 percent or more but less than 25 percent of the num-

ber of popular votes received by all candidates for the Senate; or

"(B) whose candidate for the United States Senate in the current general election for the Senate in that State has obtained the signatures of at least 5 percent of the State's registered voters, as determined by the chief voter registration official of the State, in support of a petition for an allocation of free broadcast time under this subsection; and

"(5) the term 'Senate election cycle' means, with respect to an election to a seat in the United States Senate, the 6-year period ending on the date of the general election for that seat."

(b) JURISDICTION OVER CHALLENGES TO BROADCAST MEDIA RATES AND FREE BROADCAST TIME.—

(1) IN GENERAL.—The United States Court of Federal Claims shall have exclusive jurisdiction over any action challenging the constitutionality of the broadcast media rates and free broadcast time required to be offered to political candidates under section 503 of the Federal Election Campaign Act of 1971 and section 315 of the Communications Act of 1934.

(2) REMEDY.—Money damages shall be the sole and exclusive remedy in an action under paragraph (1), and only an individual or entity that suffers actual financial injury shall have standing to maintain such an action.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1997.

**SEC. 103. BROADCAST RATES AND PREEMPTION.**

(a) BROADCAST RATES.—Section 315(b) of the Communications Act of 1934 (47 U.S.C. 315(b)) is amended—

(1) by striking "(b) The charges" and inserting the following:

"(b) BROADCAST MEDIA RATES.—

"(1) IN GENERAL.—The charges";

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(3) in paragraph (1)(A) (as redesignated by paragraph (2))—

(A) by striking "forty-five" and inserting "30"; and

(B) by striking "lowest unit charge of the station for the same class and amount of time for the same period" and inserting "lowest charge of the station for the same amount of time for the same period on the same date"; and

(4) by adding at the end the following:

"(2) ELIGIBLE SENATE CANDIDATES.—In the case of an eligible Senate candidate (within the meaning of section 501(a) of the Federal Election Campaign Act), the charges for the use of a television broadcasting station during the 30-day period and 60-day period referred to in paragraph (1)(A) shall not exceed 50 percent of the lowest charge described in paragraph (1)(A)."

(b) PREEMPTION; ACCESS.—Section 315 of the Communications Act of 1934 (47 U.S.C. 315), as amended by section 102(a), is amended—

(1) by redesignating subsections (d) and (e) (as redesignated by section 102(a)(2)), as subsections (e) and (f), respectively; and

(2) by inserting after subsection (c) the following:

"(d) PREEMPTION.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a licensee shall not preempt the use, during any period specified in subsection (b)(1)(A), of a broadcasting station by an eligible Senate candidate who has purchased and paid for such use pursuant to subsection (b)(2).

"(2) CIRCUMSTANCES BEYOND CONTROL OF LICENSEE.—If a program to be broadcast by a broadcasting station is preempted because of circumstances beyond the control of the

broadcasting station, any candidate advertising spot scheduled to be broadcast during that program may also be preempted.”.

(C) **REVOCACTION OF LICENSE FOR FAILURE TO PERMIT ACCESS.**—Section 312(a)(7) of the Communications Act of 1934 (47 U.S.C. 312(a)(7)) is amended—

(1) by striking “or repeated”;

(2) by inserting “or cable system” after “broadcasting station”; and

(3) by striking “his candidacy” and inserting “the candidacy of the candidate, under the same terms, conditions, and business practices as apply to the most favored advertiser of the licensee”.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on January 1, 1997.

#### SEC. 104. REDUCED POSTAGE RATES.

(a) **IN GENERAL.**—Section 3626(e) of title 39, United States Code, is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking “and the National” and inserting “the National”; and

(ii) by inserting before the semicolon the following: “, and, subject to paragraph (3), the principal campaign committee of an eligible Senate candidate;”;

(B) in subparagraph (B), by striking “and” after the semicolon;

(C) in subparagraph (C), by striking the period and inserting a semicolon; and

(D) by adding at the end the following:

“(D) the term ‘principal campaign committee’ has the meaning stated in section 301 of the Federal Election Campaign Act of 1971; and

“(E) the term ‘eligible Senate candidate’ means an eligible Senate candidate (within the meaning of section 501(a) of the Federal Election Campaign Act of 1971).”;

(2) by adding after paragraph (2) the following:

“(3) The rate made available under this subsection with respect to an eligible Senate candidate shall apply only to that number of pieces of mail that is equal to 2 times the number of individuals in the voting age population (as certified under section 315(e) of the Federal Election Campaign Act of 1971) of the State.”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall take effect on January 1, 1997..

#### SEC. 105. CONTRIBUTION LIMIT FOR ELIGIBLE SENATE CANDIDATES.

Section 315(a)(1) of FECA (2 U.S.C. 441a(a)(1)) is amended—

(1) in subparagraph (A) by inserting “except as provided in subparagraph (B),” before “to”;

(2) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively; and

(3) by inserting after subparagraph (A) the following:

“(B) if the general election expenditure, primary election expenditure limit, or runoff election expenditure limit applicable to an eligible Senate candidate has been increased under section 502(d), to the eligible Senate candidate and the authorized political committees of the candidate with respect to any election for the office of United States Senator, which, in the aggregate, exceed \$2,000;”.

#### SEC. 106. REPORTING REQUIREMENT FOR ELIGIBLE SENATE CANDIDATES.

Section 304(b)(2) of FECA (2 U.S.C. 434(b)(2)) is amended by striking “and” at the end of subparagraph (J), by striking the period at the end of subparagraph (K) and inserting “; and”, and by adding at the end the following new subparagraph:

“(L) in the case of an eligible Senate candidate, the total amount of contributions from individuals who are residents of the State in which the candidate seeks office.”.

### TITLE II—REDUCTION OF SPECIAL INTEREST INFLUENCE

#### Subtitle A—Elimination of Political Action Committees From Federal Election Activities

##### SEC. 201. BAN ON ACTIVITIES OF POLITICAL ACTION COMMITTEES IN FEDERAL ELECTIONS.

(a) **IN GENERAL.**—Title III of FECA (2 U.S.C. 301 et seq.) is amended by adding at the end the following:

##### “SEC. 324. BAN ON FEDERAL ELECTION ACTIVITIES BY POLITICAL ACTION COMMITTEES.

“Notwithstanding any other provision of this Act, no person other than an individual or a political committee may make a contribution to a candidate or candidate’s authorized committee.”.

(b) **DEFINITION OF POLITICAL COMMITTEE.**—(1) Section 301(4) of FECA (2 U.S.C. 431(4)) is amended to read as follows:

“(4) The term ‘political committee’ means—

“(A) the principal campaign committee of a candidate;

“(B) any national, State, or district committee of a political party, including any subordinate committee thereof;

“(C) any local committee of a political party that—

“(i) receives contributions aggregating in excess of \$5,000 during a calendar year;

“(ii) makes payments exempted from the definition of contribution or expenditure under paragraph (8) or (9) aggregating in excess of \$5,000 during a calendar year; or

“(iii) makes contributions or expenditures aggregating in excess of \$1,000 during a calendar year; and

“(D) any committee jointly established by a principal campaign committee and any committee described in subparagraph (B) or (C) for the purpose of conducting joint fundraising activities.”.

(2) Section 316(b)(2) of FECA (2 U.S.C. 441b(b)(2)) is amended—

(A) by inserting “or” after “subject;”;

(B) by striking “and their families; and” and inserting “and their families.”; and

(C) by striking subparagraph (C).

(c) **CANDIDATE’S COMMITTEES.**—(1) Section 315(a) of FECA (2 U.S.C. 441a(a)) is amended by adding at the end the following new paragraph:

“(9) For the purposes of the limitations provided by paragraphs (1) and (2), any political committee that is established, financed, maintained, or controlled, directly or indirectly, by any candidate or Federal officeholder shall be deemed to be an authorized committee of such candidate or officeholder.”.

(2) Section 302(e)(3) of FECA (2 U.S.C. 432) is amended to read as follows:

“(3) No political committee that supports, or has supported, more than one candidate may be designated as an authorized committee, except that—

“(A) a candidate for the office of President nominated by a political party may designate the national committee of such political party as the candidate’s principal campaign committee, if that national committee maintains separate books of account with respect to its functions as a principal campaign committee; and

“(B) a candidate may designate a political committee established solely for the purpose of joint fundraising by such candidates as an authorized committee.”.

(d) **RULES APPLICABLE WHEN BAN NOT IN EFFECT.**—(1) For purposes of FECA, during any period beginning after the effective date in which the limitation under section 324 of that Act (as added by subsection (a)) is not in effect—

(A) the amendments made by subsections (a), (b), and (c) shall not be in effect;

(B) it shall be unlawful for a multi-candidate political committee, intermediary, or conduit to make a contribution to a candidate for election, or nomination for election, to Federal office (or an authorized committee) to the extent that the making or accepting of the contribution will cause the amount of contributions received by the candidate and the candidate’s authorized committees from multicandidate political committees, intermediaries, or conduits to exceed 20 percent of the aggregate Federal election spending limits applicable to the candidate for the election cycle; and

(C) it shall be unlawful for a political committee, intermediary, or conduit to make a contribution to a candidate for election, or a nomination for an election, to Federal office (or an authorized committee of such candidate) in excess of the amount an individual is allowed to give directly to a candidate or a candidate’s authorized committee.

For purposes of this paragraph, the term “intermediary or conduit” has the meaning stated in section 315(a)(8) of FECA.

(2) A candidate or authorized committee that receives a contribution from a multicandidate political committee in excess of the amount allowed under paragraph (1)(B) shall return the amount of such excess contribution to the contributor.

#### Subtitle B—Provisions Relating to Soft Money of Political Parties

##### SEC. 211. SOFT MONEY OF POLITICAL PARTIES.

Title III of FECA (2 U.S.C. 301 et seq.) (as amended by section 201) is amended by adding at the end the following:

##### “SEC. 325. SOFT MONEY OF POLITICAL PARTIES.

“(a) **NATIONAL COMMITTEES.**—A national committee of a political party (including a national congressional campaign committee of a political party, an entity that is established, financed, maintained, or controlled by the national committee, a national congressional campaign committee of a political party, and an officer or agent of any such party or entity but not including an entity regulated under subsection (b)) shall not solicit or receive any contributions, donations, or transfers of funds, or spend any funds, not subject to the limitations, prohibitions, and reporting requirements of this Act.

“(b) **STATE, DISTRICT, AND LOCAL COMMITTEES.**—

“(1) **LIMITATION.**—Any amount that is expended or disbursed by a State, district, or local committee of a political party (including an entity that is established, financed, maintained, or controlled by a State, district, or local committee of a political party and an agent or officer of any such committee or entity) during a calendar year in which a Federal election is held, for any activity that might affect the outcome of a Federal election, including any voter registration or get-out-the-vote activity, any generic campaign activity, and any communication that identifies a candidate (regardless of whether a candidate for State or local office is also mentioned or identified) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

“(2) **ACTIVITY NOT INCLUDED IN PARAGRAPH (1).**—

“(A) **IN GENERAL.**—Paragraph (1) shall not apply to an expenditure or disbursement made by a State, district, or local committee of a political party for—

“(i) a contribution to a candidate for State or local office if the contribution is not designated or otherwise earmarked to pay for an activity described in paragraph (1);

“(ii) the costs of a State, district, or local political convention;

“(iii) the non-Federal share of a State, district, or local party committee’s administrative and overhead expenses (but not including the compensation in any month of any individual who spends more than 20 percent of the individual’s time on activity during the month that may affect the outcome of a Federal election) except that for purposes of this paragraph, the non-Federal share of a party committee’s administrative and overhead expenses shall be determined by applying the ratio of the non-Federal disbursements to the total Federal expenditures and non-Federal disbursements made by the committee during the previous presidential election year to the committee’s administrative and overhead expenses in the election year in question;

“(iv) the costs of grassroots campaign materials, including buttons, bumper stickers, and yard signs that name or depict only a candidate for State or local office; and

“(v) the cost of any campaign activity conducted solely on behalf of a clearly identified candidate for State or local office, if the candidate activity is not an activity described in paragraph (1).

“(B) FUNDRAISING.—Any amount that is expended or disbursed by a national, State, district, or local committee, by an entity that is established, financed, maintained, or controlled by a State, district, or local committee of a political party, or by an agent or officer of any such committee or entity to raise funds that are used, in whole or in part, to pay the costs of an activity described in subparagraph (A) shall be made from funds subject to the limitations, prohibitions, and reporting requirements of this Act.

“(c) TAX-EXEMPT ORGANIZATIONS.—No national, State, district, or local committee of a political party shall solicit any funds for or make any donations to an organization that is exempt from Federal taxation under section 501(c) of the Internal Revenue Code of 1986.

“(d) CANDIDATES.—

“(1) IN GENERAL.—Except as provided in paragraph (2), no candidate, individual holding Federal office, or agent of a candidate or individual holding Federal office may—

“(A) solicit or receive funds in connection with an election for Federal office unless the funds are subject to the limitations, prohibitions, and reporting requirements of this Act; or

“(B) solicit or receive funds that are to be expended in connection with any election for other than a Federal election unless the funds—

“(i) are not in excess of the amounts permitted with respect to contributions to candidates and political committees under section 315(a) (1) and (2); and

“(ii) are not from sources prohibited by this Act from making contributions with respect to an election for Federal office.

“(2) EXCEPTION.—Paragraph (1) does not apply to the solicitation or receipt of funds by an individual who is a candidate for a State or local office if the solicitation or receipt of funds is permitted under State law for the individual’s State or local campaign committee.”.

#### SEC. 212. STATE PARTY GRASSROOTS FUNDS.

(a) INDIVIDUAL CONTRIBUTIONS.—Section 315(a)(1) of FECA (2 U.S.C. 441a(a)(1)) (as amended by section 105) is amended—

(1) in subparagraph (C) by striking “or” at the end;

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following:

“(D) to—

“(i) a State Party Grassroots Fund established and maintained by a State committee

of a political party in any calendar year which, in the aggregate, exceed \$20,000;

“(ii) any other political committee established and maintained by a State committee of a political party in any calendar year which, in the aggregate, exceed \$5,000;

except that the aggregate contributions described in this subparagraph that may be made by a person to the State Party Grassroots Fund and all committees of a State Committee of a political party in any State in any calendar year shall not exceed \$20,000; or”.

(b) MULTICANDIDATE COMMITTEE CONTRIBUTIONS TO STATE PARTY.—Section 315(a)(2) of FECA (2 U.S.C. 441a(a)(2)) is amended—

(1) in subparagraph (B), by striking “or” at the end;

(2) by redesignating subparagraph (C) as subparagraph (D); and

(3) by inserting after subparagraph (B) the following:

“(C) to—

“(i) a State Party Grassroots Fund established and maintained by a State committee of a political party in any calendar year which, in the aggregate, exceed \$15,000;

“(ii) to any other political committee established and maintained by a State committee of a political party which, in the aggregate, exceed \$5,000;

except that the aggregate contributions described in this subparagraph that may be made by a multicandidate political committee to the State Party Grassroots Fund and all committees of a State Committee of a political party in any State in any calendar year shall not exceed \$15,000; or”.

(c) OVERALL LIMIT.—

(1) IN GENERAL.—Section 315(a) of FECA (2 U.S.C. 441a(a)) is amended by striking paragraph (3) and inserting the following:

“(3) OVERALL LIMIT.—

“(A) ELECTION CYCLE.—No individual shall make contributions during any election cycle that, in the aggregate, exceed \$60,000.

“(B) CALENDAR YEAR.—No individual shall make contributions during any calendar year—

“(i) to all candidates and their authorized political committees that, in the aggregate, exceed \$25,000; or

“(ii) to all political committees established and maintained by State committees of a political party that, in the aggregate, exceed \$20,000.

“(C) NONELECTION YEARS.—For purposes of subparagraph (B)(i), any contribution made to a candidate or the candidate’s authorized political committees in a year other than the calendar year in which the election is held with respect to which the contribution is made shall be treated as being made during the calendar year in which the election is held.”.

(2) DEFINITION.—Section 301 of FECA (2 U.S.C. 431) is amended by adding at the end the following:

“(20) ELECTION CYCLE.—The term ‘election cycle’ means—

“(A) in the case of a candidate or the authorized committees of a candidate, the period beginning on the day after the date of the most recent general election for the specific office or seat that the candidate seeks and ending on the date of the next general election for that office or seat; and

“(B) in the case of all other persons, the period beginning on the first day following the date of the last general election and ending on the date of the next general election.”.

(d) STATE PARTY GRASSROOTS FUNDS.—

(1) IN GENERAL.—Title III of FECA (2 U.S.C. 301 et seq.) (as amended by section 211) is amended by adding at the end the following:

#### “SEC. 326. STATE PARTY GRASSROOTS FUNDS.

“(a) DEFINITION.—In this section, the term ‘State or local candidate committee’ means a committee established, financed, maintained, or controlled by a candidate for other than Federal office.

“(b) TRANSFERS.—Notwithstanding section 315(a)(4), no funds may be transferred by a State committee of a political party from its State Party Grassroots Fund to any other State Party Grassroots Fund or to any other political committee, except a transfer may be made to a district or local committee of the same political party in the same State if the district or local committee—

“(1) has established a separate segregated fund for the purposes described in section 325(b)(1); and

“(2) uses the transferred funds solely for those purposes.

“(c) AMOUNTS RECEIVED BY GRASSROOTS FUNDS FROM STATE AND LOCAL CANDIDATE COMMITTEES.—

“(1) IN GENERAL.—Any amount received by a State Party Grassroots Fund from a State or local candidate committee for expenditures described in section 325(b)(1) that are for the benefit of that candidate shall be treated as meeting the requirements of 325(b)(1) and section 304(d) if—

“(A) the amount is derived from funds which meet the requirements of this Act with respect to any limitation or prohibition as to source or dollar amount specified in section 315(a) (1)(A) and (2)(A); and

“(B) the State or local candidate committee—

“(i) maintains, in the account from which payment is made, records of the sources and amounts of funds for purposes of determining whether those requirements are met; and

“(ii) certifies that the requirements were met.

“(2) DETERMINATION OF COMPLIANCE.—For purposes of paragraph (1)(A), in determining whether the funds transferred meet the requirements of this Act described in paragraph (1)(A)—

“(A) a State or local candidate committee’s cash on hand shall be treated as consisting of the funds most recently received by the committee; and

“(B) the committee must be able to demonstrate that its cash on hand contains funds meeting those requirements sufficient to cover the transferred funds.

“(3) REPORTING.—Notwithstanding paragraph (1), any State Party Grassroots Fund that receives a transfer described in paragraph (1) from a State or local candidate committee shall be required to meet the reporting requirements of this Act, and shall submit to the Commission all certifications received, with respect to receipt of the transfer from the candidate committee.”.

(2) DEFINITION.—Section 301 of FECA (2 U.S.C. 431) (as amended by subsection (c)(2)) is amended by adding at the end the following:

“(21) STATE PARTY GRASSROOTS FUND.—The term ‘State Party Grassroots Fund’ means a separate segregated fund established and maintained by a State committee of a political party solely for the purpose of making expenditures and other disbursements described in section 325(a).”.

#### SEC. 213. REPORTING REQUIREMENTS.

(a) REPORTING REQUIREMENTS.—Section 304 of FECA (2 U.S.C. 434) is amended by adding at the end the following new subsection:

“(d) POLITICAL COMMITTEES.—(1) The national committee of a political party, any congressional campaign committee of a political party, and any subordinate committee of either, shall report all receipts and disbursements during the reporting period, whether or not in connection with an election for Federal office.

“(2) A political committee (not described in paragraph (1)) to which section 325(b)(1) applies shall report all receipts and disbursements.

“(3) Any political committee shall include in its report under paragraph (1) or (2) the amount of any contribution received by a national committee which is to be transferred to a State committee for use directly (or primarily to support) activities described in section 325(b)(2) and shall itemize such amounts to the extent required by subsection (b)(3)(A).

“(4) Any political committee to which paragraph (1) or (2) does not apply shall report any receipts or disbursements that are used in connection with a Federal election.

“(5) If a political committee has receipts or disbursements to which this subsection applies from any person aggregating in excess of \$200 for any calendar year, the political committee shall separately itemize its reporting for such person in the same manner as required in subsection (b) (3)(A), (5), or (6).

“(6) Reports required to be filed under this subsection shall be filed for the same time periods required for political committees under subsection (a).”.

(b) REPORT OF EXEMPT CONTRIBUTIONS.—Section 301(8) of FECA (2 U.S.C. 431(8)) is amended by inserting at the end the following:

“(C) The exclusion provided in subparagraph (B)(viii) shall not apply for purposes of any requirement to report contributions under this Act, and all such contributions aggregating in excess of \$200 shall be reported.”.

(c) REPORTS BY STATE COMMITTEES.—Section 304 of FECA (2 U.S.C. 434), as amended by subsection (a), is amended by adding at the end the following new subsection:

“(e) FILING OF STATE REPORTS.—In lieu of any report required to be filed by this Act, the Commission may allow a State committee of a political party to file with the Commission a report required to be filed under State law if the Commission determines such reports contain substantially the same information.”.

(d) OTHER REPORTING REQUIREMENTS.—

(1) AUTHORIZED COMMITTEES.—Section 304(b)(4) of FECA (2 U.S.C. 434(b)(4)) is amended—

(A) by striking “and” at the end of subparagraph (H);

(B) by inserting “and” at the end of subparagraph (I); and

(C) by adding at the end the following new subparagraph:

“(J) in the case of an authorized committee, disbursements for the primary election, the general election, and any other election in which the candidate participates;”.

(2) NAMES AND ADDRESSES.—Section 304(b)(5)(A) of FECA (2 U.S.C. 434(b)(5)(A)) is amended—

(A) by striking “within the calendar year”; and

(B) by inserting “, and the election to which the operating expenditure relates” after “operating expenditure”.

#### Subtitle C—Soft Money of Persons Other Than Political Parties

#### SEC. 221. SOFT MONEY OF PERSONS OTHER THAN POLITICAL PARTIES.

Section 304 of the Federal Election Campaign Act of 1971 (2 U.S.C. 434) (as amended by section 215) is amended by adding at the end the following:

“(f) ELECTION ACTIVITY OF PERSONS OTHER THAN POLITICAL PARTIES.—

“(1) IN GENERAL.—A person other than a committee of a political party that makes aggregate disbursements totaling in excess

of \$10,000 for activities described in paragraph (2) shall file a statement with the Commission—

“(A) within 48 hours after the disbursements are made; or

“(B) in the case of disbursements that are made within 20 days of an election, within 24 hours after the disbursements are made.

“(2) ACTIVITY.—The activity described in this paragraph is—

“(A) any activity described in section 441(b)(2)(A) that refers to any candidate for Federal office, any political party, or any Federal election; and

“(B) any activity described in section 441b(b)(2) (B) or (C).

“(3) ADDITIONAL STATEMENTS.—An additional statement shall be filed each time additional disbursements aggregating \$10,000 are made by a person described in paragraph (1).

“(4) APPLICABILITY.—This subsection does not apply to—

“(A) a candidate or a candidate’s authorized committees; or

“(B) an independent expenditure.

“(5) CONTENTS.—A statement under this section shall contain such information about the disbursements as the Commission shall prescribe, including—

“(A) the name and address of the person or entity to whom the disbursement was made;

“(B) the amount and purpose of the disbursement; and

“(C) if applicable, whether the disbursement was in support of, or in opposition to, a candidate or a political party, and the name of the candidate or the political party.”.

#### Subtitle D—Contributions

#### SEC. 231. CONTRIBUTIONS THROUGH INTERMEDIARIES AND CONDUITS.

Section 315(a)(8) of FECA (2 U.S.C. 441a(a)(8)) is amended by striking paragraph (8) and inserting the following:

“(8) INTERMEDIARIES AND CONDUITS.—

“(A) DEFINITIONS.—In this paragraph:

“(i) ACTING ON BEHALF OF THE ENTITY.—The term ‘acting on behalf of the entity’ means soliciting one or more contributions—

“(I) in the name of an entity;

“(II) using other than incidental resources of an entity; or

“(III) by directing a significant portion of the solicitations to other officers, employees, agents, or members of an entity or their spouses, or by soliciting a significant portion of the other officers, employees, agents, or members of an entity or their spouses.

“(ii) BUNDLER.—The term ‘bundler’ means an intermediary or conduit that is any of the following persons or entities:

“(I) A political committee (other than the authorized campaign committee of the candidate that receives contributions as described in subparagraph (B) or (C)).

“(II) Any officer, employee or agent of a political committee described in subclause (I).

“(III) An entity.

“(IV) Any officer, employee, or agent of an entity who is acting on behalf of the entity.

“(V) A person required to be listed as a lobbyist on a registration or other report filed pursuant to the Lobbying Disclosure Act of 1995 (2 U.S.C. 1601 et seq.) or any successor law that requires reporting on the activities of a person who is a lobbyist or foreign agent.

“(iii) DELIVER.—The term ‘deliver’ means to deliver contributions to a candidate by any method of delivery used or suggested by a bundler that communicates to the candidate (or to the person who receives the contributions on behalf of the candidate) that the bundler collected the contributions for the candidate, including such methods as—

“(I) personal delivery;

“(II) United States mail or similar services;

“(III) messenger service; and

“(IV) collection at an event or reception.

“(iv) ENTITY.—The term ‘entity’ means a corporation, labor organization, or partnership.

“(B) TREATMENT AS CONTRIBUTIONS FROM PERSONS BY WHOM MADE.—

“(i) IN GENERAL.—For purposes of the limitations imposed by this section, all contributions made by a person, either directly or indirectly, on behalf of a candidate, including contributions that are in any way earmarked or otherwise directed through an intermediary or conduit to the candidate, shall be treated as contributions from the person to the candidate.

“(ii) REPORTING.—The intermediary or conduit through which a contribution is made shall report the name of the original contributor and the intended recipient of the contribution to the Commission and to the intended recipient.

“(C) TREATMENT AS CONTRIBUTIONS FROM THE BUNDLER.—Contributions that a bundler delivers to a candidate, agent of the candidate, or the candidate’s authorized committee shall be treated as contributions from the bundler to the candidate as well as from the original contributor.

“(D) NO LIMITATION ON OR PROHIBITION OF CERTAIN ACTIVITIES.—This subsection does not—

“(i) limit fundraising efforts for the benefit of a candidate that are conducted by another candidate or Federal officeholder; or

“(ii) prohibit any individual described in subparagraph (A)(ii)(IV) from soliciting, collecting, or delivering a contribution to a candidate, agent of the candidate, or the candidate’s authorized committee if the individual is not acting on behalf of the entity.”.

#### Subtitle E—Independent Expenditures

#### SEC. 241. CLARIFICATION OF DEFINITIONS RELATING TO INDEPENDENT EXPENDITURES.

(a) INDEPENDENT EXPENDITURE DEFINITION AMENDMENT.—Section 301 of FECA (2 U.S.C. 431) is amended by striking paragraphs (17) and (18) and inserting the following:

“(17) INDEPENDENT EXPENDITURE.—

“(A) IN GENERAL.—The term ‘independent expenditure’ means an expenditure that—

“(i) contains express advocacy; and

“(ii) is made without the participation or cooperation of, or without the consultation of, a candidate or a candidate’s representative.

“(B) ITEMS EXCLUDED.—The following shall not be considered to be an independent expenditure:

“(i) An expenditure made by—

“(I) an authorized committee of a candidate for Federal office; or

“(II) a political committee of a political party.

“(ii) An expenditure if there is any arrangement, coordination, or direction with respect to the expenditure between the candidate or the candidate’s agent and the person making the expenditure.

“(iii) An expenditure if, in the same election cycle, the person making the expenditure is or has been—

“(I) authorized to raise or expend funds on behalf of the candidate or the candidate’s authorized committees; or

“(II) serving as a member, employee, or agent of the candidate’s authorized committees in an executive or policymaking position.

“(iv) An expenditure if the person making the expenditure has played a significant role in advising or counseling the candidate or the candidate’s agents at any time on the

candidate's plans, projects, or needs relating to the candidate's pursuit of nomination for election, or election, to Federal office, in the same election cycle, including any advice relating to the candidate's decision to seek Federal office.

"(v) An expenditure if the person making the expenditure retains the professional services of any individual or other person also providing services in the same election cycle to the candidate in connection with the candidate's pursuit of nomination for election, or election, to Federal office, including any services relating to the candidate's decision to seek Federal office. For purposes of this clause, the term 'professional services' shall include any services (other than legal and accounting services solely for purposes of ensuring compliance with any Federal law) in support of any candidate's or candidates' pursuit of nomination for election, or election, to Federal office.

"(C) PERSONS INCLUDED.—For purposes of subparagraph (B), the person making the expenditure shall include any officer, director, employee, or agent of the person.

"(18) EXPRESS ADVOCACY.—

"(A) IN GENERAL.—The term 'express advocacy' means a communication that, taken as a whole and with limited reference to external events, makes an expression of support for or opposition to a specific candidate, to a specific group of candidates, or to candidates of a particular political party.

"(B) EXPRESSION OF SUPPORT FOR OR OPPOSITION TO.—In subparagraph (A), the term 'expression of support for or opposition to' includes a suggestion to take action with respect to an election, such as to vote for or against, make contributions to, or participate in campaign activity, or to refrain from taking action.

"(C) VOTING RECORDS.—The term 'express advocacy' does not include the publication and distribution of a communication that is limited to providing information about votes by elected officials on legislative matters and that does not expressly advocate the election or defeat of a clearly identified candidate."

(b) CONTRIBUTION DEFINITION AMENDMENT.—Section 301(8)(A) of FECA (2 U.S.C. 431(8)(A)) is amended—

(1) in clause (i), by striking "or" at the end;

(2) in clause (ii), by striking the period at the end and inserting "or"; and

(3) by adding at the end the following:

"(iii) any payment or other transaction referred to in paragraph (17)(A)(i) that is not an independent expenditure under paragraph (17)."

#### SEC. 242. REPORTING REQUIREMENTS FOR CERTAIN INDEPENDENT EXPENDITURES.

Section 304(c) of FECA of 1971 (2 U.S.C. 434(c)) is amended—

(1) in paragraph (2), by striking the undersigned matter after subparagraph (C);

(2) by redesignating paragraph (3) as paragraph (7); and

(3) by inserting after paragraph (2), as amended by paragraph (1), the following new paragraphs:

"(3)(A) Any person (including a political committee) making independent expenditures as defined in section 301 (17) and (18) with respect to a candidate in an election aggregating \$1,000 or more made after the 20th day, but more than 24 hours, before the election shall file a report within 24 hours after such independent expenditures are made. An additional report shall be filed each time independent expenditures aggregating \$1,000 are made with respect to the same candidate after the latest report filed under this subparagraph.

"(B) Any person (including a political committee) making independent expenditures

with respect to a candidate in an election aggregating \$10,000 or more made at any time up to and including the 20th day before the election shall file a report within 48 hours after such independent expenditures are made. An additional report shall be filed each time independent expenditures aggregating \$10,000 are made with respect to the same candidate after the latest report filed under this paragraph.

"(C) A report under subparagraph (A) or (B) shall be filed with the Commission and shall identify each candidate whom the expenditure is actually intended to support or to oppose. In the case of an election for United States Senator, the Commission shall, within 2 business days of receipt of a report, transmit a copy of the report to each eligible Senate candidate seeking nomination or election to that office.

"(D) For purposes of this section, an independent expenditure shall be considered to have been made upon the making of any payment or the taking of any action to incur an obligation for payment.

"(4) The Commission may, upon a request of a candidate or on its own initiative, make its own determination that a person, including a political committee, has made, or has incurred obligations to make, independent expenditures with respect to any candidate in any election which in the aggregate exceed the applicable amounts under paragraph (3). In the case of an election for United States Senator, the Commission shall notify each eligible Senate candidate in such election of such determination made within 2 business days after making it. Any determination made at the request of a candidate shall be made within 48 hours of the request.

"(5) In the event that independent expenditures totaling in the aggregate \$10,000 have been made in the same election in favor of another candidate or against an eligible Senate candidate, the Commission shall, within 2 business days, notify the eligible candidate that such candidate is entitled to an increase under section 502(e) in the candidate's applicable election limit in an amount equal to the amount of such independent expenditures."

### TITLE III—MISCELLANEOUS PROVISIONS

#### SEC. 301. RESTRICTIONS ON USE OF CAMPAIGN FUNDS FOR PERSONAL PURPOSES.

(a) RESTRICTIONS ON USE OF CAMPAIGN FUNDS.—Title III of FECA (2 U.S.C. 431 et seq.) (as amended by section 201) is amended by adding at the end the following new section:

#### "SEC. 325. RESTRICTIONS ON USE OF CAMPAIGN FUNDS FOR PERSONAL PURPOSES.

"(a) DEFINITIONS.—In this section:

"(1) CAMPAIGN EXPENSE.—The term 'campaign expense' means an expense that is attributable solely to a bona fide campaign purpose.

"(2) INHERENTLY PERSONAL PURPOSES.—The term 'inherently personal purpose' means a purpose that, by its nature, confers a personal benefit, including a home mortgage, rent, or utility payment, clothing purchase, noncampaign automobile expense, country club membership, vacation, or trip of a noncampaign nature, household food items, tuition payment, admission to a sporting event, concert, theatre or other form of entertainment not associated with a campaign, dues, fees, or contributions to a health club or recreational facility, and any other inherently personal living expense as determined under the regulations promulgated pursuant to section 301(b) of the Senate Campaign Finance Reform Act of 1996.

"(b) PERMITTED AND PROHIBITED USES.—An individual who receives contributions as a candidate for Federal office—

"(1) shall use the contributions only for legitimate and verifiable campaign expenses; and

"(2) shall not use the contributions for any inherently personal purpose."

(b) REGULATIONS.—Not later than 90 days after the date of enactment of this Act, the Federal Election Commission shall promulgate regulations consistent with this Act to implement subsection (a). Such regulations shall apply to all contributions possessed by an individual on the date of enactment of this Act.

#### SEC. 302. CAMPAIGN ADVERTISING AMENDMENTS.

Section 318 of FECA (2 U.S.C. 441d) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1)—

(i) by striking "Whenever" and inserting "Whenever a political committee makes a disbursement for the purpose of financing any communication through any broadcasting station, newspaper, magazine, outdoor advertising facility, mailing, or any other type of general public political advertising, or whenever";

(ii) by striking "an expenditure" and inserting "a disbursement"; and

(iii) by striking "direct"; and

(B) in paragraph (3), by inserting "and permanent street address" after "name"; and

(2) by adding at the end the following new subsections:

"(c) Any printed communication described in subsection (a) shall be—

"(1) of sufficient type size to be clearly readable by the recipient of the communication;

"(2) contained in a printed box set apart from the other contents of the communication; and

"(3) consist of a reasonable degree of color contrast between the background and the printed statement.

"(d)(1) Any broadcast or cablecast communication described in subsection (a)(1) or subsection (a)(2) shall include, in addition to the requirements of those subsections, an audio statement by the candidate that identifies the candidate and states that the candidate has approved the communication.

"(2) If a broadcast or cablecast communication described in paragraph (1) is broadcast or cablecast by means of television, the communication shall include, in addition to the audio statement under paragraph (1), a written statement which—

"(A) appears at the end of the communication in a clearly readable manner with a reasonable degree of color contrast between the background and the printed statement, for a period of at least 4 seconds; and

"(B) is accompanied by a clearly identifiable photographic or similar image of the candidate.

"(e) Any broadcast or cablecast communication described in subsection (a)(3) shall include, in addition to the requirements of those subsections, in a clearly spoken manner, the following statement:

"\_\_\_\_\_ is responsible for the content of this advertisement." (with the blank to be filled in with the name of the political committee or other person paying for the communication and the name of any connected organization of the payor). If broadcast or cablecast by means of television, the statement shall also appear in a clearly readable manner with a reasonable degree of color contrast between the background and the printed statement, for a period of at least 4 seconds."

#### SEC. 303. FILING OF REPORTS USING COMPUTERS AND FACSIMILE MACHINES.

Section 302(g) of FECA (2 U.S.C. 432(g)) is amended by adding at the end the following new paragraph:



“(6)(A) The Commission, in consultation with the Secretary of the Senate and the Clerk of the House of Representatives, may prescribe regulations under which persons required to file designations, statements, and reports under this Act—

“(i) are required to maintain and file them for any calendar year in electronic form accessible by computers if the person has, or has reason to expect to have, aggregate contributions or expenditures in excess of a threshold amount determined by the Commission; and

“(ii) may maintain and file them in that manner if not required to do so under regulations prescribed under clause (i).

“(B) The Commission, in consultation with the Secretary of the Senate and the Clerk of the House of Representatives, shall prescribe regulations which allow persons to file designations, statements, and reports required by this Act through the use of facsimile machines.

“(C) In prescribing regulations under this paragraph, the Commission shall provide methods (other than requiring a signature on the document being filed) for verifying designations, statements, and reports covered by the regulations. Any document verified under any of the methods shall be treated for all purposes (including penalties for perjury) in the same manner as a document verified by signature.

“(D) The Secretary of the Senate and the Clerk of the House of Representatives shall ensure that any computer or other system that they may develop and maintain to receive designations, statements, and reports in the forms required or permitted under this paragraph is compatible with any such system that the Commission may develop and maintain.”

#### SEC. 304. AUDITS.

(a) RANDOM AUDITS.—Section 311(b) of FECA (2 U.S.C. 438(b)) is amended—

(1) by inserting “(1)” before “The Commission”; and

(2) by adding at the end the following new paragraph:

“(2) Notwithstanding paragraph (1), the Commission may after all elections are completed conduct random audits and investigations to ensure voluntary compliance with this Act. The subjects of such audits and investigations shall be selected on the basis of criteria established by vote of at least 4 members of the Commission to ensure impartiality in the selection process. This paragraph does not apply to an authorized committee of a candidate for President or Vice President subject to audit under title VI or to an authorized committee of an eligible Senate candidate or an eligible House candidate subject to audit under section 522(a).”

(b) EXTENSION OF PERIOD DURING WHICH CAMPAIGN AUDITS MAY BE BEGUN.—Section 311(b) of FECA (2 U.S.C. 438(b)) is amended by striking “6 months” and inserting “12 months”.

#### SEC. 305. LIMIT ON CONGRESSIONAL USE OF THE FRANKING PRIVILEGE.

(a) IN GENERAL.—Section 3210(a)(6)(A) of title 39, United States Code, is amended to read as follows:

“(A) A Member of Congress shall not mail any mass mailing as franked mail during a year in which there will be an election for the seat held by the Member during the period between January 1 of that year and the date of the general election for that Office, unless the Member has made a public announcement that the Member will not be a candidate for reelection to that year or for election to any other Federal office.”

(b) APPLICATION OF SAVINGS.—It is the intent of Congress that any savings realized by

virtue of the amendment made by subsection (a) shall be designated to pay for the benefits of section 104 (relating to reduced postage rates for eligible Senate candidates) provided under section 104.

#### SEC. 306. AUTHORITY TO SEEK INJUNCTION.

Section 309(a) of FECA (2 U.S.C. 437g(a)) is amended—

(1) by adding at the end the following new paragraph:

“(13)(A) If, at any time in a proceeding described in paragraph (1), (2), (3), or (4), the Commission believes that—

“(i) there is a substantial likelihood that a violation of this Act is occurring or is about to occur;

“(ii) the failure to act expeditiously will result in irreparable harm to a party affected by the potential violation;

“(iii) expeditious action will not cause undue harm or prejudice to the interests of others; and

“(iv) the public interest would be best served by the issuance of an injunction,

the Commission may initiate a civil action for a temporary restraining order or a temporary injunction pending the outcome of the proceedings described in paragraphs (1), (2), (3), and (4).

“(B) An action under subparagraph (A) shall be brought in the United States district court for the district in which the defendant resides, transacts business, or may be found, or in which the violation is occurring, has occurred, or is about to occur.”

(2) in paragraph (7), by striking “(5) or (6)” and inserting “(5), (6), or (13)”; and

(3) in paragraph (11), by striking “(6)” and inserting “(6) or (13)”.

#### SEC. 307. REPORTING REQUIREMENTS FOR CONTRIBUTIONS OF \$50 OR MORE.

Section 304(b)(2)(A) is amended by inserting “, including the name and address of each person who makes contributions aggregating at least \$50 but not more than \$200 during the calendar year” after “political committees”.

### TITLE IV—CONSTITUTIONALITY AND EFFECTIVE DATE

#### SEC. 401. SEVERABILITY.

If any provision of this Act, an amendment made by this Act, or the application of such provision or amendment to any person or circumstance is held to be unconstitutional, the remainder of this Act, the amendments made by this Act, and the application of the provisions of such to any person or circumstance shall not be affected thereby.

#### SEC. 402. EXPEDITED REVIEW OF CONSTITUTIONAL ISSUES.

(a) DIRECT APPEAL TO SUPREME COURT.—An appeal may be taken directly to the Supreme Court of the United States from any interlocutory order or final judgment, decree, or order issued by any court ruling on the constitutionality of any provision of this Act or amendment made by this Act.

(b) ACCEPTANCE AND EXPEDITION.—The Supreme Court shall, if it has not previously ruled on the question addressed in the ruling below, accept jurisdiction over, advance on the docket, and expedite the appeal to the greatest extent possible.

#### SEC. 403. EFFECTIVE DATE.

Except as otherwise provided in this Act, the amendments made by, and the provisions of, this Act shall take effect on January 1, 1997.

#### SEC. 404. REGULATIONS.

The Federal Election Commission shall prescribe any regulations required to carry out this Act not later than 9 months after the effective date of this Act.

### NOTICE OF HEARING

#### COMMITTEE ON RULES AND ADMINISTRATION

Mr. WARNER. Mr. President, I wish to announce that the Committee on Rules and Administration will meet in SR-301, Russell Senate Office Building, on Wednesday, June 26, 1996, at 9:30 a.m. to hold a hearing on FEC reauthorization, oversight, and campaign finance reform.

For further information concerning this hearing, please contact Bruce Kasold of the Rules Committee staff at 224-3448.

### AUTHORITY FOR COMMITTEES TO MEET

#### COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

Mr. D'AMATO. Mr. President, I ask unanimous consent that the Committee on Commerce, Science, and Transportation be allowed to meet during the Thursday, June 20, 1996, session of the Senate for the purpose of conducting a hearing on broadcast spectrum reform.

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

#### COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. D'AMATO. Mr. President, I ask unanimous consent that the full Committee on Environmental and Public Works be granted permission to continue consideration of pending business in the President's Room, S-216, the Capitol, Thursday, June 20, at approximately 2:30 p.m., immediately following the vote on the confirmation of the nomination of Alice Rivlin to be a member of the Federal Reserve Board.

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

#### COMMITTEE ON FOREIGN RELATIONS

Mr. D'AMATO. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorized to meet during the session of the Senate on Thursday, June 20, 1996, at 10 a.m. and 3 p.m. to hold hearings.

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

#### COMMITTEE ON THE JUDICIARY

Mr. D'AMATO. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, June 20, 1996, at 10 a.m. to hold a hearing on White House access to FBI background summaries.

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

#### COMMITTEE ON INDIAN AFFAIRS AND THE COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

Mr. D'AMATO. Mr. President, I ask unanimous consent that the Committee on Indian Affairs be authorized to meet during the session of the Senate on Thursday, June 20, 1996, at 10 a.m. to conduct a joint hearing with the Committee on Banking, Housing, and Urban Affairs on title VII, American Indian Housing Assistance, of H.R. 2406, the U.S. Housing Act of 1996. The hearing will be held in room 538 of the Dirksen Senate Office Building.

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

# ADDITIONAL STATEMENTS

## CONGRESSIONAL BUDGET OFFICE ESTIMATE OF COSTS—S. 1605

• Mr. MURKOWSKI. Mr. President: in compliance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee on Energy and Natural Resources has obtained a letter from the Congressional Budget Office containing an estimate of the costs of S. 1605, the Energy Policy and Conservation Amendment Act, as reported from the committee. In addition, pursuant to Public Law 104-4, the letter contains the opinion of the Congressional Budget Office regarding whether S. 1605 contains intergovernmental mandates as defined in that act. I respectfully request that the opinion of the Congressional Budget Office be printed in the CONGRESSIONAL RECORD in its entirety.

The opinion follows:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC., May 9, 1996.

Hon. FRANK H. MURKOWSKI,  
Chairman, Committee on Energy and Natural  
Resources, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 1605, the Energy Policy and Conservation Act Amendment Act.

Enactment of S. 1605 would affect direct spending. Therefore, pay-as-you-go procedures would apply to the bill.

If you wish further details on this estimate, we will be pleased to provide them.

Sincerely,

JUNE E. O'NEILL,  
Director.

Enclosure.

## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 1605.
2. Bill title: Energy Policy and Conservation Act Amendment Act.
3. Bill status: As ordered reported by the Senate Committee on Energy and Natural Resources on April 24, 1996.
4. Bill purpose: S. 1605 would reauthorize certain activities and programs at the Department of Energy (DOE) through 2001. It would revise and extend the statutory guidelines and requirements of the Energy Policy and Conservation Act (EPCA), which outlines federal policies regarding energy emergencies, energy exports, and certain energy conservation initiatives. These amendments would authorize DOE to lease underutilized capacity of the Strategic Petroleum Reserve (SPR) to foreign governments to the extent provided in appropriation acts. Other provisions would remove certain restrictions on joint bidding by major oil companies for leases on the Outer Continental Shelf (OCS), modify various reporting and planning requirements, and enable the state of Hawaii to purchase oil from the SPR under certain conditions.

S. 1605 would authorize the appropriation of such sums as may be necessary for the SPR for 1996 through 2001. It would authorize specific amounts for 1996 for the State Energy Conservation Program (SECP), the Institutional Conservation Program (ICP), the Alternative Fuels Truck Commercial Application Program, and programs under Part C of EPCA (including activities supporting the International Energy Agency, the Committee on Renewable Energy Commerce and

Trade, and the Committee on Energy Efficiency Commerce and Trade). The bill also would authorize the appropriation of such sums as may be necessary to implement the conservation grant and alternative fuels programs for 1997 through 2001 and the Part C programs for 1997 through 1999.

5. Estimated cost to the Federal Government: The following table summarizes the estimated budgetary effects of S. 1605. Assuming appropriation of the authorized amounts for 1997 through 2001, we estimate that enacting this bill would result in additional discretionary spending totaling between \$1.4 billion and \$1.5 billion over that period. CBO anticipates that enacting this bill would affect direct spending by reducing offsetting receipts from bonus bids for OCS leases, but the impact is likely to be small for each fiscal year. On average, we estimate that bonus bids would fall by about \$2 million a year over the 1997-2002 period.

(By fiscal years, in millions of dollars)

	1996	1997	1998	1999	2000	2001	2002
<b>SPENDING SUBJECT TO APPROPRIATIONS</b>							
Spending under current law:							
Budget authority <sup>1</sup>	325	.....	.....	.....	.....	.....	.....
Estimated outlays	279	173	57	9	.....	.....	.....
<b>WITHOUT ADJUSTMENT FOR INFLATION</b>							
Proposed Changes:							
Estimated authorization level	31	291	291	291	286	286	.....
Estimated outlays	.....	139	255	287	289	287	148
Spending Under S. 1605:							
Estimated authorization level	356	291	291	291	286	286	.....
Estimated outlays	279	313	311	296	289	287	148
<b>WITH ADJUSTMENT FOR INFLATION</b>							
Proposed Changes:							
Estimated authorization level	31	291	300	309	313	324	.....
Estimated outlays	.....	139	259	300	310	318	167
Spending Under S. 1605:							
Estimated authorization level	356	291	300	309	313	324	.....
Estimated outlays	279	313	316	308	310	318	167
<b>CHANGES IN DIRECT SPENDING</b>							
Estimated budget authority	.....	3	2	2	2	1	1
Estimated outlays	.....	3	2	2	2	1	1

<sup>1</sup> The 1996 level is the amount actually appropriated.

The costs of this bill fall within budget functions 270 and 950.

6. Basis of estimate: *Spending Subject to Appropriations*. The estimate of outlays for 1996 is based on amounts actually appropriated for the fiscal year. In the case of the SPR program, we assume that recently enacted appropriations provide the necessary amounts for that program for 1996. The authorizations specified in the bill for conservation grants and the Part C activities exceed the enacted levels for those programs by a total of \$31 million. We estimate that the additional authorization would not result in outlays, because we assume that a supplemental appropriation would not be enacted before the end of this fiscal year.

For future years for which authorization levels are not specified, we generally projected spending based on the amounts authorized by S. 1605 for 1996. For the SPR facilities and operations account, we have based our 1997-2001 projections on DOE's current estimate of the program's requirements for 1997 because the 1996 level is inflated by the one-time cost of decommissioning one of the SPR sites. Starting in 1997, we project spending for the SPR at about \$220 million a year.

The table shows two alternative sets of authorization levels for fiscal years 1997 through 2001: one without adjustment for anticipated inflation, and a second that includes an adjustment for inflation. For the purposes of this estimate, we assume that future appropriations will be provided before the start of each fiscal year and that outlays will follow historical trends for the respective programs.

For comparability to estimates for 1997 and beyond, the table includes the \$287 mil-

lion gross appropriation for the SPR facilities account for 1996. This SPR account received no new budget authority for 1996 because the entire appropriation was offset by collections of \$100 million from a sale of oil from one of the SPR site and by the transfer of \$187 million in unobligated balances from the SPR petroleum acquisition account.

Under this bill, DOE could generate income by leasing excess SPR capacity to foreign governments if such leasing is approved in subsequent appropriation acts. If, for example, appropriations actions were to trigger this authorization by the beginning of fiscal year 1998, we estimate that the annual income from such leases would total \$1 million in fiscal year 1999 and rise gradually to \$11 million by 2002. This provision of S. 1605, however, would have no direct effect on offsetting receipts, because the leasing activity would be contingent upon future appropriations action.

*Direct Spending*. Under current law, certain major oil companies are restricted from bidding jointly for new leases on the Outer Continental Shelf. CBO expects that allowing such companies to begin bidding jointly on OCS leases would likely reduce the number of bids submitted for OCS lease sales. On average, we expect that this would lower offsetting receipts from bonuses by about \$2 million per year over the 1997-2002 period. This estimate is based on information from the Minerals Management Service regarding the most recent OCS lease sale. The effect of the bill's provision on industry competition in future sales could vary, but we expect that the likely impact on bonus bids would be small in any year because relatively few winning bids in each sale are the result of direct competition between companies that are currently barred from submitting joint bids.

7. Pay-as-you-go considerations: Section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985 sets up pay-as-you-go procedures for legislation affecting direct spending or receipts through 1998. CBO estimates that the OCS provisions in S. 1605 would result in a reduction in offsetting receipts from bonus bids, as shown in the following table.

(By fiscal years, in millions of dollars)

	1996	1997	1998
Change in outlays	0	3	2
Change in receipts	(1)	(1)	(1)

<sup>1</sup> Not applicable.

8. Estimated impact on State, local, and tribal governments: S. 1605 contains no intergovernmental mandates as defined in Public Law 104-4 and would impose no direct costs on state, local, or tribal governments. The bill would extend the authorization for grants to states and localities for energy conservation programs. It would also benefit the state of Hawaii by guaranteeing that it would be allowed to purchase oil from the SPR during a drawdown of the reserve.

S. 1605 would authorize appropriations totaling \$56 million for fiscal year 1996 and such sums as may be necessary for fiscal years 1997-2001 for the SECP and ICP programs. In contrast, \$26 million was appropriated for 1996 for a program that would consolidate these two programs and provide grants to states. For the purposes of this estimate, we assume that the states would not receive the additional \$30 million authorized by the bill, because it is unlikely that a supplemental appropriation would be enacted before the end of the fiscal year.

Under current law, states must match these grant funds at different rates. Based on

information provided by DOE, CBO estimates that states would be required to provide matching funds of approximately \$5 million in fiscal year 1996. CBO has no basis for estimating the matching requirement in future years.

9. Estimated impact on the private sector: This bill would impose a new private sector mandate as defined in Public Law 104-4. It would eliminate an existing limit on the Secretary of Energy's authority to require an importer or refiner of petroleum products to maintain readily available inventories of petroleum products in the Industrial Petroleum Reserve. The existing authority has not been used and CBO estimates that the Secretary would not use the expanded authority granted by S. 1605. Thus, we estimate that the mandate would impose no additional costs on the private sector.

10. Previous CBO estimate: On April 22, 1996, CBO transmitted a cost estimate for H.R. 2596, a bill to reauthorize the Energy Policy Conservation Act through 1999, and for other purposes, as ordered reported by the House Committee on Commerce on March 13, 1996. Differences between that estimate and the estimate for S. 1605 result from differences in the two bills. In particular, the two bills authorize spending for different years, and, in some cases, for different programs and amounts.

11. Estimate prepared by: Federal Cost Estimate: Kathleen Gramp—SPR and Energy Conservation Victoria Heid—OCS. State and Local Government Impact: Marjorie Miller. Private Sector Impact: Patrice Gordon.

12. Estimate approved by: Robert A. Sunshine for Paul N. Van de Water, Assistant Director for Budget Analysis.●

#### CONGRESSIONAL BUDGET OFFICE ESTIMATE OF COSTS—S. 1888

Mr. MURKOWSKI, Mr. President, in compliance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate, the Committee on Energy and Natural Resources has obtained a letter from the Congressional Budget Office containing an estimate of the costs of S. 1888, the Energy Policy and Conservation Act Amendments of 1996, as reported from the committee. In addition, pursuant to Public Law 104-4, the letter contains the opinion of the Congressional Budget Office regarding whether S. 1888 contains intergovernmental mandates as defined in that Act. I respectfully request that the opinion of the Congressional Budget Office be printed in the CONGRESSIONAL RECORD in its entirety.

The opinion Follows:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, DC, June 20, 1996.

Hon. FRANK H. MURKOWSKI,  
Chairman, Committee on Energy and Natural  
Resources, Washington, DC.

DEAR MR. CHAIRMAN, The Congressional Budget Office has reviewed S. 1888, the Energy Policy and Conservation Act Amendments of 1996, as ordered reported by the Senate Committee on Energy and Natural Resources on June 19, 1996. CBO estimates that enacting the bill would have no significant impact on the federal budget. Enacting S. 1888 would not affect direct spending or receipts. Therefore, pay-as-you-go procedures would not apply to the bill.

S. 1888 would postpone the expiration of the provisions in the Energy Policy and Conservation Act (EPCA) related to energy

emergencies from June 30, 1996, to September 30, 1996. This extension would authorize the Department of Energy (DOE) to continue to operate the Strategic Petroleum Reserve, participate in the International Energy Agency, and conduct related activities through the end of fiscal year 1996. Because funds have already been appropriated for these programs for all of fiscal year 1996, CBO estimates that enacting this will would not have any significant impact on the federal budget. Federal spending over the next three months would be affected by the bill only in the event that an energy emergency necessitates additional DOE expenditures for actions authorized by EPCA.

S. 1888 does not contain any intergovernmental or private-sector mandates as defined in Public Law 104-4.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Kathleen Gramp, who can be reached at 226-2860.

Sincerely,

JAMES L. BLUM  
(For June E. O'Neill, Director).

#### WEST VIRGINIA BIRTHDAY

● Mr. ROCKEFELLER. Mr. President, this is a proud moment for me and the citizens of the State as we celebrate the 133d birthday of our beautiful home.

On June 20, 1863, West Virginia gained its independence from Virginia in the midst of the Civil War. Since that time when the Nation's brotherhood was severed, West Virginia became the 35th State to enter the Union and has remained a strong and vital part of this country.

Known as the Mountain State, West Virginia is proud of its existence. Its beauty is evident as its rolling hills cover the land and its rivers and lakes surround the valleys. It is a place full of distinct culture and crafts. From the northern panhandle to the eastern panhandle extending down to the border of Kentucky, West Virginia offers some of the Nation's finest workers, industries, and businesses. We continue to welcome new corporate members to our West Virginia family, including most recently Toyota. Each year more visitors come from all over to go skiing, hiking, whitewater rafting, and do many other activities that are first rate in West Virginia. No matter what the season, West Virginia is a beautiful place to live and visit, loved throughout the world.

I could continue forever about what this fine State has to offer and contribute to its people, its visitors, and this country. For the past 133 years, West Virginians have been loyal to the Union and to the State because they are proud of who they are and what they have become. Let us all come together to celebrate this fine day and this wonderful State we call West Virginia.●

#### TRIBUTE TO MONSIGNOR THOMAS KEYS ON THE 25TH ANNIVERSARY OF HIS ORDINATION AS A ROMAN CATHOLIC PRIEST

Mr. SMITH. Mr. President, I rise today to pay tribute to the founder of

the National Scrip Center, Monsignor Tom Keys, on the 25th anniversary of his ordination as a Roman Catholic priest. Monsignor Keys founded the National Scrip Center in 1986 to help save a Catholic high school that was facing a quarter of a million dollars worth of debt. The National Scrip Center provides an innovative gift certificate program to help schools and nonprofit organizations generate revenues for their programs.

Monsignor Keys has given numerous nonprofit organizations across the country opportunities to expand and succeed through the money they raise from Scrip. Since 1986, Monsignor Keys' Scrip Center has grown steadily and now helps over 5,000 organizations across the country. I congratulate Monsignor Keys for all his hard work over the years in establishing Scrip which has become a vital program for so many nonprofit groups. His entrepreneurial spirit has brought community nonprofit groups and businesses together in a remarkable show of unity. He is a role model for all of us to follow.

The National Scrip Center's education, training and fundraising support services have helped a network of 5,700 neighborhood Catholic, Jewish and Protestant private, parochial, and public schools and nonprofit affiliates in more than 30 States.

Under Monsignor Keys' leadership, the center empowers nonprofits to help themselves generate operating funds. One of his primary goals is to provide children and young people with opportunities for affordable quality education. The Scrip Center was first started at the St. Vincent's Parish in Petaluma, CA. Now, the national center is a network of nonprofits raising money for important causes, provides a customer service department, software for marketing and accounting purposes and other services.

I congratulate Monsignor Keys for his vision and determination. The National Scrip Center is a remarkable symbol of his 25 years of dedication to his community as a Roman Catholic priest. I am proud of his efforts and commend his inspiration to nonprofit organizations across the country. He has touched so many lives in the process. Best wishes to Monsignor Keys on his 25th anniversary as a spiritual leader, and I wish him continued prosperity, happiness, and blessings as the Scrip network of nonprofit organizations continues to grow.

#### TRIBUTE TO SHELLY LIST

● Mrs. BOXER. Mr. President, today I want to pay tribute to the late Shelly List, a novelist, television writer, and journalist of great distinction, whose work was not only commercially successful, but also highly regarded by critics and other artists.

Shelly List was probably best known to Americans as the producer of the successful and pioneering television

dramatic series "Cagney and Lacey." One episode she wrote was nominated for a Humanitas Prize, given for humanizing achievement in television writing.

Other television writing credited to Shelly List, who worked closely with her husband and coproducer Jonathan Estrin, was honored by the Writers Guild of America and earned the Ace Award for Distinguished Writing. The critical acclaim for her work goes on and on.

Shelly List was a humanitarian and community activist, as well. She served on the board of Operation USA, which delivered medical supplies to disaster areas across the globe and she risked her life on trips to war-torn areas. Shelly was a member of the board of the Hollywood Women's Political Committee. She cared deeply about her community and its people, something which was reflected in her writing and in her devotion to important causes.

Shelly, who died in late May at the age of 55, was a longtime resident of the Venice community in Los Angeles, CA. In addition to her husband, she is survived by her brothers, children, and a grandson.

Shelly List was my constituent, a trusted advisor, and a great friend. She was a committed civic leader, a great artist, and a successful businesswoman. I will miss her, as will all Americans who appreciate quality television programming and dedicated community service.

In her memory, I will do all I can in the U.S. Senate to bring compassion and commitment to my work.●

#### TRIBUTE TO ANDREA GLODDY, JAPAN-UNITED STATES SENATE SCHOLAR FROM NEW HAMPSHIRE

● Mr. SMITH. Mr. President, I rise today to congratulate Andrea Gloddy, the New Hampshire recipient of the Japan-United States Senate Scholarship. Andrea was selected from more than 500 applicants in the Youth for Understanding International Exchange Program to represent New Hampshire in Japan.

Andrea is from Madbury, NH, and just finished her junior year at Phillips Exeter Academy. In addition to an excellent academic record, she pursues interests in community service, music, photography, and sports. Through her work, Andrea has demonstrated great initiative and a strong interest in world affairs. She plans to attend college and major in International Relations or International Business.

The Japan-United States Senate Youth Exchange selects one student from each State to spend 6 weeks in Japan studying government, language, and culture. During her time in Japan, she will participate in receptions and

meetings with government officials in Tokyo and live with a Japanese host family. Andrea will be an outstanding ambassador from the Granite State and help foster understanding between two different cultures.

This scholarship program helps prepare the future leaders of our Nation by increasing their understanding about the world and shaping their global perspectives. I commend Andrea for her hard work, and I congratulate her for this distinguished honor. I wish her success in Japan and in her academic career.●

#### UNITED STATES LOSES RANK IN GLOBAL GIVING

● Mr. SIMON. Mr. President, a press conference was held yesterday, which included, among other persons, Congressman TONY HALL; the head of AID, Brian Atwood; and Julia Taft, the head of Interaction. Also present were Rudy von Bernuth, executive director of the Council of Voluntary Agencies, and David Beckman, president of Bread for the World.

The press conference called attention to the abysmal record of the United States compared to other nations in our response to world hunger. For example, France, with only 60 million people, compared to our 250 million people, has provided more foreign economic assistance than the United States. And we have a gross national product—national income—that is 5½ times that of France.

Japan, Germany, and France are all ahead of us in absolute dollars given, when once we were by far the leading country.

Not only that, but in terms of the percentage of our national income, we are behind every Western European country, Australia, New Zealand, and Japan. Denmark provides almost 1 percent compared to our one-tenth of 1 percent. Ahead of us are Sweden, Norway, Netherlands, France, Canada, Belgium, Luxembourg, Australia, Switzerland, Austria, Finland, Germany, United Kingdom, Japan, Portugal, Ireland, Spain, New Zealand, and Italy.

I ask to have printed in the RECORD the transcript of the news conference and the article in the Washington Post by Thomas Lippman.

The material follows:

#### U.S. LOSES RANK IN GLOBAL GIVING (By Thomas W. Lippman)

The United States, once the world leader in aid to developing nations, has dropped to fourth in the amount of money it spends on such aid and is a distant last among donor nations in the percentage of economic output devoted to foreign aid, according to new figures released yesterday.

Japan, France and Germany contributed more money to Third World development last year than the United States did. America fell to fourth place from second, behind Japan, in 1994.

The United States also was last among the 21 nations in the Development Assistance

Committee of the Paris-based Organization of Economic Cooperation and Development in the share of national output devoted to Third World assistance, OECD reports.

Among the countries that contributed more of their gross national product were Portugal, Ireland and New Zealand, negligible economic powers by comparison with the United States, which has by far the world's biggest economy.

The OECD figures were trumpeted at a news conference yesterday by Clinton administration foreign aid director J. Brian Atwood and spokesmen for nongovernmental groups supportive of foreign aid. They used the figures to argue that U.S. aid has fallen too far and that this country is abdicating its global responsibilities.

"Our foreign assistance program accounts for less than 1 percent of our national [federal government] budget, about \$34 per tax-paying family," Atwood said. "That's not generous. We should feel ashamed. We are failing to fulfill our responsibilities as a world power. More importantly, we are failing our own national interests and we're failing our own national values."

Atwood's Agency for International Development has been hit especially hard by budget cuts imposed by the Republican-controlled Congress, where many members are hostile to most forms of foreign aid. This morning, Atwood said, AID will begin laying off 200 workers, including veterans with years of experience in the field and foreign language skills, because "we do not have the budget to sustain their employment."

Atwood and his allies—including Rep. Tony Hall (D-Ohio) and Julia Taft, president of the Interaction umbrella organization of volunteer groups—made the same argument they have been making for the past year and half: that it is penny-wise but pound foolish for Congress to beef up defense spending but cut development assistance that could make military interventions unnecessary.

"Many members of Congress, especially the newer ones, they express a deep hostility toward foreign aid," Hall said. "Many elected officials lack the vision and the leadership to make it clear to their voters that the eradication of poverty is in the best interest of everyone, both rich and poor countries."

Congress has not been moved by such arguments. Funds for development and humanitarian assistance—not including military aid—were cut from \$8.4 billion in fiscal 1995 to \$7 billion this year and are scheduled to decrease a bit more next year—even as the House voted earlier this month to spend \$11 billion more on defense than the administration requested.

Using slightly different categories, the OECD credited the United States with \$7.3 billion in development aid in 1995. Japan gave \$15.5 billion, France \$8.44 billion and Germany \$7.5 billion. The U.S. figure was one-tenth of 1 percent of GNP, lowest in the contributors' group. The highest was Denmark, at just under 1 percent of GNP.

The role of U.S. assistance in the developing world was narrowed by the heavy concentration of funds going to Israel and Egypt: \$2.05 billion of the \$7.3 billion was earmarked for those two Middle East nations.

Supporters of foreign aid complain that Americans in general, and many members of Congress, believe foreign aid is a big-ticket item in the U.S. budget that can be slashed to cut the deficit. The reality, Taft said, is that this represents "widespread misunderstanding about how little money really goes to foreign aid."

[From the Federal Document Clearing House]

TRANSCRIPT OF NEWS CONFERENCE, JUNE 17, 1996

(Speakers list: J. Brian Atwood, director, U.S. Agency for International Development; U.S. Representative Tony Hall (D-OH); Julia Taft, president, Interaction; Rudy von Bernuth, executive director, Council of Voluntary Agencies; David Beckman, president, Bread for the World)

ATWOOD. Thank you very much, Julia, and thank you for your leadership and that of Interaction, a group of American non-governmental organizations who do humanitarian and development work. We're pleased that the NGOs that are members of Interaction are partners in delivering assistance to people around the world.

We have a table at the front here full of leaders; David, Rudy, Tony Hall. All, in their own way, have really been leaders in this effort. We're here today to discuss some rather dismal statistics. This is a very sad week for the American foreign assistance program. The Development Assistance Committee of the Organization for Economic Cooperation and Development has this morning in Paris released its 1995 statistics for official development assistance.

The United States has now fallen behind Japan, France and Germany in total aid volume. Our volume has dropped by one-third and we continue to rank last among donor nations as a percentage of our gross national product, as Julia indicated. Tomorrow, USAID will begin a reduction of its workforce. The first of 200 letters will be distributed to our American staff informing them that we do not have the budget to sustain their employment. This comes on the heels of reducing the USAID workforce from 11,500 to 8,700. This is the second largest reduction in the U.S. government.

The services of outstanding development professionals will be lost to the U.S. government, possibly forever. So, at the moment when global development problems are mounting, the United States is severely damaging its institutional capacity to respond. At the same time, the overall contribution of the industrial nations to development has fallen another 10 percent. This is a reduction of 18 percent in the last two calendar years.

International organizations, the United Nations and the international financial institutions, led by the World Bank, are being undermined just as the world faces major real development problems. Eight hundred million people, mostly children, are malnourished. Food shortages in many areas of the developing world have become acute. Insurance companies are paying out record amounts for weather-related damages due to global warming. Millions of families have no access to family planning services, which is causing millions of unwanted pregnancies, maternal deaths and abortions.

Nation-states are failing in greater numbers than ever due to political, economic, environmental and demographic pressures, unleashing a tide of refugees and displaced persons. These problems will only get worse as the world's population grows by one billion people each decade.

These new people can either be consumers, or they can be the wards of the world's rich countries.

That's the choice that we face today. We Americans think of ourselves as generous people. We respond when there is a humanitarian crisis. But the time is over for measuring our generosity simply by our response to disasters.

As Julia mentioned, we're the richest nation on earth. Our economy produces \$6 tril-

lion a year in goods and services. Yet our foreign assistance program accounts for less than one percent of our national budget, about \$34 per taxpaying family.

That's not generous. We should feel ashamed. We are failing to fulfill our responsibilities as a world power. More importantly, we are failing our own national interests and we're failing our own national values.

I think it's time to wake up and realize that we will not balance our budget without sustained growth in the global economy. We will not balance our budget if the developing world continues to produce failed states that disrupt the global economy. We need to make the investments in development assistance that will preserve our children's health, standard of living, and safety.

If we continue to ignore this responsibility, the world will see increasing chaos, and our generation will be condemned for its short-sightedness. Thank you.

JULIA TAFT. Thank you, Brian. Congressman Hall?

HALL. Thank you, Julia and Brian and David, Rudy. Ladies and gentlemen and friends, today's report—pardon me—really comes at an historic moment. This is a time of enormous opportunities for peace and prosperity. Russia had just held its second election on a record of more economic reform and more trade.

But it's also a time of terrible suffering in countries all over the world. There's well over 23 humanitarian crises that are going on right now. And it's a time of internal chaos that faces other countries where peace technically prevails, such as in Bosnia.

The clearest message in today's report is that while the quality of aid is improving, the quantity of financial resources is slipping dramatically.

Two more reports offer a troubling picture of the future. Four out of every five dollars that next year's foreign appropriation bill cuts are in the programs that target the world's poorest people. It does try to maintain the current commitment to UNICEF and childhood survival programs, but otherwise falls short of even last year's miserly contribution.

The agriculture appropriation bill ignores the sobering fact that wheat and corn prices have doubled, and that prices for other commodities are near all-time highs. This means significantly less food will reach the mouths of hungry children and others next year.

And this is something that really hasn't been focused on. The appropriation bill, the agriculture bill that we passed last year—or I'm sorry, last week—is the lowest percentage of tonnage that I can remember, probably the lowest percentage of tonnage going to hungry people since the start of the program. And it's been cut in half since 1993.

This is doubly shortsighted because the grain we are not providing is grown by American farmers.

Many members of Congress, especially the newer ones, they express a deep hostility towards foreign aid. Many elected officials lack the vision and the leadership to make it clear to their voters that the eradication of poverty is in the best interest of everyone, both rich and poor countries.

The story doesn't end here, though, and, like the spirits of Christmas past and present and future, these trends do not seal our fate. I believe there is a different spirit in our nation, and that this is the spirit that should guide us to a different future. I believe that people are willing to help people help themselves, and there is no shortage of support for food aid and microenterprise programs, and popularly-supported programs that do just that.

Both government programs and NGOs need seed money and nurturing. I believe that

people stand ready to help children, especially, and the millions of refugees of wars and weather disasters. Poll after poll supports this readiness, and my own constituents affirm it to me every time I go home. I believe my constituents are proud of the fact that I work on these programs.

As a matter of fact—I've said this to you before, and I can't say enough times—and that a recent poll showed that it was a very wide, very wide poll from the standpoint it had tremendous diversity across the country that people believed that hunger and poverty issues are as important as balancing the budget and health care issues.

There is a consensus emerging among governments, NGOs, churches, and people who are guided by their conscience that we know how to fight hunger and poverty, and that we can beat it if we work together. Despite the critics, there is ample evidence to support the consensus. Some 20 years ago, the world banded together and they wiped out smallpox, and we won. And we are very close to eliminating polio.

Winning that battle will mean that American families will save the quarter billion dollars spent each year on polio vaccines. It will mean that the dozen American children who actually catch polio from the vaccine each year won't anymore. And it will mean that we will save the lives of the thousands of children crippled or killed by polio each year.

In the past 50 years, we have helped raise literacy by a third, cut infant mortality in half, and increase life expectancy from 44 to 62 years. The United States cannot afford to ignore any region or segment of a population, however poor. We are too connected, we are too attuned to the other people we watch on television every night, we're too vulnerable to diseases that begin continents away, and too enriched by exports to nations whose people achieve a healthy standard of living.

Interaction and development initiatives deserve a special commendation for their Relief of Aid Report. It is hard evidence that the quality of aid is improving, and it is a clear call to action for developed countries to focus more resources on hunger and poverty.

Thank you.

Mr. SIMON. Mr. President, the United States should become a humanitarian leader once again instead of dragging our feet. And in the long run our failure to do the generous and right thing will cost our people both in security terms and in economic terms.●

#### MAKING MAJORITY APPOINTMENTS TO COMMITTEES

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate now turn to the immediate consideration of a resolution, which I send to the desk, making majority appointments to committees.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A resolution (S. Res. 267) to make changes in committee membership for the 104th Congress.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. LOTT. Mr. President, I ask unanimous consent that the resolution be

agreed to and the motion to reconsider be laid upon the table.

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

The resolution was agreed to, as follows:

S. RES. 267

*Resolved*, That notwithstanding any provision of the Standing Rules of the Senate, the following Senators are either added to or removed from the following committees for the 104th Congress, or until their successors are appointed:

Added to:  
 Armed Services: The Senator from Kansas [Mrs. FRAHM];  
 Banking, Housing, and Urban Affairs: The Senator from Kansas [Mrs. FRAHM];  
 Finance: The Senator from Mississippi [Mr. LOTT];  
 Governmental Affairs: The Senator from New Mexico [Mr. DOMENICI];  
 Agriculture, Nutrition and Forestry: The Senator from Texas [Mr. GRAMM];  
 Rules and Administration: The Senator from Mississippi [Mr. LOTT];  
 Budget: The Senator from Florida [Mr. MACK];  
 Removed from:  
 Armed Services: The Senator from Mississippi [Mr. LOTT];  
 Banking, Housing, and Urban Affairs: The Senator from New Mexico [Mr. DOMENICI];  
 Governmental Affairs: The Senator from Colorado [Mr. BROWN]; and  
 Budget: The Senator from Mississippi [Mr. LOTT].

#### APPOINTMENT BY THE PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The Chair, on behalf of the President pro tempore, pursuant to Senate Resolution 400, 94th Congress, and Senate Resolution 4, 95th Congress, appoints the following Senators to the Select Committee on Intelligence: the Senator from Pennsylvania [Mr. SPECTER], the Senator from Indiana [Mr. LUGAR], the Senator from Alabama [Mr. SHELBY], the Senator from Ohio [Mr. DEWINE], the Senator from Arizona [Mr. KYL], the Senator from Oklahoma [Mr. INHOFE], the Senator from Texas [Mrs. HUTCHISON], the Senator from Maine [Mr. COHEN], and the Senator from Colorado [Mr. BROWN].

#### MEASURE PLACED ON CALENDAR—H.R. 3525

Mr. LOTT. Mr. President, I ask unanimous consent that H.R. 3525, which was just received from the House, be placed on the calendar.

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

Mr. LOTT. I note this is the legislation dealing with the church burning issue.

#### ANTI-CAR THEFT IMPROVEMENTS ACT OF 1996

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of H.R. 2803, just received from the House.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (H.R. 2803) to amend the anti-car theft provisions of title 49, United States Code, to increase the utility of motor vehicle title information to State and Federal law enforcement officials, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. LOTT. Mr. President, I ask unanimous consent that the bill be considered read a third time and passed; that the motion to reconsider be laid upon the table; and that any statements relating to this bill be placed at the appropriate place in the RECORD.

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

The bill (H.R. 2803) was considered read the third time and passed.

#### EXECUTIVE SESSION

#### EXECUTIVE CALENDAR

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate proceed to executive session to consider the following nominations: Executive Calendar nominations Nos. 606, 607, 609 and 610 through 632, and all nominations placed on the Secretary's desk.

I further ask unanimous consent that the nominations be confirmed en bloc; that the motions to reconsider be laid upon the table en bloc; that any statements relating to the nominations appear at the appropriate place in the RECORD; that the President be immediately notified of the Senate's action; and that the Senate then return to legislative session.

I note here, Mr. President, that these are military nominations which were reported out of the Armed Services Committee on June 13.

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

The nominations considered and confirmed, en bloc, are as follows:

##### IN THE AIR FORCE

The following-named officer for appointment to the grade of lieutenant general while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

##### *To be lieutenant general*

Maj. Gen. Ronald T. Kadish, 000-00-0000, U.S. Air Force

The following-named officer for appointment to the grade of general in the U.S. Air Force while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

##### *To be general*

Lt. Gen. Walter Kross, 000-00-0000

##### IN THE ARMY

The following-named officer for appointment to the grade of general in the U.S. Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

##### *To be general*

Lt. Gen. Wesley K. Clark, 000-00-0000, U.S. Army

The following U.S. Army Reserve officers for promotion in the Reserve of the Army to the grades indicated under title 10, United States Code, sections 3371, 3384, and 12203(a):

##### *To be major general*

Brig. Gen. Paul C. Bergson, 000-00-0000  
 Brig. Gen. Douglas E. Caton, 000-00-0000  
 Brig. Gen. Anthony R. Kropp, 000-00-0000  
 Brig. Gen. John M. O'Connell, 000-00-0000

##### *To be brigadier general*

Col. Voneree Deloatch, 000-00-0000  
 Col. Robert M. Diamond, 000-00-0000  
 Col. Alfonsa Gilley, 000-00-0000  
 Col. Haywood S. Gilliam, 000-00-0000  
 Col. Pierce A. Roan, Jr., 000-00-0000  
 Col. Alfred T. Rossi, 000-00-0000  
 Col. Richard G. Simmons, 000-00-0000

The following-named officer for appointment to the grade of general in the U.S. Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

##### *To be general*

Lt. Gen. David A. Bramlett, 000-00-0000, U.S. Army

The following-named officer for appointment to the grade of lieutenant general in the U.S. Army while assigned to a position of importance and responsibility under title 10, United States Code, section 601(a):

##### *To be lieutenant general*

Maj. Gen. Peter J. Schoomaker, 000-00-0000

##### IN THE MARINE CORPS

The following-named brigadier generals of the U.S. Marine Corps for promotion to the grade of major general, under the provisions of section 624 of title 10, United States Code:

##### *To be major general*

Brig. Gen. Thomas A. Braaten, 000-00-0000, USMC  
 Brig. Gen. Michael P. DeLong, 000-00-0000, USMC  
 Brig. Gen. Edward Hanlon, Jr., 000-00-0000, USMC  
 Brig. Gen. Geoffrey B. Higginbotham, 000-00-0000, USMC  
 Brig. Gen. George M. Karamarkovich, 000-00-0000, USMC  
 Brig. Gen. Jack W. Klimp, 000-00-0000, USMC

The following-named officer for appointment to the grade of lieutenant general in the U.S. Marine Corps while assigned to a position of importance and responsibility under the provisions of section 601, title 10, United States Code:

##### *To be lieutenant general*

Maj. Gen. Carol A. Mutter, 000-00-0000

The following-named officer for appointment as Assistant Commandant of the Marine Corps, Headquarters, U.S. Marine Corps, and appointment to the grade of general while serving in that position under the provisions of section 5044, title 10, United States Code:

##### *To be Assistant Commandant of the Marine Corps*

Lt. Gen. Richard I. Neal, 000-00-0000

The following-named officer for appointment to the grade of lieutenant general in the U.S. Marine Corps while assigned to a position of importance and responsibility under section 601, title 10, United States Code:

##### *To be lieutenant general*

Maj. Gen. Terrence R. Dake, 000-00-0000

The following-named officer for appointment to the grade of lieutenant general in the U.S. Marine Corps while assigned to a position of importance and responsibility under section 601, title 10, United States Code:

##### *To be lieutenant general*

Maj. Gen. Jeffrey W. Oster, 000-00-0000



The following-named officer for appointment to the grade of lieutenant general in the U.S. Marine Corps while assigned to a position of importance and responsibility under the provisions of section 601, title 10, United States Code:

*To be lieutenant general*

Maj. Gen. James L. Jones, Jr., 000-00-0000  
IN THE NAVY

The following-named officers for promotion in the Navy of the United States to the grade indicated under title 10, United States Code, section 624:

SUPPLY CORPS

*To be rear admiral*

Rear Adm. (lh) Edward R. Chamberlin, 000-00-0000, U.S. Navy

SENIOR HEALTH CARE EXECUTIVE

*To be rear admiral*

Rear Adm. (lh) Noel K. Dysart, Jr., 000-00-0000, U.S. Navy

Rear Adm. (lh) Dennis I. Wright, 000-00-0000, U.S. Navy

The following-named officers for promotion in the Staff Corps in the Navy of the United States to the grade indicated under title 10, United States Code, section 624:

MEDICAL CORPS

*To be rear admiral (lower half)*

Capt. Alberto Diaz, Jr., 000-00-0000, U.S. Navy

SUPPLY CORPS

*To be rear admiral (lower half)*

Capt. David P. Keller, 000-00-0000, U.S. Navy

CIVIL ENGINEER CORPS

*To be rear admiral (lower half)*

Capt. Peter W. Marshall, 000-00-0000, U.S. Navy

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be vice admiral*

Rear Adm. (Selectee) Thomas B. Fargo, 000-00-0000

The following-named officer for appointment to the grade of admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be admiral*

Vice Adm. Archie R. Clemins, 000-00-0000

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be vice admiral*

Rear Adm. (Selectee) Robert J. Natter, 000-00-0000

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be vice admiral*

Rear Adm. James B. Perkins III, 000-00-0000

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be vice admiral*

Rear Adm. Herbert A. Browne II, 000-00-0000

The following-named officers for promotion in the Naval Reserve of the United States to the grade indicated under title 10, United States Code, section 5912:

UNRESTRICTED LINE

*To be rear admiral (lower half)*

Capt. John Nicholas Costas, 000-00-0000, U.S. Naval Reserve

Capt. Joseph Coleman Hare, 000-00-0000, U.S. Naval Reserve

Capt. Daniel Lawrence Kloeppel, 000-00-0000, U.S. Naval Reserve

Capt. Henry Francis White, Jr., 000-00-0000, U.S. Naval Reserve

UNRESTRICTED LINE (TAR)

*To be rear admiral (lower half)*

Capt. John Francis Brunelli, 000-00-0000, U.S. Naval Reserve

The following-named officer for appointment to the grade of admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601, and title 42, United States Code, section 7158:

DIRECTOR, NAVAL NUCLEAR PROPULSION PROGRAM

*To be admiral*

Vice Adm. Frank L. Bowman, 000-00-0000

The following-named officer for reappointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be vice admiral*

Vice Adm. Arthur K. Cebrowski, 000-00-0000

The following-named officers for promotion in the Naval Reserve of the United States to the grade indicated under title 10, United States Code, section 5912:

DENTAL CORPS

*To be rear admiral (lower half)*

Capt. Vernon Paul Harrison, 000-00-0000, U.S. Naval Reserve

JUDGE ADVOCATE GENERAL'S CORPS

*To be rear admiral (lower half)*

Capt. Clifford Joseph Sturek, 000-00-0000, U.S. Naval Reserve

SUPPLY CORPS

*To be rear admiral (lower half)*

Capt. Steven Robert Morgan, 000-00-0000, U.S. Naval Reserve

CIVIL ENGINEER CORPS

*To be rear admiral (lower half)*

Capt. Robert Charles Marlay, 000-00-0000, U.S. Naval Reserve

The following-named officer for appointment to the grade of admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be admiral*

Vice Adm. J. Paul Reason, 000-00-0000

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be vice admiral*

Rear Adm. (Selectee) Patricia A. Tracey, 000-00-0000

The following-named officer for appointment to the grade of vice admiral in the U.S. Navy while assigned to a position of importance and responsibility under title 10, United States Code, section 601:

*To be vice admiral*

Rear Adm. (Selectee) James O. Ellis, Jr., 000-00-0000

IN THE AIR FORCE, ARMY, MARINE CORPS, NAVY

Air Force nominations beginning Kathleen S. Bohanon, and ending Nancy Melendez Camilo, which nominations were received by the Senate and appeared in the Congressional Record of April 25, 1996.

Air Force nominations beginning James C. Bair, and ending Donald W. Davison, which nominations were received by the Senate and appeared in the Congressional Record of April 25, 1996.

Air Force nominations beginning Thomas R. Bird, and ending William A. Dykes, Jr., which nominations were received by the Senate and appeared in the Congressional Record of May 14, 1996.

Air Force nominations beginning Warren J. Andersen, and ending Mark S. Johnson, which nominations were received by the Senate and appeared in the Congressional Record of May 14, 1996.

Air Force nominations beginning Kenneth D. Allen, Jr., and ending Albert L. Sherburne, which nominations were received by the Senate and appeared in the Congressional Record of May 14, 1996.

Army nominations beginning Loren D. Alves, and ending Joseph F. Yetter, which nominations were received by the Senate and appeared in the Congressional Record of January 22, 1996.

Army nominations beginning Daniel F. Abahazy, and ending 2229x, which nominations were received by the Senate and appeared in the Congressional Record of March 20, 1996.

Army nominations beginning Glen L. Bloomstrom, and ending Richard R. Young, which nominations were received by the Senate and appeared in the Congressional Record of April 15, 1996.

Army nomination of Robert A. Childers, which was received by the Senate and appeared in the Congressional Record of April 19, 1996.

Army nominations beginning Carl E. Dawkins, Jr., and ending Leon I. Steinberg, which nominations were received by the Senate and appeared in the Congressional Record of April 19, 1996.

Army nomination of Wayne E. Anderson, which was received by the Senate and appeared in the Congressional Record of May 6, 1996.

Army nominations beginning Timothy J. Coen, and ending Ronald E. Banks, which nominations were received by the Senate and appeared in the Congressional Record of May 6, 1996.

Army nominations beginning Garry F. Atkins, and ending Janice L. Wood, which nominations were received by the Senate and appeared in the Congressional Record of May 6, 1996.

Army nominations beginning Charles C. Appleby, and ending Deborah A. Roman, which nominations were received by the Senate and appeared in the Congressional Record of May 17, 1996.

Army nominations beginning Mitchell L. Brown, and ending Dale P. Foster, which nominations were received by the Senate and appeared in the Congressional Record of May 17, 1996.

Marine Corps nomination of E.D. Elek, which was received by the Senate and appeared in the Congressional Record of May 17, 1996.

Marine Corps nomination of Wade C. Straw, which was received by the Senate and appeared in the Congressional Record of May 17, 1996.

Marine Corps nomination of Thomas J. Felts, which was received by the Senate and appeared in the Congressional Record of May 17, 1996.

Marine Corps nomination of Patrick A. Sivigny, which was received by the Senate and appeared in the Congressional Record of May 17, 1996.

Marine Corps nominations beginning Ronald J. Crabbs, and ending Lawrence R. Wooley, which nominations were received by the Senate and appeared in the Congressional Record of May 22, 1996.

Navy nominations beginning James A. Caviness, and ending William M. Wike, which nominations were received by the Senate and appeared in the Congressional Record of April 25, 1996.

#### LEGISLATIVE SESSION

The PRESIDING OFFICER. Under the previous order, the Senate will now return to legislative session.

#### CAMPAIGN FINANCE REFORM

Mr. LOTT. Mr. President, with regard to campaign finance reform, I now ask unanimous consent that the Rules Committee be discharged from further consideration of S. 1219, regarding campaign finance reform, and that the Senate now turn to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1219) to reform the financing of Federal elections, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

#### AMENDMENT NO. 4092

(Purpose: To provide a complete substitute)

Mr. LOTT. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Mississippi [Mr. LOTT], for Mr. MCCAIN, for himself, Mr. FEINGOLD and Mr. THOMPSON, proposes an amendment numbered 4092.

(The text of the amendment is printed in today's RECORD under "Amendments Submitted.")

Mr. LOTT. Mr. President, I ask unanimous consent that the amendment be agreed to and considered original text for the purpose of further amendment; and that no further amendments or modifications be in order prior to the cloture vote.

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

The amendment (No. 4092) was agreed to.

#### CLOTURE MOTION

Mr. LOTT. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

#### CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, do hereby move to bring to a close debate on S. 1219, the campaign finance reform bill:

Trent Lott, John McCain, Judd Gregg, Bob Smith, Rick Santorum, Sheila

Frahm, Claiborne Pell, Jeff Bingaman, David Pryor, John F. Kerry, Paul Wellstone, Patty Murray, Fred Thompson, Bob Graham, Herb Kohl, Russell D. Feingold.

Mr. LOTT. Mr. President, I ask unanimous consent that the Senate resume the bill for debate only at 2 p.m., Monday, June 24.

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

Mr. LOTT. Mr. President, I ask unanimous consent that at 10:30 a.m., on Tuesday, June 25, the Senate resume consideration of S. 1219 for debate only for 2 hours, to be equally divided in the usual form.

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

Mr. LOTT. Mr. President, I ask unanimous consent that the cloture vote occur at 2:15 p.m., Tuesday, June 25.

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

Mr. LOTT. Mr. President, I ask unanimous consent that Members have until 2 p.m., Monday, June 24, to file first-degree amendments and 12:30 p.m., on Tuesday, June 25, to file second-degree amendments, notwithstanding the provisions of rule XXII.

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

Mr. LOTT. Mr. President, I do want to express my appreciation to all those who have been involved in arranging for this legislation to be brought up in this manner. Senator MCCAIN, Senator MCCONNELL, Senator FEINGOLD, obviously, the Democratic leader, have been involved in these discussions. I think it is appropriate that we have this debate. We have agreed upon a way to consider it that I think will be fair to all concerned.

#### ORDERS FOR FRIDAY, JUNE 21, 1996 AND MONDAY, JUNE 24, 1996

Mr. LOTT. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in adjournment until the hour of 9:30 a.m., Friday, June 21, further, that immediately following the prayer, the Journal of proceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have expired, and the time for the two leaders be reserved for their use later in the day, and that there then be a period for morning business until the hour of 12:30, with Senators to speak for up to 5 minutes each, with the following exceptions: Senator COVERDELL or his designee in control of the first 90 minutes, Senator DASCHLE or his designee in control of the second 90 minutes, with Senator LIEBERMAN in control of 15 minutes of Senator DASCHLE's time; further, I ask unanimous consent that immediately following morning business, the Senate stand in adjournment until the hour of 1 p.m., Monday, June 24, and immediately following the prayer on Monday, the Journal of pro-

ceedings be deemed approved to date, no resolutions come over under the rule, the call of the calendar be dispensed with, the morning hour be deemed to have been expired, the time for the two leaders be reserved for their use later in the day, and there then be a period for morning business until the hour of 2 p.m., with each Senator allowed to speak for up to 5 minutes each; and, further, immediately following morning business, the Senate resume consideration of S. 1219, the campaign finance reform bill.

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

#### PROGRAM

Mr. LOTT. Mr. President, for the information of all Senators, the Senate will be in session tomorrow for morning business only. I had hoped that we would be able to get some more amendments considered on the Department of Defense authorization bill, but we were having difficulty getting Senators to be available to offer amendments, plus, there were other considerations involved. So we will only have the morning business. There will be no rollcall votes then during the day on Friday. The Senate will then reconvene on Monday, and following the period of morning business, we will resume the campaign finance bill consideration. There will be no rollcall votes during Monday's session of the Senate so that we can have this debate.

A cloture motion was filed on the campaign finance bill today, with that cloture vote order to occur at 2:15 p.m. on Tuesday. As a reminder to all Senators, first-degree amendments must be filed by 2 p.m. on Monday, and second-degree amendments by 12:30 on Tuesday. The Senate will resume the Department of Defense authorization bill next week. Therefore, Senators should anticipate a busy week with rollcall votes throughout each session.

As I indicated earlier, we have not made enough progress on this bill, and if we have to go into the night next week, we will just have to do that. I had hoped not to have to do that, but we have to find a way to get the work completed. We will have to look at that option. Of course, we will discuss that with the bill managers, and certainly with the Democratic leader.

#### ADJOURNMENT UNTIL 9:30 A.M. TOMORROW

Mr. LOTT. Mr. President, if there is no further business to come before the Senate, I now ask that the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 6:41 p.m., adjourned until Friday, June 21, 1996, at 9:30 a.m.

#### CONFIRMATIONS

Executive nominations confirmed by the Senate June 20, 1996:

## FEDERAL RESERVE SYSTEM

ALAN GREENSPAN, OF NEW YORK, TO BE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM FOR A TERM OF FOUR YEARS.

LAURENCE H. MEYER, OF MISSOURI, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM FOR THE UNEXPIRED TERM OF FOURTEEN YEARS FROM 21/88.

ALICE M. RIVLIN, OF PENNSYLVANIA, TO BE A MEMBER OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM FOR A TERM OF FOURTEEN YEARS FROM FEBRUARY 1, 1996.

ALICE M. RIVLIN, OF PENNSYLVANIA, TO BE A VICE CHAIRMAN OF THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM FOR A TERM OF FOUR YEARS.

THE ABOVE NOMINATIONS WERE APPROVED SUBJECT TO THE NOMINEES' COMMITMENT TO RESPOND TO REQUESTS TO APPEAR AND TESTIFY BEFORE ANY DULY CONSTITUTED COMMITTEE OF THE SENATE.

## IN THE AIR FORCE

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be lieutenant general*

MAJ. GEN. RONALD T. KADISH, 000-00-0000, U.S. AIR FORCE.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF GENERAL IN THE U.S. AIR FORCE WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be general*

LT. GEN. WALTER KROSS, 000-00-0000.

## IN THE ARMY

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

*To be general*

LT. GEN. WESLEY K. CLARK, 000-00-0000.

THE FOLLOWING U.S. ARMY RESERVE OFFICERS FOR PROMOTION IN THE RESERVE OF THE ARMY TO THE GRADES INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTIONS 3371, 3384 AND 12203(A):

*To be major general*

BRIG. GEN. PAUL C. BERGSON, 000-00-0000.  
BRIG. GEN. DOUGLAS E. CATON, 000-00-0000.  
BRIG. GEN. ANTHONY R. KROPP, 000-00-0000.  
BRIG. GEN. JOHN M. O'CONNELL, 000-00-0000.

*To be brigadier general*

COL. VONEREE DELOATCH, 000-00-0000.  
COL. ROBERT M. DIAMOND, 000-00-0000.  
COL. ALFONSA GILLEY, 000-00-0000.  
COL. HAYWOOD S. GILLIAM, 000-00-0000.  
COL. PIERCE A. ROAN, JR., 000-00-0000.  
COL. ALFRED T. ROSSI, 000-00-0000.  
COL. RICHARD G. SIMMONS, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, U.S.C., SECTION 601(A):

*To be general*

LT. GEN. DAVID A. BRAMLETT, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. ARMY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601(A):

*To be lieutenant general*

MAJ. GEN. PETER J. SCHOOMAKER, 000-00-0000.

## IN THE MARINE CORPS

THE FOLLOWING-NAMED BRIGADIER GENERALS OF THE U.S. MARINE CORPS FOR PROMOTION TO THE GRADE OF MAJOR GENERAL, UNDER THE PROVISIONS OF SECTION 624 OF TITLE 10, UNITED STATES CODE:

*To be major general*

BRIG. GEN. THOMAS A. BRAATEN, 000-00-0000.  
BRIG. GEN. MICHAEL P. DELONG, 000-00-0000.  
BRIG. GEN. EDWARD HANLON, JR., 000-00-0000.  
BRIG. GEN. GEOFFREY B. HIGGINBOTHAM, 000-00-0000.  
BRIG. GEN. GEORGE M. KARAMARKOVICH, 000-00-0000.  
BRIG. GEN. JACK W. KLIMP, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. MARINE CORPS WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER THE PROVISIONS OF SECTION 601, TITLE 10, UNITED STATES CODE:

*To be lieutenant general*

MAJ. GEN. CAROL A. MUTTER, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT AS ASSISTANT COMMANDANT OF THE MARINE CORPS, HEADQUARTERS, U.S. MARINE CORPS, AND APPOINTMENT TO THE GRADE OF GENERAL WHILE SERVING IN THAT POSITION UNDER THE PROVISIONS OF SECTION 5044, TITLE 10, UNITED STATES CODE:

*To be assistant commandant of the Marine Corps*

LT. GEN. RICHARD I. NEAL, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. MARINE CORPS WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER SECTION 601, TITLE 10, UNITED STATES CODE:

*To be lieutenant general*

MAJ. GEN. TERRENCE R. DAKE, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. MARINE CORPS WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER SECTION 601, TITLE 10, UNITED STATES CODE:

*To be lieutenant general*

MAJ. GEN. JEFFREY W. OSTER, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF LIEUTENANT GENERAL IN THE U.S. MARINE CORPS WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER THE PROVISIONS OF SECTION 601, TITLE 10, UNITED STATES CODE:

*To be lieutenant general*

MAJ. GEN. JAMES L. JONES, JR., 000-00-0000.

## IN THE NAVY

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE NAVY OF THE UNITED STATES TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

## SUPPLY CORPS

*To be rear admiral*

REAR ADM. (LH) EDWARD R. CHAMBERLIN, 000-00-0000, U.S. NAVY.

## SENIOR HEALTH CARE EXECUTIVE

*To be rear admiral*

REAR ADM. (LH) NOEL K. DYSART, JR., 000-00-0000, U.S. NAVY.

REAR ADM. (LH) DENNIS I. WRIGHT, 000-00-0000, U.S. NAVY.

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE STAFF CORPS IN THE NAVY OF THE UNITED STATES TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 624:

## MEDICAL CORPS

*To be rear admiral (lower half)*

CAPT. ALBERTO DIAZ, JR., 000-00-0000, U.S. NAVY.

## SUPPLY CORPS

*To be rear admiral (lower half)*

CAPT. DAVID P. KELLER, 000-00-0000, U.S. NAVY.

## CIVIL ENGINEER CORPS

*To be rear admiral (lower half)*

CAPT. PETER W. MARSHALL, 000-00-0000, U.S. NAVY.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be vice admiral*

REAR ADM. (SELECTEE) THOMAS B. FARGO, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be admiral*

VICE ADM. ARCHIE R. CLEMONS, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be vice admiral*

REAR ADM. (SELECTEE) ROBERT J. NATTER, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be vice admiral*

REAR ADM. JAMES B. PERKINS III, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be vice admiral*

REAR ADM. HERBERT A. BROWNE II, 000-00-0000.

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE NAVAL RESERVE OF THE UNITED STATES TO THE

GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 5912:

## UNRESTRICTED LINE

*To be rear admiral (lower half)*

CAPT. JOHN NICHOLAS COSTAS, 000-00-0000, U.S. NAVAL RESERVE.  
CAPT. JOSEPH COLEMAN HARE, 000-00-0000, U.S. NAVAL RESERVE.  
CAPT. DANIEL LAWRENCE KLOEPPPEL, 000-00-0000, U.S. NAVAL RESERVE.  
CAPT. HENRY FRANCIS WHITE, JR., 000-00-0000, U.S. NAVAL RESERVE.

## UNRESTRICTED LINE (TAR)

*To be rear admiral (lower half)*

CAPT. JOHN FRANCIS BRUNELLI, 000-00-0000, U.S. NAVAL RESERVE.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601 AND TITLE 42, UNITED STATES CODE, SECTION 7158:

## DIRECTOR, NAVAL NUCLEAR PROPULSION

## PROGRAM

*to be admiral*

VICE ADM. FRANK L. BOWMAN, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR REAPPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be vice admiral*

VICE ADM. ARTHUR K. CEBROWSKI, 000-00-0000.

THE FOLLOWING-NAMED OFFICERS FOR PROMOTION IN THE NAVAL RESERVE OF THE UNITED STATES TO THE GRADE INDICATED UNDER TITLE 10, UNITED STATES CODE, SECTION 5912:

## DENTAL CORPS

*To be rear admiral (lower half)*

CAPT. VERNON PAUL HARRISON, 000-00-0000, U.S. NAVAL RESERVE.

## JUDGE ADVOCATE GENERAL'S CORPS

*To be rear admiral (lower half)*

CAPT. CLIFFORD JOSEPH STUREK, 000-00-0000, U.S. NAVAL RESERVE.

## SUPPLY CORPS

*To be rear admiral (lower half)*

CAPT. STEVEN ROBERT MORGAN, 000-00-0000, U.S. NAVAL RESERVE.

## CIVIL ENGINEER CORPS

*To be rear admiral (lower half)*

CAPT. ROBERT CHARLES MARLAY, 000-00-0000, U.S. NAVAL RESERVE.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be admiral*

VICE ADM. J. PAUL REASON, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be vice admiral*

REAR ADM. (SELECTEE) PATRICIA A TRACEY, 000-00-0000.

THE FOLLOWING-NAMED OFFICER FOR APPOINTMENT TO THE GRADE OF VICE ADMIRAL IN THE U.S. NAVY WHILE ASSIGNED TO A POSITION OF IMPORTANCE AND RESPONSIBILITY UNDER TITLE 10, UNITED STATES CODE, SECTION 601:

*To be vice admiral*

REAR ADM. (SELECTEE) JAMES O. ELLIS, JR., 000-00-0000.

## IN THE AIR FORCE

AIR FORCE NOMINATIONS BEGINNING KATHLEEN S. BOHANON, AND ENDING NANCY MELENDEZ CAMILO, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF APRIL 25, 1996.

AIR FORCE NOMINATIONS BEGINNING JAMES C. BAIR, AND ENDING DONALD W. DAVISON, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF APRIL 25, 1996.

AIR FORCE NOMINATIONS BEGINNING THOMAS R. BIRD, AND ENDING WILLIAM A. DYKES, JR., WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 14, 1996.

AIR FORCE NOMINATIONS BEGINNING WARREN J. ANDERSEN, AND ENDING MARK S. JOHNSON, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 14, 1996.

AIR FORCE NOMINATIONS BEGINNING KENNETH D. ALLEN, JR., AND ENDING ALBERT L. SHERBURNE, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 14, 1996.

#### IN THE ARMY

ARMY NOMINATIONS BEGINNING LOREN D. ALVES, AND ENDING \*JOSEPH F. YETTER, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF JANUARY 22, 1996.

ARMY NOMINATIONS BEGINNING DANIEL F. ABAHAZY, AND ENDING 2229X, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MARCH 20, 1996.

ARMY NOMINATIONS BEGINNING GLEN L. BLOOMSTROM, AND ENDING RICHARD R. YOUNG, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF APRIL 15, 1996.

ARMY NOMINATION OF ROBERT A. CHILDERS, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF APRIL 19, 1996.

ARMY NOMINATIONS BEGINNING CARL E. DAWKINS, JR., AND ENDING LEON I. STEINBERG, WHICH NOMINA-

TIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF APRIL 19, 1996.

ARMY NOMINATION OF WAYNE E. ANDERSON, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 6, 1996.

ARMY NOMINATIONS BEGINNING TIMOTHY J. COEN, AND ENDING RONALD E. BANKS, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 6, 1996.

ARMY NOMINATIONS BEGINNING GARRY F. ATKINS, AND ENDING \*JANICE L. WOOD, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 6, 1996.

ARMY NOMINATIONS BEGINNING CHARLES C. APPLEBY, AND ENDING DEBORAH A. ROMAN, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 17, 1996.

ARMY NOMINATIONS BEGINNING MITCHELL L. BROWN, AND ENDING DALE P. FOSTER, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 17, 1996.

#### IN THE MARINE CORPS

MARINE CORPS NOMINATION OF E. D. ELEK, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 17, 1996.

MARINE CORPS NOMINATION OF WADE C. STRAW, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 17, 1996.

MARINE CORPS NOMINATION OF THOMAS J. FELTS, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 17, 1996.

MARINE CORPS NOMINATION OF PATRICK A. SIVIGNY, WHICH WAS RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 17, 1996.

MARINE CORPS NOMINATIONS BEGINNING RONALD J. CRABBS, AND ENDING LAWRENCE R. WOOLLEY, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF MAY 22, 1996.

#### IN THE NAVY

NAVY NOMINATIONS BEGINNING JAMES A. CAVINESS, AND ENDING WILLIAM M. WIKE, WHICH NOMINATIONS WERE RECEIVED BY THE SENATE AND APPEARED IN THE CONGRESSIONAL RECORD OF APRIL 25, 1996.